Agenda

Steeple Suite, Falkirk Campus 4.30pm

AGENDA

		Publish on Web?	Type	Lead
1	Apologies, Declaration of Interests and Changes to Members' Register of Interest	N/A	Discussion	Rhona Geisler
2	Draft Minutes and Matters Arising of meeting of 16 May 2024	Yes	Approval	Rhona Geisler

(Elements of Paper 2 are withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)

3	Review of Action Tracker	Yes	Discussion	Alison Stewart
4	Review of Committee Remit	Yes	Approval	Alison Stewart
5	Policy Approval 5.1 Anti Bribery and Anti-Corruption 5.2 IT Security	Yes	Approval	Alison Stewart Graeme Robertson
6	Audit Needs Assessment	Yes if approved	Approval	Wbg services
7	Governance Statement	No	Approval	Alison Stewart

(Paper 7 is withheld from publication on the Forth Valley College website under Section 27 Information Intended for Future Publication of the Freedom of Information (Scotland) Act 2002.)

8	Audit Committee Self-Assessment	Yes	Approval	Rhona Geisler
9	National Fraud Initiative Checklist	Yes	Discussion	Alison Stewart
10	Internal Audit Annual Report	Yes	Discussion	Wbg services
11	Presentation of Internal Audit Reports 11.1 Review of HR Payroll System 11.2 Follow Up Report	Yes	Discussion	Wbg services
12	Progress Report on Audit Recommendations	Yes	Discussion	Stephen Jarvie
13	Risk Management	Yes	Discussion	Alison Stewart
14	Review of Fuel Change Lessons Learned Action Plan	No	Discussion	Alison Stewart

(Paper 14 is withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)

15	Review of Risk	Yes	Discussion	All
16	Any Other Competent Business	Yes	Discussion	All
17	Forward Agenda	Yes	Information	Alison Stewart

Zoom 4.30pm

Present:	Rhona Geisler (Chair)
	Lorna Dougall
	Kat Graham
	Alistair McKean

In Attendance:	Kenny MacInnes, Principal
	Alison Stewart, Vice Principal Finance and Corporate Affairs (VPFACA)
	David Allison, Vice Principal Infrastructure and Communications
	Michael Speight, Mazars (via Teams)
	Ben Fowler, Mazars (via Teams)
	Stephen Pringle, Wylie and Bisset
	Stephen Jarvie, Corporate Governance and Planning Officer (CGPO)
	Rob McDermott, interim Head of Learning and Quality (HLQ) exited after A/23/043
	Graeme Robertson, Head of Information Technology (HIT) for item A/23/042 only

A/23/034   **Declarations of Interest**

None

A/23/035   **Apologies**

None

A/23/036   **Minutes of meeting of 21 November 2023**

The minutes of the meeting of 21 November 2023 were approved.

A/23/037   **Matters Arising**

4.1 A/23/027 Cyber Security Landscape

The Chair noted that members had queried when the College would conduct a phishing exercise and confirmed this would be discussed under item 9 of the agenda.

A/23/017 Annual Report and Financial Statements 2022/23

The VPFACA informed members that the College accounts for 22/23 were still unsigned at this point and asked Michael Speight (MS) from Mazars to update members on the current situation.

MS outlined the work that was ongoing to reach a final decision in relation to the Fuel Change issue and that it seemed likely the outcome would be a qualified opinion on the accounts. In terms of timescale for completing this work, he noted that they were working with Audit Scotland and that he hoped to be in a position to have the matter finalised before the Board of Management meeting on 20 June 2024.

He also highlighted that, as the accounts were unsigned at this point, there was a requirement for the auditors to consider any implications that might arise from changes that happen until they are signed and that, as such, they will need to review the impact of the recent Triennial Local Government Pension Scheme calculations.

Members queried whether there was anything the College could do to progress matters and MS confirmed that there was not at this time.

The VPFACA informed members that the College had contacted their actuaries to support the triennial review and that she would check the dates for this work.

A/23/018 Draft External Audit Annual Report to the Board of Management

As outlined in the previous matters arising, this is sitting with Mazars and Audit Scotland at this time.

A/23/038   **Fraud Prevention Policy**

The VPFACA presented an updated fraud policy for member's consideration. She noted that there had been a policy in place but that it had not been reviewed for a period of time and that an action from the Fuel Change review was to do so.

She informed members that the review had involved looking at the approach of other Colleges and also that of the Scottish Government's "Scottish Public Finance Manual".

Best practice from these sources has been incorporated and the result is a policy the College feels is more comprehensive.

She also noted that the Chair had identified some minor changes which did not affect the substance of the policy and asked whether members were content to approve pending the incorporation of these changes in consultation with the Chair.

Members noted the conflict of interest section and queried the process by which the College identifies these.

The VPFACA confirmed that the College leadership team undergo the same annual conflict of interest declaration process as Board Members to ensure transparency on this issue. She also confirmed that there were specific conflict of interest declarations as part of College procurement activity for all staff involved in assessing applications for the award of contracts.

a) Members approved the policy subject to the minor text amendments to be agreed by the Chair and VPFACA

A/23/039   **External Audit Plan**

MS presented the proposed plan to members, noting that it had been developed in consultation with the College.

He outlined the main areas to be covered during the audit and the risk areas which would be reviewed.

He also confirmed that there would be no carry over in relation to the Fuel Change project as this was a single project issue.

a) Members approved the external audit plan

A/23/040   **Policy Updates/Approvals**

7.1 Copyright Policy

The HLQ presented members with an updated Copyright Policy for approval. He confirmed that the document had been reviewed and, barring some changes to role titles, there were no other changes needed.

Members queried whether the policy is consistent with the rest of the sector.

The HLQ provided some background to the policy, noting that a number of Colleges had adopted a similar position and that they had similar policies in place.

He also gave a brief overview of how the policy contents will be disseminated to staff and students.

a) Members approved the Copyright Policy

A/23/041   **Presentation of Internal Audit Reports**

Stephen Pringle (SP) from Wylie & Bisset presented three internal audit reports for members' consideration.

Strategic Planning

SP presented the report on strategic planning which had received an overall rating of weak. He outlined the reasons for this, including Board involvement in the development of the strategic plan and the plan having objectives that were unmeasurable thereby making reporting of progress difficult.

The Principal confirmed that he had requested this review once he came into post ahead of beginning the development of the College's new strategic plan to identify areas to strengthen.

Members welcomed the focus on more measurable objectives which would support reporting to the Board on the progress with the Strategic Plan but also noted that there were some elements such as organisational culture that are harder to quantify but that still deserved to be strategic targets.

The Principal thanked members for pointing this out and confirmed this would be considered as the plan develops.

a) Members noted the content of the report

Overall Financial Controls

SP presented this report, highlighting that it had received a rating of Strong. He outlined the areas reviewed and highlighted that several examples of good practice had been identified.

He reported that there was one low grade recommendation in regards to bank reconciliation.

a) Members noted the content of the report and welcomed the positive outcome

Estates Management – Maintenance

SP presented the report which had focused on estates maintenance and informed members that this was another area where strong assurance had been received. He commented that the College approach compared favourably to similar institutions and that there had only been two low grade recommendations made.

a) Members noted the content of the report

A/23/042   Quarterly Update on Cyber Security Landscape

The HIT provided members with an update on College cyber security matters.

He confirmed that a programme of phishing tests had been conducted and that while a significant majority of staff had identified the email, a small number of staff had fallen for the test and had been approached for additional training.

He informed members that testing at a range of difficulty levels would continue with a test every month or so conducted be an in house team.

He also discussed disaster recovery plans and the testing that has taken place to date on recovery processes.

He outlined work being done with external partners to mitigate against cyber risks and maintain the training of the team. He also highlighted work to move away from legacy equipment to mitigate risk.

Members noted that the report was rated as a high risk despite the mitigations in place. The HIT confirmed that the risk remained high and that there was a significant amount of work needed to keep up to date with the latest developments in the field.

Members welcomed the work on the ethical phishing campaign and also noted that the legacy equipment matter should be added to the risk register.

a) Members noted the content of the report

A/23/043   **SQA Systems Verification and Action Plan**

The HLQ reported on the systems verification visit from the SQA who are the main awarding body for the College. He noted that prior to the audit visit, the College completed a self-evaluation of our systems and that this formed the basis for the review.

He commented on the main aspects of the report and provided detail on the areas for improvement which have now been actioned.

Overall the visit verified that robust systems were in place and this provides assurance to management and the Committee

a) Members noted the content of the report

A/23/044   **Review of Fuel Change Lessons Learned Action Plan**

The VPFACA updated members on progress against the lessons learned tracker.

a) Members noted the content of the report

A/23/045   **Progress Report on Audit Recommendations**

The CGPO presented the regular report on the status of audit recommendations. He commented on the low number of recommendations and noted that one recommendation related to medium term financial planning needed to be extended from its original completion date owing to the late announcement of funding levels by SFC which had had a knock on effect on our budgeting processes.

a) Members noted the content of the report

A/23/046   **Risk Management**

The VPFACA presented the strategic risk register to members. She commented that the report format used to date was quite complex and that a new format had been developed and used in the cover paper for members consideration.

She highlighted that the new format was designed to provide an overview for members and that more detailed risk information would be provided on an exemption basis where a risks score had changed or a risk was added/removed. She commented that it would also be possible to host more detailed information on each risk in Admincontrol for members to access if they wanted to.

Members discussed the presentation of risks and commented that the new approach seemed good. Members asked if there was a way members could 'drill down' from the report into individual risks and it was agreed that the College would check if this was technologically feasible.

a) Members noted the content of the report and the intention to review the register

A/23/047   **Review of Risk**

Risks were noted in the cover papers.

A/23/048   **Any Other Competent Business**

The VPFACA informed members, re the triennial pensions review work mentioned at the start of the meeting, that she had checked with the Head of Finance who thought it would be feasible to provide the information to the external auditors ahead of the next Board meeting if the existing timescales are met by our actuaries.

1. Purpose

To present the tracking document of Committee actions for discussion and comment.

2. Recommendation

That members review the attached tracker and make any comment/additions as needed.

3. Key Considerations

Members had expressed concerns that actions could become lost over time given the span between meetings. A tracker document has been created to capture actions from the Board and all Committees. The tracker as attached shows those actions believed by the College to be complete and those that are 'live' at this time.

4. Resource Implications (Financial, People, Estates and Communications)

None

5. Equalities

There are no impacts associated with this paper.

6. Communities and Partners

None

7. Risk and Impact

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

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

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

Total Risk Score – 2

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

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

Failure to track actions arising from Board and Committee work could lead to increased risk/missed opportunities or other detrimental impacts on the College. The mitigation of maintaining a tracker document and reporting to the Board/committees will help to negate this and well as inform future agenda items.

Is the score above the Board Risk Appetite level? No

Risk Owner – Alison Stewart   **Action Owner –** Stephen Jarvie

Paper Author – Stephen Jarvie   **SMT Owner –** Alison Stewart

Meeting	Date	Minute Ref	Action	Assigned to	Deadline to report?	Status	Output Required	Comment
Audit	21/11/23	A/23/029	Risk Management - revise the risk register	Alison Stewart	16/05/2024	In Progress	New Risk Register	Initial revision presented at May 24 meeting
Audit	16/5/24	A/23/042	Members requested that legacy IT equipment be added to the risk register	David Allison	DA to advise	Completed	Matters Arising	Adding to strategic risk register
Audit	21/11/23	A/23/017	Annual accounts	Alison Stewart	AS to advise	Completed	Paper to Board	Approved 13/8/24
Audit	21/11/23	A/23/018	External Audit Annual Report	Alison Stewart	AS to advise	Completed	Paper to Board	Approved 13/8/24
Audit	21/11/23	A/23/027	Cyber Security Landscape - report back on consideration of comments to GR	David Allison	16/05/2024	Completed	Matters Arising	
Audit	21/11/23	A/23/030	Fuel Change tracker to remain on agenda as standing item	Alison Stewart	16/05/2024	Completed	Committee agenda	
Audit	16/5/24	A/23/046	Members welcomed the new approach and asked if there was a way they could 'drill down' into the data	Alison Stewart	05/09/2024	Completed	Investigation into feasibility under existing systems	SJ has investigated and there is no way to do this using
Audit	16/5/24	A/23/038	Chair and VPFACA to review the language in the Fraud Prevention policy	Alison Stewart	AS to advise	Completed	Matters Arising	to be published

1. **Purpose**

    To review the remit of the Audit Committee to ensure it continues to provide the Board of Management with the appropriate assurances for next Academic Year.

2. **Recommendation**

    That members review the attached remit of the Audit Committee and recommend any changes to the Board of Management.

3. **Key Considerations**

    The Scottish Government Audit & Assurance Committee Handbook considers it good practice for the remit of the committee be reviewed on an annual basis to ensure they continue to fulfil their role of providing the Board of Management with the necessary assurances in relation to good Governance.

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

    None

5. **Equalities**

    There are no impacts associated with this paper.

6. **Communities and Partners**

    None

7. **Risk and Impact**

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

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

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

Total Risk Score – 1

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

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

Failure to keep Committee remits under review could lead to a position where the committee is not providing the relevant assurances to the wider Board of Management. Mitigation is this annual review of remit by members.

Is the score above the Board Risk Appetite level? No

Risk Owner – Alison Stewart   **Action Owner –** Stephen Jarvie

Paper Author – Stephen Jarvie   **SMT Owner –** Alison Stewart

Audit Committee

1   Committee Rationale

To contribute to good governance by providing assistance to the Board of Management on issues of compliance, risk, financial probity and the overall effectiveness of internal College control systems

2   Purpose

- To advise the Board of Management on the effectiveness of the financial and other internal governance systems

- To advise the Board of Management on compliance with the Code of Audit Practice for Further Education Colleges

- To undertake reviews of topics referred from the main Board of Management and make such recommendations as may be appropriate

3   Membership

- The Audit Committee is appointed by the Board of Management and must comprise 5 members

- The Chair of the Board of Management, Principal, and other senior members of staff are not eligible for membership

- The Chair of the Committee shall be appointed by the Board of Management and should not be the Principal. In the event that the Chair is unavailable to attend a meeting of the committee, a substitute will be nominated by the Committee members in attendance

- Committee members should possess an appropriate level of experience in finance, accounting or auditing

- Finance committee members are eligible to become members of the Audit Committee however, to maintain the independence of these committees, no more than 2 current members of the Finance Committee may serve on the Audit Committee. The Chair of the Finance Committee is not eligible to serve as Chair of the Audit Committee

4   Meetings

- The Audit Committee should normally meet at least three times per year. Additional meetings may be convened at the request of the Chair of the Committee or at the request of the Internal or External Auditor

- The meeting shall be quorate if 3 or more members eligible to vote are in attendance

- The External Auditor will be invited to attend meetings where an external audit report is being considered but may attend any meeting of the Committee

- The Chair of the Finance Committee will be invited to attend the joint meeting of the Finance and Audit Committees where the annual external auditors report is considered

- Minutes will be kept of the proceedings and circulated after approval by the Chair. The minutes will be presented to the following meeting of the Committee for approval and to the next Board of Management meeting

- Meetings will be held in accordance with the Board of Management Standing Orders and Operating Guidelines

- Other members of College staff may be invited to attend meetings of the Committee

5   Specific Duties of the Committee

Internal Governance Systems

- Review and advise the Board of Management of the Internal and External Auditors' assessment of the effectiveness of the College's financial and other internal control systems, including controls specifically to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness

- Review and advise the Board of Management on its compliance with The Code of Good Governance for Scotland's Colleges

- Monitor on behalf of the Board of Management the content of the College Strategic Risk Register and the relevance of actions implemented by Senior Management to mitigate identified risks

- Review and approve the College Business Continuity plan

- Monitor on behalf of the Board of Management compliance with the General Data Protection Regulations

Internal Audit

- Advise the Board of Management on the terms of reference, selection, appointment (or removal), resourcing and remuneration of the Internal Audit providers

- Review the scope, efficiency and effectiveness of internal audit reports and the responses of Senior Management, advising the Board of Management of any significant issues raised

- Review the Internal Auditor's monitoring of management action on the implementation of agreed recommendations reported in internal audit review reports and internal audit annual reports

- Consider and endorse the annual audit plan for the College as developed by Senior Management in consultation with the current internal auditor providers

- Ensure establishment of appropriate performance measures and indicators to monitor the effectiveness of the internal audit service

External Audit

- Consider the College's annual financial statements and the External Auditor's report prior to submission to the Board of Management as part of the annual joint meeting with the Finance Committee

- Review the External Auditor's annual Management Letter and monitor management progress on the implementation of the agreed recommendations. Advise the Board of Management of any issues arising from this activity.

- Establish appropriate performance measures and indicators to monitor the effectiveness of the external audit service

Other Duties

- Produce an annual report to the Board of Management

- Review compliance with the Code of Audit Practice and advise thereon

- Consider relevant reports from SFC and Audit Scotland, and successor bodies, and where appropriate, advise the Board of Management of action required

- Review reported cases of impropriety and consider whether they have been appropriately handled

- To receive advice, and act on recommendations, from the Finance Committee

6   Authority

- The Committee is authorised by the Board of Management to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee

- The Committee is authorised by the Board of Management to obtain legal or other independent professional advice and to commit reasonable financial resources to fulfil its responsibilities

- The Committee is authorised by the Board of Management to approve all policies relevant to the Committee, or where appropriate refer to the Board of Management for final approval

1. **Purpose**

   To present two updated policies for member's consideration and approval

2. **Recommendation**

   That members review the content of the two attached policies.

3. **Key Considerations**

   Anti-Bribery and Corruption

   This policy is an update of the existing College policy. There are no substantive changes to the content but work has been done on the layout to try and make it more user friendly than the preceding version as well as to update titles etc. Given the changes to the layout and running order, track changes are not used in the attached.

   IT Security

   This is another update of an existing policy. A review has been conducted on the contents and tracked changes used to highlight any amendments. The primary changes are removal of references to an older USB format (U3) and a requirement to only use College supplied power leads as a fire prevention mechanism.

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

   None

5. **Equalities**

   There are no impacts associated with this paper.

6. **Communities and Partners**

   None

7. **Risk and Impact**

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

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

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

Total Risk Score – 3

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

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

Failure to regularly review the content of College policy documents could lead to outdated or legally incompatible processes within the College. The review of the two policies presented under this paper highlights that there has been no requirement for any significant change since the last review

Is the score above the Board Risk Appetite level? No

Risk Owner – Alison Stewart/David Allison   **Action Owner –** Stephen Jarvie/Graeme Robertson

Paper Author – Stephen Jarvie   **SMT Owner –** Alison Stewart/David Allison

Anti-Bribery and Corruption Policy

Status	**Draft**
Date of Version	**September 2024**
Responsibility for Contents	**Vice Principal Finance and Corporate Affairs**
Responsibility for Review	**Vice Principal Finance and Corporate Affairs**
Review Date	**August 2027**

1   Purpose

Forth Valley College is committed to ensuring the highest standards of financial probity, reliability and ethical behaviour.

This policy and procedure details and disseminates the College's approach to anti-bribery and corruption.

2   Policy Statement

2.1   The College prohibits the

- offering, giving, soliciting, or acceptance of any bribe, whether cash or other inducement, to or from any person or company, public or private

    by any

- Board Member, staff, contractor, consultant, agent, overseas agent, external examiner and any non-employee service provider engaged on College business for whatever reason

    in order to

- gain any commercial, contractual, or regulatory advantage for the College in a way which is unethical

    or

- in order to gain any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

2.2   Forth Valley College has a zero-tolerance policy towards any behaviour that constitutes bribery or corruption, as outlined above and in section 5 below, and has put in place procedures for reporting and investigating acts of suspected bribery. The College has taken steps to mitigate the risk of this through:

a)   Setting out a clear anti-bribery and corruption policy;

b)   Training employees so that they can recognise and avoid the use of bribery by themselves and others;

c)   Encouraging employees to be vigilant and to report any suspicion of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;

d)   Rigorously investigating alleged bribery, where necessary assisting appropriate authorities;

e)   Taking firm and vigorous action against any individual(s) involved in bribery;

f)   Monitoring the effectiveness of such controls.

2.3   Forth Valley College recognises that market practice varies across the territories in which it does business, and what is normal and acceptable in one place may not be in another. This policy prohibits any inducement which results in a personal gain or advantage to the recipient or any person or body associated with them, and which is intended to influence them to take action that may not be solely in the interests of the College or of the person or body employing them or whom they represent.

2.4   This policy is not meant to prohibit the following practices, provided they are customary in a particular market, are proportionate, and are properly recorded:

a) Appropriate and reasonable hospitality;
b) The giving of a ceremonial gift on a festival or at another special time;
c) The use of any recognised fast-track process which is available to all on payment of a fee;
d) The offer of resources to assist the person or body in making a decision more efficiently, provided that they are supplied for that purpose only.

2.5   Forth Valley College prohibits payments including "facilitating" or "expediting" payments to others in order to secure prompt or proper performance of routine duties.

2.6   Inevitably, decisions as to what is acceptable may not always be easy. If anyone is in doubt as to whether a potential act constitutes bribery, the matter should be referred to the relevant Senior Manager. If necessary, guidance should also be sought from the Vice Principal Finance and Corporate Affairs.

2.7   The College has a range of related documents, including:

a) Anti-Fraud
b) Procurement
c) Financial Regulations
d) Whistleblowing

3   Responsibility for Implementation

3.1   The implementation of this policy is the responsibility of all staff across the College. You must ensure that you read, understand, and comply with this policy.

3.2   The prevention, detection, and reporting of bribery and other forms of corruption are the responsibility of all those working for the College or under the College's control. All associated staff are required to avoid any activity that might lead to, or suggest, a breach of this policy.

3.3   You must notify your line manager or the Vice Principal Finance and Corporate Affairs as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if a client or potential client offers you something to gain a commercial advantage with Forth Valley College, or indicates to you that a gift or payment is required to secure their business.

3.4   Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct and possible criminal referral. Forth Valley College reserves the right to terminate the College's contractual relationship with other associated staff if they breach this policy.

4   The Bribery Act 2010

4.1   The Bribery Act 2010 makes it a criminal offence to give or receive a bribe. It also includes a corporate offence of failing to prevent bribery. Under the powers granted by the Act, prosecutors will be able to prosecute both domestic and foreign companies, providing they have some presence in the UK. Bribes committed in the UK and abroad could be prosecuted under the Act.

4.2   The Bribery Act 2010 outlines four corporate offences, three of which also apply to individuals. These offences, whether for commercial organisations or for individuals, apply regardless of where in the world the bribes are offered or received, and regardless of whether the bribery is direct or via a connected party such as an agent or partner. A College that is found to have committed any bribery offence could face unlimited fines and may come under additional scrutiny from funders in the future. Individuals could face a 10-year prison sentence and

unlimited fines. This includes senior managers of entities held liable through their consent to or connivance with the College committing the offence.

4.3 The four corporate offences are:

    a) A general offence covering the offering, promising, or giving of a bribe;

    b) A general offence covering the requesting, agreeing to receive, or acceptance of a bribe;

    c) A discrete offence of bribery of a foreign public official;

    d) A new corporate offence of failure by a commercial organisation to prevent bribery by persons associated with it.

4.4 The Ministry of Justice has issued guidance on how organisations should respond to this legislation, particularly Offence 4, where organisations will be required to demonstrate that 'Adequate Procedures' were put in place to prevent bribery. A copy of the guidance can be found on The Ministry of Justice's website at http://www.justice.gov.uk/. The guidance emphasises that organisations should take a proportionate approach to implementing procedures to prevent bribery based on risk and recommends six principles of compliance:

    a) Proportionate Procedures: The College will ensure it has procedures in place to prevent bribery by persons associated with it which are proportionate to the bribery risks it faces and to the nature, scale, and complexity of the College's activities. It will ensure that these are clear, practical, accessible, effectively implemented, and enforced.

    b) Top-Level Commitment: The Board of Management is committed to preventing bribery by persons associated with the College. The Senior Management Team will foster a culture within the College in which bribery is never acceptable.

    c) Risk Assessment: The College will assess the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment will be periodic, informed, and documented. In assessing the risks, the College will pay particular attention to its dealings with territories which are perceived to have a high level of corruption; to dealings in high-risk industry sectors e.g., defense, energy, and construction; and to any close ties with prominent government officials or extensive government contracts.

    d) Due Diligence: Forth Valley College will apply due diligence procedures, taking a proportionate and risk-based approach, in respect of persons who perform or will perform services for or on behalf of the College in order to mitigate identified bribery risks. It will take the appropriate action in response to any information uncovered as a result of the due diligence which gives rise to concern.

    e) Communication (including training): Forth Valley College will seek to ensure that its bribery prevention policies and procedures are embedded and understood throughout the College through internal and external communication, including training, which is proportionate to the risks it faces. Forth Valley College will ensure that appropriate reference is made to the College's Anti-Bribery Policy and related policies in contracts with associated persons e.g., staff, agents, and contractors.

    f) Monitoring and Review: Forth Valley College will monitor and review procedures designed to prevent bribery by persons associated with it and make improvements where appropriate. The College will ensure that it takes appropriate action in response to any reported incidents of bribery.

4.5 Given the evolving nature of bribery risks, the College will include a provision for reviewing emerging risks related to new markets, technologies, or regulatory changes. These reviews should be documented and signed off by senior management, ensuring accountability and traceability.

5   Definitions of Bribery and Corruption

5.1   Bribery is the offer, promise, giving, demanding, or acceptance of an advantage as an inducement for an action that is illegal, unethical, a breach of trust, or the improper performance of a contract.

5.2   Corruption is the misuse of public office or power for private gain, or misuse of private power in relation to business outside the realm of government.

5.3   Acts of bribery or corruption are designed to influence the individual in the performance of their duty and induce them to act dishonestly. The person being bribed is generally someone who will be able to obtain, retain or direct business. This may involve initiatives such as buying or selling, or it may involve the handling of administrative tasks such as licences, customs, visas, or taxes. It does not matter whether the act of bribery is committed before or after the activity has been undertaken.

6   Examples of Unacceptable Practices

6.1   It is not acceptable for you (or someone on your behalf) to:

a)   give, promise to give, or offer, a payment, gift, or hospitality with the expectation or hope that a commercial advantage will be received, or to reward a commercial advantage already given;

b)   give, promise to give, or offer, a payment, gift, or hospitality to a government official, agent, or representative to "facilitate" or expedite a routine procedure;

c)   accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a commercial advantage for them;

d)   accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a commercial advantage will be provided by the College in return;

e)   threaten or harass another worker who has refused to commit a bribery offence or who has raised concerns under this policy; or

f)   engage in any activity that might lead to a breach of this policy.

6.2   Facilitation Payments and Kickbacks

Forth Valley College does not make, and will not accept, facilitation payments or "kickbacks" of any kind. Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official. They are not commonly paid in the UK, but are common in some other jurisdictions in which the College operates.

If you are asked to make a payment on behalf of the College, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt that details the reason for the payment.

If you have any suspicions, concerns, or queries regarding a payment, you should raise these with your Line Manager or the Vice Principal Finance and Corporate Affairs. Kickbacks are typically payments made in return for a commercial favour or advantage. All associated staff must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by the College.

7 Reporting Bribery

7.1 Raising a Concern

You are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes bribery or corruption, or if you have any other queries, these should be raised with your line manager or the Vice Principal Finance and Corporate Affairs. Concerns should be reported by following the procedure set out in our Whistleblowing Policy, a copy of which can be found in the Human Resources section on SharePoint.

7.2 What to Do if You Are a Victim of Bribery or Corruption

It is important that you tell your Line Manager or the Vice Principal Finance and Corporate Affairs as soon as possible if you are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity.

7.3 Protection

Associated staff who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The College aims to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

7.4 Ensuring Protection under the Public Interest Disclosure Act 1998

Forth Valley College is committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats, or other unfavourable treatment connected with raising a concern.

If you believe that you have suffered any such treatment, you should inform your Line Manager or the Vice Principal Finance and Corporate Affairs immediately. If the matter is not remedied, and you are an employee, you should raise it formally using the College's Grievance Procedure, which can be obtained from the HR Team.

8 Bribery and Corruption Risk Assessment

8.1 Risk Assessment

Forth Valley College will assess the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it by analysing and determining the areas in the College that are perceived to be at most risk and undertaking a risk assessment. In assessing the risks, the College will pay particular attention to its dealings with territories which are perceived to have a high level of corruption; to dealings in high-risk industry sectors e.g., defence, energy, and construction; and to any close ties with prominent government officials or extensive government contracts.

The risk assessment will be updated on an annual basis or whenever an identified risk changes or a new risk is added. A copy of the risk assessment can be obtained from the Executive Office.

8.2 Due Diligence

In order to comply with the College's Anti-Bribery and Corruption Policy, employees will carry out appropriate due diligence checks before engaging third parties. It is beneficial to carry out this procedure in respect of any countries where business is conducted so you are aware of any specific

risks. It is the responsibility of Senior Management to ensure that properly documented due diligence is undertaken. General oversight after the contract is signed must also be undertaken.

As the Bribery Act 2010 also applies to "associated persons" such as agents, suppliers, and contractors, staff must ensure that during the due diligence process checks are made to establish whether external organisations have any equivalent anti-bribery policies or training in place. If not, they should be advised that the College expects them to acknowledge and observe the College's Anti-Bribery and Corruption Policy and that failure to adhere to this could result in the College exercising its option to terminate the contract or agreement.

If the reports raise any concerns, staff must discuss them with their Senior Management Team member and include the information in the documented due diligence to be submitted for approval. In some cases, this may mean not progressing with the relationship or third-party transaction.

Standard clause(s) concerning anti-bribery and corruption have been created for use in contracts for third parties who conduct business on the College's behalf and can be obtained from the Executive Office. Financial monitoring, record-keeping, and screening of third-party payments are essential in trying to combat the possibility of a bribery offence being committed and anti-bribery clauses will be included in all commercial contracts.

Public sector contracts for the provision of goods and services should already include anti-bribery provisions; however, these may require updating.

9   Monitoring and Review

9.1   Internal Audits

The College will monitor and review procedures designed to prevent bribery by persons associated with it and make improvements where appropriate. The College will ensure that it takes appropriate action in response to any reported incidents of bribery or corruption.

9.2   Frequency of Audits

The Anti-Bribery Policy will be reviewed more frequently in line with any legislative changes and any changes in the College's activities. The College may also consider external audits, especially in high-risk areas.

9.3   Risk Owners Responsibility

Risk owners for the key areas at risk are responsible for ensuring that their staff understand and comply with the anti-bribery measures which have been put in place to support the implementation of the Anti-Bribery Policy.

9.4   Monitoring of Significant Contractors and Suppliers

The College should monitor significant contractors and suppliers as part of their regular review of relationships with them.

9.5   Declaration of Gifts and Hospitality

It is the responsibility of individual members of staff to ensure that they comply with the requirement to declare the receipt of any gift or hospitality or conflict of interest.

9.6   Internal Auditors' Role

The College's internal auditors monitor the systems of internal control, risk management controls, and governance processes which include the adequacy of the anti-bribery procedures.

10 Training

10.1 Training Frequency and Documentation

The College will ensure that appropriate training on this policy is provided to staff/members of the Board of Management in line with their level of responsibility. Comprehensive training will be provided annually or biennially, with refresher courses for staff in high-risk roles. All training sessions will be documented, including records of attendance and materials used.

10.2 Groups for Comprehensive Training

Comprehensive training will be provided to the following groups of individuals:

- Senior Management Team
- Heads of Department/Heads of Service
- Finance
- Commercial staff
- Estates
- Corporate Services

10.3 Awareness Raising Activity

Awareness-raising activity will be provided to:

- Board of Management Members
- Departmental Administrators
- Commercial staff
- Hospitality staff

11 Legislative References

11.1 References to Other Legislation

In addition to the Bribery Act 2010, the College will reference other relevant legislation, such as the UK's Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, to highlight the interconnected nature of financial crimes.

Information Services

I.T. Security Policy

Status	Draft for Approval
Date of Version	August 2024
Responsibility for Contents	Information Services
Responsibility for Review	Information Services
Impact Assessment Review Date	August 2024
Review Date	June 2027
Primary Contact	Head of I.T.

Security Definition

It is Forth Valley College's policy that the information it manages shall be appropriately secured to protect against the consequences of breaches of confidentiality, failures of integrity or interruptions to the availability of that information. This security policy is intended to ensure the confidentiality, integrity and availability of data and resources through the use of effective and established IT security processes and procedures. This Information Security Policy provides management direction and support for information security across Forth Valley College. Specific, subsidiary information security policies, shall be considered part of this policy and shall have equal standing.

Policy Objectives

The College is reliant upon computer systems to manage the information required to conduct its business. The objectives of this policy are:

a) To ensure that all computer users are aware of their obligations in the operation and use of computer based systems.

b) To ensure that adequate controls and procedures are established to effect the secure operations of its business and academic information systems and the security of the data held within the college.

c) To ensure the college complies with all legislation including Data Protection regulations with respect to computerised information systems.

Policy Scope

This policy applies to all computer based systems used in the management and administration of the College and any of its activities. The policy will apply to all staff, systems, equipment and services throughout the College.

Security Standards

1) Physical Security

To ensure that all computer and related hardware is adequately protected against theft or physical damage, it should be:

- Kept in a secured area when not in use
- Housed in a separate, secure area when used for processing data of a sensitive nature
- Recorded in the FCT asset register for computer related equipment.
- Marked with security tags or fitted with appropriate locks

2) Logical Access

To prevent unauthorised access, all computer users are required to:

- Be issued with unique user identifications (userid) and passwords.
- Have access only to these systems and functions necessary to perform their job.
- Ensure that their passwords remain confidential and are not disclosed to anyone else.
- Ensure that passwords are changed on a regular basis.
- Close down or log out of systems when not in use or attended.
- Use a College device only when accessing College data.
- Use multi-factor authentication where available.

3) Backup and Contingency

To ensure security and continued availability to applications and data a backup regime should be maintained. This should be a standard cycle of daily, weekly and monthly backups. The integrity of backup media should be tested both in terms of physical media but also the information stored. Media should be stored appropriately, in fire proof data safes, which should be located both on and off site. All weekly, monthly and annual tapes should be stored off-site. A contingency / disaster recovery plan should exist and be tested on a regular basis.

4) Application Purchase, development and maintenance

- Staff should follow the I.T. purchasing guidance
- Staff and students must adhere to the College Acceptable Use Policy

Enforcement

Security Oversight will be provided by the Head of I.T. and Associate Principal, Information Systems and Communications and Systems and Networks administrator, who will also provide direction and visible management support for security initiatives.

The responsibility for ensuring the protection of information systems and ensuring that specific security processes are carried out shall lie with the head of department running the specific system. The College's information systems security role is undertaken by the Systems and Network Administrator.

This policy has been ratified by Forth Valley College's Senior Management Team and forms part of its policies and procedures, including regulations for conduct. It is applicable to and will be communicated to staff, students and other relevant parties.

To determine the appropriate levels of security measures applied to information systems, a process of risk assessment shall be carried out for each system to identify the probability and impact of security failures. The Implementation of the information security policy shall be reviewed independently of those charged with its implementation.

Wireless Security Policy

The college has a wireless network covering its three campuses. Currently these networks are available for use by college owned and configured devices only, with the exception of the eduroam wireless service and the guest network. Learners should use their wireless devices with the eduroam service only. Wireless services should not be introduced that disrupt the college wireless provision. No network device may be attached to the college wired network by anyone other than I.T. Staff.

Removable Media

The college supports the use of CD read/write disks, and USB memory sticks. ~~The college does not support the U3 standard of USB sticks that require the installation of software on the PC's within college. The U3 USB sticks allow users to run software directly from their USB stick, and could facilitate the use of unlicensed software or the spread of viruses.~~ No student or staff identifiable data should be kept on any removable media.

Security of portable IT Equipment

Student or staff identifiable data should not be kept on laptops or tablets. Hard disk encryption will be implemented on all College laptops and tablets ensuring that in the case of theft any information stored on the hard disk will be protected, and that no unauthorised user may use the device to enter the College network.

Remote Access Services

This policy is applicable to all staff working for Forth Valley College and is in addition to the acceptable use policy.

The provision of remote access facilities through Virtual Private Networking (V.P.N.) addresses specific business needs of the organisation but introduces a number of risks in the following areas that need to be addressed:

a) Network Security

b) Data Security

c) Health and Safety

Your password should never be disclosed, or written down. Only properly licensed software may be run on equipment having remote access. Users must be aware for the need for a safe and healthy working environment. Staff must comply with all relevant Health and Safety policies and guidance which is stored on the college intranet/sharepoint and take heed of the draft Display Screen Equipment guidance

Particular attention should be paid to:

- Avoiding Trailing Leads
- Not overloading power sockets and multi-outlet cables
- Electrocution risks (e.g. spillage of liquids, damaged power cables)
- Adequate ventilation of Computing Equipment
- Keep Equipment and cables away from children and pets.
- Only using power leads that have been supplied by the college with the college supplied equipment.

Remote access must not be employed for personal use.
VPN for remote access is deployed to keep data within the college.
Sensitive college data should not be stored on non college I.T. Equipment.
Only authorised college staff should access the computer while remote access is being used.

Computer Asset Disposal

All College computer equipment is procured centrally and is maintained in an asset register. When the equipment reaches the end of its working life it will be disposed of in an environmentally friendly manner following the European regulations on disposal of electrical equipment. All I.T. Equipment must be disposed of through the I.T. Department. Computing Equipment used by Staff, or computers containing sensitive data will be wiped using the appropriate software by internal I.T. department staff.

Other equipment can go to third party disposal companies provided that a duty of care certificate, indicating a contractual liability for the wiping of data. Asset Tags will be removed and retained. The asset register will be updated and a list of disposed equipment retained along with duty of care documentation and any S.E.P.A. documentation. The removal of data is important to comply with data protection regulations and software license regulations. Equipment will only disposed of through third parties, where they are accredited disposal agents with the relevant licenses through the Scottish Environmental Protection Agency.

Designated Secure Areas within the I.T. Infrastructure

The designated secure areas within the I.T. Infrastructure are as follows :-

- Computer Rooms – Falkirk
- I.T. "Build Room" – Falkirk
- All node cabinets – Falkirk
- Computer Room – Alloa
- I.T. Staff Room – Alloa
- Main Node Cabinet Room – Stirling

wbg

Forth Valley College

Internal Audit Plan 2024/25

August 2024

Table of Contents

Uncontrolled Copy

Introduction

Background

Wbg Services LLP (Wbg) (Formerly Wylie & Bisset LLP) were appointed as Internal Auditors by the Audit Committee for 3 academic years commencing with the year ended 31 July 2024, with the option of a further 1 year extension.

Internal Audit

The prime responsibility of the Internal Audit Service ("IAS") is to provide the Audit Committee, the Principal, and other Senior Management of the College, with an objective assessment of the adequacy and effectiveness of management's internal control systems.

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

Terms of Reference – Internal Audit

The provision of the IAS by Wbg is covered by the letter of engagement dated 17 August 2023.

Preparation of Audit Plan

This Plan was developed following discussions with the College's Principal and Chief Executive, and the Vice Principal Finance and Corporate Affairs.

Formal Approval

This original Audit Needs Assessment was presented to the Audit Committee for approval on 7 September 2023. This documents covers the plan for 2024/25 and will be presented to the Audit Committee on 5 September 2024 for approval.

Operational Plan

2024/25

Commercial Income

Audit area	High level indicative summary scope	Total number of days
Commercial Income	The purpose of this assignment is to review the methods and structure in place for the management of commercial income and consider whether the College is achieving the best value from its commercial income. Our objectives for this review will be as follows: | To establish and evaluate any strategies in place to ensure the College is maximising its commercial business opportunities. | To consider income targets of the College and whether these are met along with costs associated and how these are monitored. | To establish and evaluate the current practices and processes adopted by the College to determine if this is the most efficient and effective use of resources. | To ensure that any contract information is being recorded by the most appropriate person and is being used in the most appropriate and beneficial way to enable the College to identify business opportunities. | To establish the nature of the work done by the College, i.e. areas covered, areas the team are responsible for etc. and whether the staffing structure is appropriate. | To establish the links (communication and others) between the various business areas of the College regarding commercial income and how income can be increased.	5

Cyber Security

Audit area	High level indicative summary scope	Total number of days
Cyber Security	We will undertake a review of the cyber security arrangements in place to ensure that there are appropriate controls in place to mitigate the loss of business-critical information due to a cyber-attack or failure of key systems/suppliers. We will test these arrangements against the National Cyber Security Centre's (NCSC) 10 steps to Cyber Security guidance. Our objectives for this review are to ensure: | There is an appropriate risk-based approach to securing data and systems which has been adopted. | There is appropriate cyber-awareness training for College staff that has been mandated. | The architecture and configuration of key College systems is easily maintained and updated to adapt effectively to emerging cyber threats. | There are appropriate solutions in place to control access to the College's information systems. | There are appropriate solutions in place to protect College data from unauthorised access, modification, and deletion. | The College systems are appropriately patched to minimise the risk of vulnerabilities being successfully exploited in an attack. | There are appropriate processes and procedures in place to respond to security incidents that will help prevent further damage. | There are appropriate processes in place for vetting suppliers and assessing the adequacy of their cyber security controls. | There is an appropriate understanding of all assets that are part of the College's IT network and environment. | The College systems are appropriately monitored with information logged and actively analysed.	5

Corporate Governance

Audit area	High level indicative summary scope	Total number of days
Corporate Governance	The purpose of this assignment is to ensure that the College has appropriate governance arrangements in place and that these have been embedded throughout the whole College. This review will look to provide assurance that the College's Corporate Governance arrangements are appropriate and represent good practice. Our objectives for this review are to ensure: | Board and Committee terms of reference are clear and not overlapping. | Board and Committees have a programme of work in accordance with their terms of reference that allows them to make an effective and timely contribution. | Members are provided with sufficient, high quality management information in their areas of responsibility. | Board and Committees are appropriately attended, and members are sufficiently engaged. | The Board and Committees have effectively assessed their performance, and the balance of skills required within the Board and Committees.	4

Student Support

Audit area	High level indicative summary scope	Total number of days
Student Support	The purpose of this review will be to assess the suitability of the College's student support services. Our review will consider the types of services offered, the levels of demand for the services as well as the affordability of the services and whether they are delivering value for money. Our objectives for this review are to ensure: | Students are aware of the support services being offered by the College. | The types of services offered are in line with student expectations. | The levels of demand of each support services is being monitored. | There is a budget in place for support services which is being monitored.	4

Sustainability & Carbon Management

Audit area	High level indicative summary scope	Total number of days
Sustainability & Carbon Management	We will review the College's compliance with legislation in this area, including the review of policies and procedures. Our review will consider the roles and responsibilities for sustainability and carbon management and assess how embedded these are within the College. We will also consider the recording and collection of data and performance indicators in relation to this area. Our objectives for this review are to ensure: | The College is complying with current sustainability and carbon management legislation. | The College has a plan in place to help meet the commitment of net zero carbon emissions as documented within the College Net Zero Plan. | The College has appropriately resourced its sustainability and carbon management function with clear roles and responsibilities and reporting lines in place. | The College has robust arrangements for recording and collection of data and performance indicators in relation to this area. | The College communicates sustainability progress to external stakeholders.	5

Fraud Awareness

wbg

Audit area	High level indicative summary scope	Total number of days
Fraud Awareness	We will undertake a review of the Fraud Policy in place and also review some of the areas of fraud which we have seen across the sector and test whether there are appropriate controls in place to reduce the risk of fraud in these areas at the College. We will also consider the robustness of the fraud response plan. Our objectives for this review are to ensure: | The College has a robust Fraud, Theft and Bribery Policy in place that is being adhered to and supported by a Fraud Response Plan. | The College's Financial Regulations are being adhered to and set out the College's approach to controlling fraud, theft and bribery. | The College has controls in place surrounding the setting up of new suppliers, changes to suppliers, processing of invoices to suppliers and processing of payments to suppliers that are being adhered to. | The College has controls in place for month-end reconciliations of creditors, monitoring of dormant bank accounts and credit card transactions that are being adhered to. | The College take robust action where any potential fraud, theft or bribery is highlighted and this is reported to the relevant Committee.	4

Credits

Audit area	High level indicative summary scope	Total number of days
Credits	Mandatory review of the Credits Return.	5

11

Student Support Funds

Audit area	High level indicative summary scope	Total number of days
SSF	Mandatory review of the Student Support Funds Returns.	4

Educational Maintenance Allowance

Audit area	High level indicative summary scope	Total number of days
EMA	Mandatory review of the Education Maintenance Allowance Return	3

Follow Up Review

Audit area	High level indicative summary scope	Total number of days
Follow Up Review	The effectiveness of the internal control system may be compromised if management fails to implement agreed audit recommendations. Our follow up work will provide the Audit Committee with assurance that prior year recommendations are implemented within the expected timescales. Our objective for this review is to ensure that: | The College has appropriately implemented any outstanding internal audit recommendations made in prior years.	2

Assignment Plans & Dates

Assignment Plans

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

Key Dates

Visit	Name	No. of audit days	Key College personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to Audit Committee
1	Credits	5	David Allison	w/c 2 September 2024 and 9 September 2024	27 September 2024	21 November 2024
	SSF	4				
	EMA	3				
2	Commercial Income	5	Colin McMurray	13 January 2025	31 January 2025	15 May 2025
	Fraud Awareness	4	Alison Stewart			
	Cyber Security	5	David Allison / Graeme Robertson			
3	Corporate Governance	4	Alison Stewart	3 February 2025	21 February 2025	15 May 2025
4	Sustainability & Carbon Management	5	David Allison / Martin Loy	10 March 2025	28 March 2025	15 May 2025

15

Assignment Plans & Dates

Assignment Plans

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

Key Dates

Visit	Name	No. of audit days	Key College personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to College Audit Committee
5	Student Support	4	Senga Kerr / Alison Stewart	5 May 2025	23 May 2025	September 2025
	Follow Up	2	Stephen Jarvie			

Appendices

A – Summary of Internal Audit Input
B - Grading Structure
C – Key Performance Indicators
D – Training Topics

A – Summary of Internal Audit Input

1 August 2023 to 31 July 2026		Operating Plan (No. Of days)		
System	**Audit Area**	**2023/24**	**2024/25**	**2025/26**
Financial Systems	Overall Financial Controls	5		
	Budgeting and Monitoring (Done in 2022/2023)			
	Commercial Income		5	
Non-Financial Systems	Cyber Security		5	
	Business Continuity & Disaster Recovery			5
	Review of new HR / Payroll System	5		
Governance	Corporate Governance		4	
	Risk Management			4
	Strategic Planning	4		
Student	Student Recruitment & Retention (Done in 2022/23)			
	Safeguarding, Wellbeing and Counselling			5
	Human Resources			4
	Student Support		4	
	Sustainability & Carbon Management		5	
	Health and Safety			5
	Carried Forward	**14**	**23**	**23**

A – Summary of Internal Audit Plan

1 August 2023 to 31 July 2026		Operating Plan (No. Of days)		
System	**Audit Area**	**2023/24**	**2024/25**	**2025/26**
	Carried Forward	**14**	**23**	**23**
	Fraud Awareness		4	
	Estates Management - Maintenance	5		
Mandatory	Credits Audit	5	5	5
	SSF Audit	4	4	4
	EMA Audit	3	3	3
Required	Follow Up Review	2	2	2
	Audit Management	5	5	5
	Total Days	**38**	**46**	**42**

19

B – Grading Structure

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

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

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

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

C – Key Performance Indicators

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

Performance Indicator	Target
Internal audit days completed in line with agreed timetable and days allocation	100%
Draft scopes provided no later than 10 working days before the internal audit start date and final scopes no later than 5 working days before each start date	100%
Draft reports issued within 10 working days of exit meeting	100%
Management provide responses to draft reports within 15 working days of receipt of draft reports	100%
Final reports issued within 5 working days of receipt of management responses	100%
Recommendations accepted by management	100%
Draft annual internal audit report to be provided by 31 August each year	100%
Attendance at Audit Committee meetings by a senior member of staff	100%
Suitably experienced staff used on all assignments	100%

21

D – Training Topics

As a firm we offer a wide range of training topics to our clients and we have listed below some of the topics which we would be able to offer Forth Valley College.

Topic	Summary
Risk Management	This can cover risk awareness, assessment of risks, responsibilities for monitoring risks, risk appetite and the scoring of risks. This is usually done as a workshop to ensure buy-in from management and committee members to the risk management process.
Role of the Board	This would cover the roles and responsibilities of Board members, including the Chair. This has been particularly useful when new Board members have been appointed and allows members to obtain some knowledge on what the expectation of a Board member is and what they should be looking out for.
Role of Internal Audit	We would provide a short session on what the internal audit function should be delivering to the College and the added value which we would bring.
Finance for Non-Financials	This is useful for committee members who do not have a finance background and covers areas such as the management accounts, budget reporting and the statutory accounts.
Fraud Awareness	We would cover the importance of a having a strong control environment and areas to be aware of in relation to fraud. We would discuss some real-life examples of where we have identified or been asked to investigate allegations of fraud and the results of these investigations.

1. Purpose

To consider the performance of the Audit Committee.

2. Recommendation

That members review and approve the draft Audit Committee self-assessment checklist which has been completed.

3. Background

Since 2019, the Audit Committee has undertaken a self-assessment against the template from the Scottish Government Audit and Assurance Committee Handbook was discussed.

The most recently completed draft checklist for is attached to this paper for review.

4. Resource Implications (Financial, People, Estates and Communications)

None. This is a monitoring report on the activities of the Committee.

5. Equalities

Not applicable. This is a monitoring report on the activities of the Committee.

6. Communities and Partners

Not applicable. This is a monitoring report on the activities of the Committee.

7. Risk and Impact

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

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

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

Total Risk Score – 1

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

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

Failure to review Committee performance could lead to unsatisfactory performance or areas for potential improvement being missed.

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

Risk Owner – Alison Stewart   **Action Owner –** Stephen Jarvie

Paper Author – Stephen Jarvie   **SMT Owner –** Alison Stewart

Annex H: Self-assessment checklist

Role and remit	YES/NO/NA	Comments/ Action
Does the committee have written terms of reference?	Yes	
Do the terms of reference cover the core functions as identified in the *SG Audit and Assurance Committee Handbook*?	Yes	
Are the terms of reference approved by the Audit and Assurance Committee and reviewed periodically?	Yes	Reviewed and approved by the Committee on 5 September 2024 as part of the annual review
Has the committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Yes	
Does the body's governance statement mention the committee's establishment and its broad purpose?	Yes	
Does the committee periodically assess its own effectiveness?	Yes	Covered by Board Self-evaluation and this Self-Assessment activity.

Membership, induction and training	YES/NO/NA	Comments/ Action
Has the membership of the committee been formally agreed by the management board and or Accountable Officer and a quorum set?	Yes	Most recent Board approval regarding all committee memberships granted 23 June 2023
Are members appointed for a fixed term?	No	Membership reviewed periodically.
Does at least one of the committee members have a financial background?	Yes	Non-Executive Member Liam McCabe
Are all members, including the Chair, independent of the Executive function?	No	Alistair McKean (elected staff member)
Are new committee members provided with an appropriate induction?	Yes	Covered by Board induction and CDN training.
Has each member formally declared his or her business interests?	Yes	
Are members sufficiently independent of the other key committees of the Board?	No	Liam McCabe is Chair of FRAIC and Lorna Dougal Chair of LSE
Has the committee considered the arrangements for assessing the attendance and performance of each member?	Yes	Covered by 1:1s and 2022/23 Chairs report to Chair of BOM. The annual chair's report to the Board and the Annual Accounts also consider attendance

Meetings	YES/NO/NA	Comments/ Action
Does the committee meet regularly, at least four times a year?	No	3 meetings a year considered sufficient. Additional meetings can be added.
Do the terms of reference set out the frequency and broad timing of meetings?	Yes	
Does the committee calendar meet the body's business and governance needs, as well as the requirements of the financial reporting calendar?	Yes	
Are members attending meetings on a regular basis and if not, is appropriate action taken?	Yes	
Does the Accountable Officer attend all meetings and, if not, is he/she provided with a record of discussions?	No Yes	Attends most meetings. Copies of minutes are circulated and discussed.
Does the committee have the benefit of attendance of appropriate officials at its meetings, including representatives from internal audit, external audit and finance?	Yes	

Internal control	YES/NO/NA	Comments/ Action
Does the committee consider the findings of annual reviews by internal audit and others, on the effectiveness of the arrangements for risk management, control and governance?	Yes	
Does the committee consider the findings of reviews on the effectiveness of the system of internal control?	Yes	
Does the committee have responsibility for review of the draft governance statement and does it consider it separately from the accounts?	Yes	
Does the committee consider how accurate and meaningful the governance statement is?	Yes	
Does the committee satisfy itself that the arrangements for risk management, control and governance have operated effectively throughout the reporting period?	Yes	Risk registers reviewed at every meeting. Additional Risk Appetite workshop conducted with full Board February 2022
Has the committee considered how it should coordinate with other committees that may have responsibility for risk management and corporate governance?	Yes	Audit will recommend risks for consideration by other committees and the other committees can also recommend to Audit
Has the committee satisfied itself that the body has adopted appropriate arrangements to counter and deal with fraud?	Yes	Fraud Prevention Policy approved in May 24
Has the committee been made aware of the role of risk management in the preparation of the internal audit plan?	Yes	
Does the committee's terms of reference include oversight of the risk management process?	Yes	
Does the committee consider assurances provided by senior staff?	Yes	
Does the committee receive and consider stewardship reports from senior staff in key business areas such as Finance, HR and ICT?	No	Covered by Board and Finance, Resource and Infrastructure Committee.

Financial reporting and regulatory matters	YES/NO/NA	Comments/ Action
Is the committee's role in the consideration of the annual accounts clearly defined?	Yes	
Does the committee consider, as appropriate:		
• the suitability of accounting policies and treatments	No	Finance, Resource and Infrastructure Committee
• major judgements made	No	Finance, Resource and Infrastructure Committee
• large write-offs	No	Finance, Resource and Infrastructure Committee
• changes in accounting treatment	No	Finance, Resource and Infrastructure Committee
• the reasonableness of accounting estimates	No	Finance, Resource and Infrastructure Committee
• the narrative aspects of reporting?	No	Finance, Resource and Infrastructure Committee
Is a committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	Yes	Joint meeting with Finance, Resource and Infrastructure Committee.
Does the committee review management's letter of representation?	Yes	
Does the committee gain an understanding of management's procedures for preparing the body's annual accounts?	Yes	
Does the committee have a mechanism to keep it aware of topical legal and regulatory issues?	Yes	Raised by Board Secretary and internal/external auditors.

Internal audit	YES/NO/NA	Comments/ Action
Does the externally appointed Internal Auditors attend meetings of the committee?	Yes	
Does the committee consider, annually and in detail, the internal audit plan including consideration of whether the scope of internal audit work addresses the body's significant risks?	Yes	
Does internal audit have a direct reporting line, if required, to the committee?	Yes	
As well as an annual report from the Externally appointed Internal Auditors, does the committee receive progress reports from internal audit?	Yes	
Are outputs from follow-up audits by internal audit monitored by the committee and does the committee consider the adequacy of implementation of recommendations?	Yes	
If considered necessary, is the committee chair able to hold private discussions with the externally appointed Internal Auditors?	Yes	
Is there appropriate co-operation between the internal and external auditors?	Yes	
Does the committee review the adequacy of internal audit staffing and other resources?	Yes	Considered as part of annual audit plan.
Are internal audit performance measures monitored by the committee?	Yes	Monitored through internal audit progress reports.
Has the committee considered the information it wishes to receive from internal audit?	Yes	Considered as part of annual audit plan.
Has the committee considered formal terms of reference defining internal audit's objectives, responsibilities, authority and reporting lines?	Yes	

External audit	YES/NO/NA	Comments/ Action
Does the external audit representative attend meetings of the committee?	Yes	
Do the external auditors present and discuss their audit plans and strategy with the committee (recognising the statutory duties of external audit)?	Yes	
Does the committee chair hold periodic private discussions with the external auditor?	Yes	Annually each November
Does the committee review the external auditor's annual report to those charged with governance?	Yes	
Does the committee ensure that officials are monitoring action taken to implement external audit recommendations?	Yes	
Are reports on the work of external audit presented to the Audit and Assurance Committee?	Yes	
Does the committee assess the performance of external audit?	Yes	Completed through Audit Scotland questionnaire.
Does the committee consider the external audit fee?	Yes	Fee determined by Audit Scotland

Administration	YES/NO/NA	Comments/ Action
Does the committee have a designated secretariat?	Yes	
Are agenda papers circulated in advance of meetings to allow adequate preparation by committee members and attendees?	Yes	
Do reports to the committee communicate relevant information at the right frequency, time, and in a format that is effective?	Yes	
Does the committee issue guidelines and/or a pro forma concerning the format and content of the papers to be presented?	No	Standard pro forma document used for all committees.
Are minutes prepared and circulated promptly to the appropriate people, including all members of the Board?	Yes	
Is a report on matters arising presented or does the Chair raise them at the committee's next meeting?	Yes	Raised at next meeting.
Do action points indicate who is to perform what and by when?	No	Action tracker being implemented from September 24
Does the committee provide an effective annual report on its own activities?	Yes	Report presented to December Board meeting

Overall	YES/NO/NA	Comments/ Action
Does the committee effectively contribute to the overall control environment of the organisation?	Yes	
Are there any areas where the committee could improve upon its current level of effectiveness?	Yes	Implementing assessment of committee performance
Does the committee seek feedback on its performance from the Board and Accountable Officer?	Partially	Chair covered through annual Board self-evaluation. Minutes reviewed by BoM.

1. **Purpose**

   To update members on the National Fraud Initiative (NFI) exercise for 2024/25.

2. **Recommendation**

   That members note the College will be taking part in the 2024/25 NFI exercise and consider the NFI self-appraisal checklist and whether any further action is required.

3. **Background**

   The National Fraud Initiative (NFI) is a UK wide data matching exercise whose primary purpose is to help public sector bodies to prevent and detect fraud and error in their financial systems. The data matching exercise is led by the Cabinet Office.

   Under the provisions of Part 2A of the Public Finance and Accountability (Scotland) Act 2000, Audit Scotland requested FVC to submit creditors and payroll data. The legislation enables Audit Scotland to require any body which comes under the remit of the Auditor General for Scotland to submit data for matching. This is an exercise required every 2 years.

   The creditors data submitted included creditor reference, name, address, bank account details, invoice numbers, invoice amounts, VAT, and methods of payment.

   The payroll data submitted included employee reference, post, department, employee name, gender, address, date of birth, home telephone number, mobile telephone number, email address, passport number, date started, date left, NI number, full-time or part-time, gross pay to date, standard hours per week, date last paid, and bank account details. Staff members were advised, via their payslips and an all staff email, of the requirement to submit data.

4. **Key Considerations**

   In August 2024, Audit Scotland issued a report "The National Fraud Initiative in Scotland 2024" which is appended to this paper. This report outlines the results of the 2022/23 initiative and makes 3 recommendations.
   - Ensure that an appropriate level of resource is available to deliver NFI follow-up activities in an efficient and effective manner, in line with local priorities.
   - Use the NFI Self-Appraisal Checklist as part of planning for the 2024/25 exercise.
   - Put in place arrangements for monitoring follow-up activity, and where it is necessary seek to understand reasons for low or nil outcomes.

   In preparation for the 2024/25 exercise the NFI Self-Appraisal Checklist has been completed and is attached for review and comment by the Committee.

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

   Other than staff time, there are no direct financial implications of this paper.

6. **Equalities**

An equalities assessment is not applicable given the nature of this report.

7. **Communities and Partners**

As this is a finance report it does not involve stakeholder groups.

8. **Risk and Impact**

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

Total Risk Score – **4**

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

Our strong controls within both the HR and Finance departments provide mitigation against the risk of fraud and error. Our stable complement of staff members is key to this within the Finance department, both within payroll and purchase ledger processing.

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

Risk Owner – Alison Stewart   **Action Owner –** Senga McKerr

Paper Author – Alison Stewart   **SMT Owner –** Alison Stewart

National Fraud Initiative in Scotland

Self-appraisal checklist

Background

1. The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland and overseen by the Public Sector Fraud Authority for the UK as a whole. It uses computerised techniques to compare information held by different public bodies and on different financial systems, to identify matches that might suggest the existence of fraud or error.

2. The NFI is an integral part of counter-fraud governance arrangements across the public sector and is referenced in corporate governance codes and annual governance statements as an example of proactive action to detect and prevent fraud.

3. Almost all public sector bodies who have auditors appointed by the Auditor General and Accounts Commission are mandated to take part in the biennial exercise. The exceptions are very small bodies. Details of those mandated to participate can be found here.

4. In addition to the audited bodies mandated to participate in the exercise, wider public sector bodies (out with the Audit Scotland family of audit appointments) may be invited to participate on a voluntary basis.

5. More information about the NFI is available on our counter-fraud hub.

Self-appraisal checklist

6. We encourage all participating bodies to use the checklist to self-appraise their involvement in the NFI prior to and during the NFI exercises.

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

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

Part A: For those charged with governance	Yes / No Partly	Is action required?	Who by and when?
Leadership, commitment and communication			
1. Are we aware of emerging fraud risks and have we taken appropriate preventative and detective action?	Yes	Yes	Fraud Policy approved in May 24, and training across the organisation to be delivered. VP Finance & Corporate Affairs, September 2024.
2. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?	Yes	Yes	Director of Finance updates LMT and the Audit Committee of the results of the NFI exercise. Director of Finance and Head of HR have operational responsibility for ensuring all matches are followed up.
3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error. And do we make reference to NFI in our governance codes and statements?	No	Yes	Director of Finance to add commentary in the Annual Report & Financial Statements 2024 referencing the work done on the NFI
4. Does our Key Contact have sufficient authority and time to ensure that NFI is delivered effectively?	Yes, Director of Finance.	No	
5. Has the approach to follow up of different NFI match types been clearly set out and reported as part of the bodies NFI planning process?	Partly, only creditors and payroll matches for FVC.	Yes	Director of Finance to prepare formal procedure notes and remind staff investigating the NFI matches of the processes for each match type. September 2024.
6. Are NFI progress and outcomes reported regularly to senior management and elected/board members (e.g., the audit committee or equivalent)?	Yes, as part of the LMT and Audit Committee reporting cycle.	No	
7. Where we have not submitted data or used the matches returned to us (e.g., council tax single person discounts), are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?	N/a, we do submit data and investigate all matches returned to us.	No	
8. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	Partly, they have sight of paper presented to Audit Committee	No	
9. Do we review how frauds and errors arose and use this information to improve our internal controls?	Yes, when necessary	No	We have not identified any fraudulent activity through NFI checking in recent years

10. Do we need and have access to fraud investigation officers to enable frauds to be followed up fully?	N/a, our payroll and creditors data is fully followed up internally.	No	If we did find fraudulent activity, we would contact our legal advisers.
11. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)?	N/a, nothing to report	No	

Part B: For NFI Key Contacts and users	Yes/no/partly	Is action required?	Who by and when?
Planning and preparation			
1. Are we aware of emerging fraud risks and taken appropriate preventative and detective action?	Yes, internal financial controls mitigate and allow detection.	No	
2. Are we investing sufficient resources in the NFI exercise?	Yes	No	
3. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data and being clear about the approach to follow up of different match types.	Yes, we use downloads from our financial systems and train staff on the approach to investigating matches.	No	
4. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?	Yes	No	
5. Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?	Yes	No	
6. Do we plan to provide all NFI data on time using the secure data file upload facility properly?	Yes, Finance managers have discussed timescales.	No	
Effective follow up of matches			
7. Do all departments involved in NFI start the follow up of matches promptly after they become available?	Yes, Key Contact (Director of Finance) sets deadlines for completion.	No	
8. Do we give priority to following up high-risk matches, those that become quickly out of date and those that could cause reputational damage if a fraud is not stopped quickly?	Yes, high risk matches are investigated first.	No	
9. Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?	Yes, commentary added for matches to explain reasons.	No	
10. Are we drawing appropriately (in health bodies) on the help and expertise available from NHS Scotland Counter Fraud Service?	N/a		

Cont.

Part B: For NFI Key Contacts and users	Yes/no/partly	Is action required?	Who by and when?
11. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)? Are we recovering funds effectively?	Yes, allegations of fraud will always be fully investigated.	No	
12. Do we deploy resources in proportion to risks, and scale down work on match reports where early work has not found any fraud or error?	No, all reported matches are investigated.	No	
13. Where the number of high-risk matches is very low, are we adequately considering the medium and low-risk matches before we cease our follow-up work?	Yes, all reported matches ae investigated.	No	
14. Overall, are we deploying appropriate resources on managing the NFI exercise?	Yes, governance is a priority.	No	
Recording and reporting			
15. Are we recording outcomes properly in the secure website and keeping it up to date?	Yes	No	
16. Do staff use the online training modules and guidance on the secure website, and do they consult the Cabinet Office NFI team if they are unsure about how to record outcomes (to be encouraged)?	Yes, staff do use the training modules. As yet, we have never needed to consult the NFI team.	No	
17. If, out of preference, we record some or all outcomes outside the secure website, have we made arrangements to inform Audit Scotland and the Cabinet Office NFI team about these outcomes?	N/a	No	

Suggestions for improving efficiency and effectiveness

7. Audit Scotland continues to encourage organisations to review and investigate NFI matches efficiently and effectively. This enables them to make better use of their limited resources.

Area	How to work more efficiently
Use the NFI software efficiently	Ensure staff involved in the NFI keep up to date with new features of the web application and good practice, by reading the guidance notes and watching the online training modules before they begin work on the matches.
Act upon the matches that are time critical, to identify overpayments at an early stage	Key Contacts should schedule staff resources so that time critical matches, such as housing benefit to students, can be dealt with as soon as they are received.
Coordinate investigations across internal departments to avoid duplication of effort or delays in identifying overpayments	Key Contacts should coordinate investigations across internal departments and, for example organise joint investigation of single person discount matches involving housing benefit, to ensure all relevant issues are actioned.
Only spend time looking at matches that meet local fraud risks	Use the tools within the web application, such as the filter and sort options or data analysis software, to help prioritise matches that you deem the highest risk. You should also look back to see which reports in a previous exercise gave you outcomes. This will save time and free up staff for the most important investigations.
Respond to enquiries from other organisations that take part in the NFI promptly	The web application shows the number of shared comments which require a response (Outstanding Actions). These responses should be prioritised if they relate to an ongoing investigation so that it can be progressed promptly.
Address data quality issues highlighted within the web application Data Quality Module before the next NFI exercise	Review the quality of the data supplied before the next exercise as external providers normally have to phase in changes to extraction processes. Better data quality will improve the quality of resulting matches.
Prioritise employee fraud recovery and the use of civil sanctions	Develop capability and capacity to punish fraudsters, ensuring that investigations are not abandoned if the individual resigns, leaves the property etc. Seek, through collaborating with law enforcement and the courts, the recovery of defrauded funds.

Source: Adapted from the Cabinet Office NFI web app

AUDIT SCOTLAND

Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit.scot
www.audit.scot

The National Fraud Initiative in Scotland 2024

Contents

Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Audit team

The core audit team consisted of: Tim Bridle, under the direction of Cornilius Chikwama.

Key messages

1   Fraud against the public sector costs the taxpayer money and can undermine both confidence in government and the delivery of public services. The proactive detection and prevention of fraud using the National Fraud Initiative (NFI) remains vitally important to public sector financial management as public bodies continue to recover from Covid-19 and to deal with the impact of the cost-of-living crisis.

2   NFI savings and outcomes have increased from £14.9 million in 2020/21 to £21.5 million in 2022/23, with increases across most data match areas. However, savings from council tax single person discounts are slightly reduced and additional outcomes in some areas are attributable to changes in estimation methodologies. Overall, it is not clear whether underlying levels of fraud have increased since 2020/21.

3   NFI governance and follow-up arrangements remained sound for most participating bodies over the period covered by the 2022/23 exercise. However, when compared to previous exercises, fewer bodies have been assessed by their auditors as having fully satisfactory arrangements, and there remains scope for some bodies to follow up on data matches more effectively.

Recommendations

Participating bodies should:

- Ensure that an appropriate level of resource is available to deliver NFI follow-up activities in an efficient and effective manner, in line with local priorities.

- Use the NFI Self-Appraisal Checklist as part of planning for the 2024/25 exercise.

- Put in place arrangements for monitoring follow-up activity, and where it is necessary seek to understand reasons for low or nil outcomes.

1. Introduction

The proactive detection and prevention of fraud using the National Fraud Initiative (NFI) remains vitally important to public sector financial management as public bodies continue to recover from the Covid-19 pandemic and to deal with the impact of the cost-of-living crisis.

1. Fraud against the public sector costs the taxpayer and can undermine both confidence in government and the delivery of public services. The National Fraud Initiative (NFI) is a proactive data matching exercise designed to identify and prevent fraud. It remains vitally important during a time of ongoing financial pressure as public bodies continue to recover from the Covid-19 pandemic and to deal with the impact of the cost-of-living crisis.

2. The Public Sector Fraud Authority (PSFA) oversees the NFI across the UK, and Audit Scotland leads the exercise in Scotland, working with a range of Scottish public bodies and their external auditors. The NFI takes place every two years, and this report considers the outcomes from the 2022/23 exercise.

Statutory basis for NFI

3. We carry out the NFI under powers introduced by the Criminal Justice and Licensing (Scotland) Act 2010 and incorporated in Part 2A of the Public Finance and Accountability (Scotland) Act 2000. It is important for all parties involved that this exercise is properly controlled, and that data is handled in accordance with the law. The Audit Scotland Code of Data Matching Practice includes a summary of the key legislation and controls governing the NFI data matching exercise.

Participating bodies

4. In 2022/23, 110 public sector bodies in Scotland participated in the NFI, submitting data and following up on matches. The Scottish Government also submitted data for another 17 central government bodies who share their systems for payroll and/or creditors. Many councils also submit payroll data for their Arm's-Length External Organisations (ALEOs). Across the UK there are over 1,100 participating bodies and data matching takes place across them all.

Main data match areas in 2022/23

5. The main data match areas for the 2022/23 NFI exercise were:

- Payroll

- Creditor payments

- Council Tax (Single Person Discounts and Reduction Scheme reliefs)

- Pensions

- Housing Benefit

- Housing Tenancy and waiting lists

- Blue Badges (disabled parking)

- Adult concessionary bus travel (new in 2022/23 exercise).

6. The 2022/23 NFI exercise matched new data from His Majesty's Revenue and Customs (HMRC) using powers under the Digital Economy Act (2017).

7. Non-Domestic Rates Small Business Bonus Scheme (NDR SBBS) matching was postponed for the 2022/23 exercise due to the national NDR revaluation exercise in 2023. Results will be reported as part of the 2024/25 exercise.

Basis for reported outcomes

8. All monetary outcomes included in this report are on a cash basis, prior year totals have not been adjusted to reflect inflation or changes in estimation methodologies since amounts were originally reported. Details of estimate methodologies used can be found at Appendix.

2. Overall outcomes

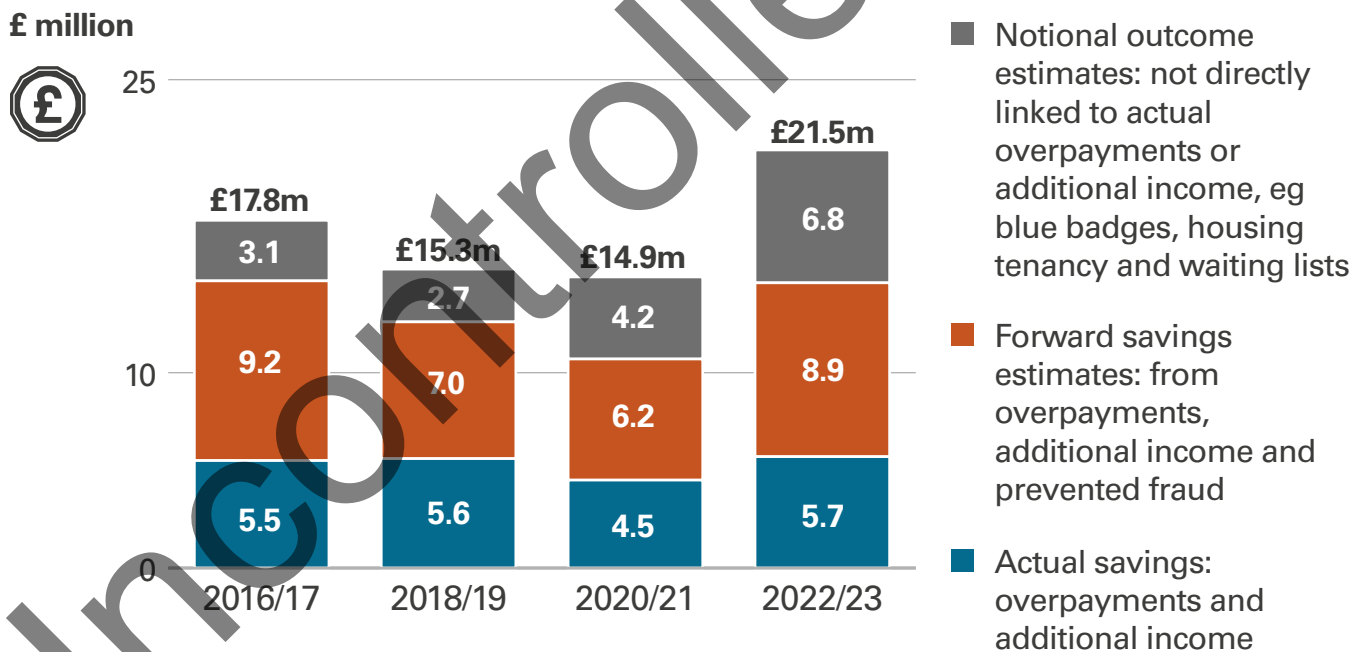## Overall outcomes from the NFI have increased from £14.9 million in 2020/21 to £21.5 million in 2022/23.

Overall outcomes by type

9. The value of outcomes from the NFI, recorded since our last report, total £21.5 million (up from the £14.9 million in 2022). The cumulative value of outcomes from the NFI in Scotland since participation started in 2006/07 now stands at around £180 million. Exhibit 1 shows NFI outcomes by type for 2022/23 and the previous three exercises.

Exhibit 1.
NFI outcomes by exercise and type, 2016/17 to 2022/23
Reported outcomes have increased to £21.5 million in 2022/23.

£ million

	2016/17	2018/19	2020/21	2022/23
Total	£17.8m	£15.3m	£14.9m	£21.5m
Notional outcome estimates	3.1	2.7	4.2	6.8
Forward savings estimates	9.2	7.0	6.2	8.9
Actual savings	5.5	5.6	4.5	5.7

- ■ Notional outcome estimates: not directly linked to actual overpayments or additional income, eg blue badges, housing tenancy and waiting lists
- ■ Forward savings estimates: from overpayments, additional income and prevented fraud
- ■ Actual savings: overpayments and additional income

Source: Audit Scotland analysis of NFI outcomes

10. Increased outcomes reported in 2022/23 partly reflect improvement in recording of results as bodies continue to recover from Covid-19. There have also been changes to estimation methodologies which contribute to higher outcomes in some areas (details of methodologies can be found in the Appendix). It is not possible to extrapolate from these figures that underlying levels of fraud have increased.

Outcomes by data match area

11. Most monetary outcomes from the NFI accrue to councils, the Scottish Public Pensions Agency and the Department for Work and Pensions (DWP) in the form of savings arising from council tax, pensions and housing benefits matches.
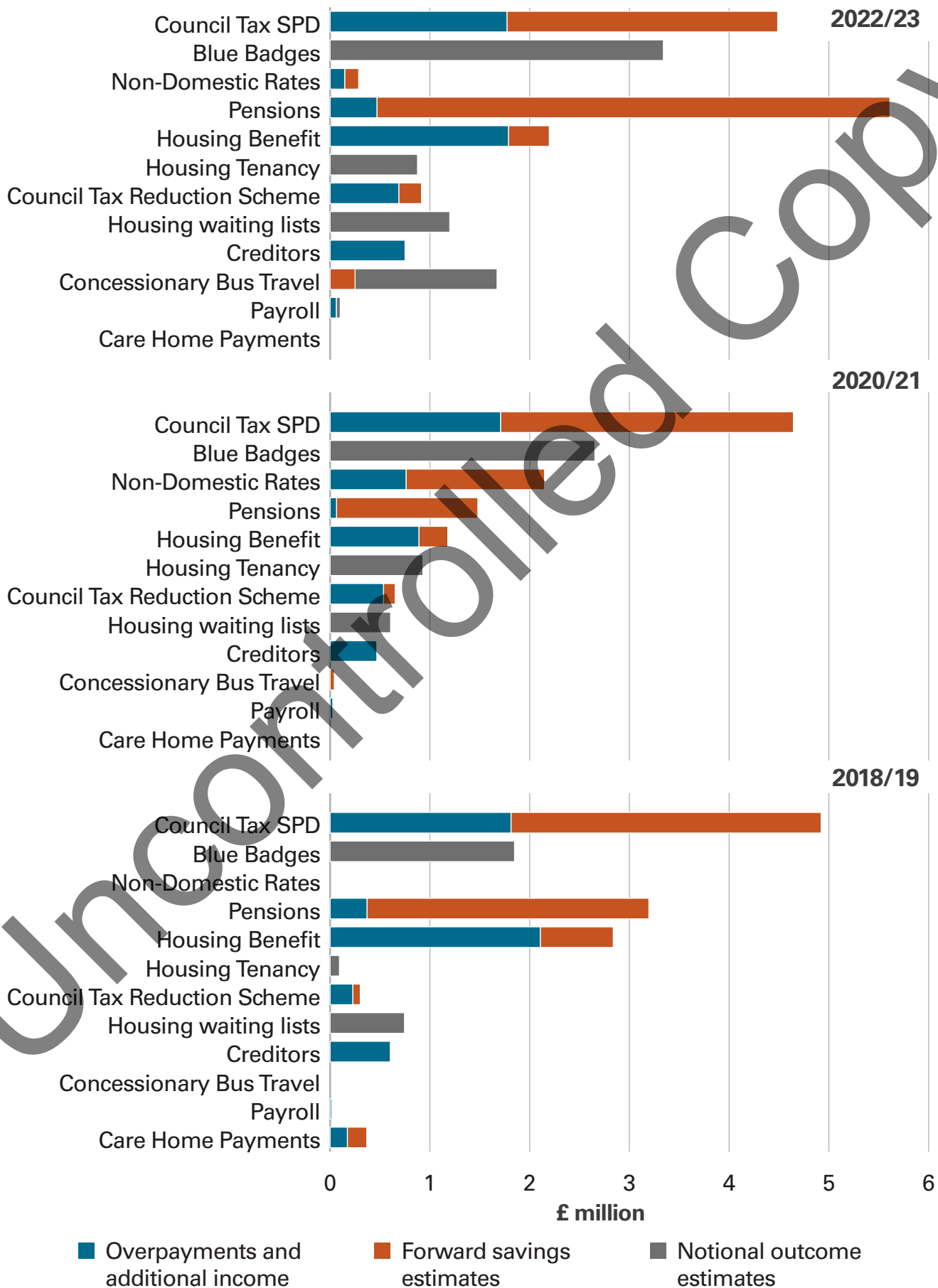
12. Many participating bodies only submit payroll and creditors datasets for matching, and this limits the monetary outcomes available to them. However, overpayments associated with duplicate creditor payments and payroll matches are not insignificant. NFI outcomes analysed by main data match area, are shown for the last three exercises in Exhibit 2 (page 9).

Exhibit 2.
NFI outcomes by area and exercise
Most savings arise from Council Tax, Pensions and Housing Benefits matches.

2022/23

- Council Tax SPD
- Blue Badges
- Non-Domestic Rates
- Pensions
- Housing Benefit
- Housing Tenancy
- Council Tax Reduction Scheme
- Housing waiting lists
- Creditors
- Concessionary Bus Travel
- Payroll
- Care Home Payments

2020/21

- Council Tax SPD
- Blue Badges
- Non-Domestic Rates
- Pensions
- Housing Benefit
- Housing Tenancy
- Council Tax Reduction Scheme
- Housing waiting lists
- Creditors
- Concessionary Bus Travel
- Payroll
- Care Home Payments

2018/19

- Council Tax SPD
- Blue Badges
- Non-Domestic Rates
- Pensions
- Housing Benefit
- Housing Tenancy
- Council Tax Reduction Scheme
- Housing waiting lists
- Creditors
- Concessionary Bus Travel
- Payroll
- Care Home Payments

£ million

(x-axis: 0, 1, 2, 3, 4, 5, 6)

Legend:
- ■ Overpayments and additional income
- ■ Forward savings estimates
- ■ Notional outcome estimates

Notes:
1. Non-Domestic Rates Small Business Bonus Scheme data was first submitted for the 2020/21 exercise but did not form part of the 2022/23 exercise due to the revaluation exercise taking place in 2023.
2. Care home payments have not been matched since 2018/19 due to legislative constraints.
3. Adult concessionary bus travel was a pilot exercise in 2020/21 and has been mainstreamed in 2022/23.

Source: Audit Scotland analysis of NFI outcomes

Wider benefits of NFI

13. The NFI also delivers benefits which are more difficult to quantify. These include its fraud deterrent effect and the financial governance assurance it provides to bodies where no issues are identified (Exhibit 3).

Exhibit 3.
Non-monetary benefits of NFI

Acts as a deterrent to potential fraudsters

Can provide assurance that systems are operating well

Can identify where system improvements are required

Source: Audit Scotland

3. NFI delivery

NFI governance and follow-up arrangements remain sound for most participating bodies. However, when compared to previous exercises, appointed auditors assessed fewer bodies as having fully satisfactory arrangements.

Auditor assessments

14. NFI governance and follow-up arrangements remain sound for most of the 110 bodies in Scotland that participated in the 2022/23 exercise. However, several bodies have struggled with delivery and there remains some scope for improvement.

15. We asked auditors to assess participating body NFI arrangements, and rate them as Green (satisfactory), Amber (mostly adequate) or Red (unsatisfactory). Auditor returns for 2022/23 included an increased number of amber and red ratings Exhibit 4 (page 12).

16. In most cases amber or red assessments reflect deficiencies with follow-up activity. Participating bodies routinely cited the lack of adequate resources as the main reason for delay or lack of progress with follow-up activity.

17. Our NFI Self-Appraisal Checklist includes requirements for participating bodies to consider Leadership, Commitment and Communication. The checklist also asks NFI key contacts and users to consider potential improvements to the efficiency and effectiveness of follow-up activity. The checklist can be found on our Counter Fraud webpage and has been updated for the 2024/25 exercise.

Exhibit 4.
Auditor assessments of NFI delivery arrangements
More bodies received amber and red assessments in 2022/23.
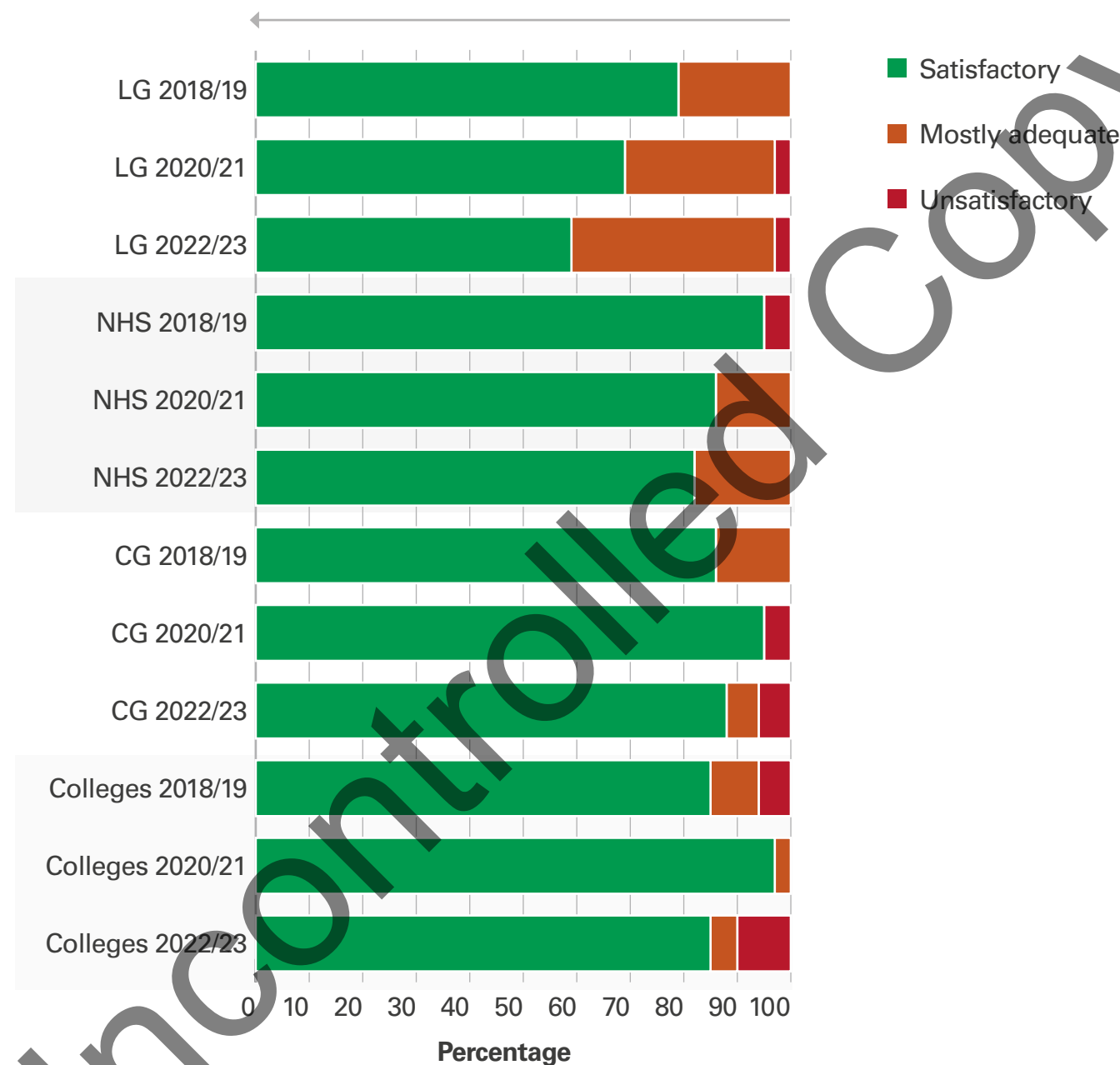
Source: Audit Scotland analysis of Auditor Returns

18. Exhibit 5 shows the main determinants of successful NFI delivery that participating bodies should be focusing on to strengthen their arrangements.

Exhibit 5.
NFI participation – main determinants of success
Successful delivery of NFI requires a clear commitment to a well-thought-out approach that optimises the use of available resources to follow up matches appropriately.

Leadership

Effective
NFI delivery

Knowledge

Resources

Source: Audit Scotland

19. Audit Scotland will continue to work with bodies to support effective and efficient delivery of NFI through its ongoing engagement activities.

4. Specific match areas

NFI outcomes have increased in most data match areas in 2022/23. However, savings from council tax single person discounts decreased slightly, and increases in some areas are partly due to changes in estimation methodologies.

Payroll

20. The number of payroll and multi-contract working frauds identified as a result of the NFI has increased. There were 12 cases identified in 2022/23. This is the highest number since 2016/17, which is the last exercise for which immigration data was matched. Overpayments and case numbers for the 2022/23 exercise are shown alongside those for the three previous exercises at Exhibit 6.

Exhibit 6.
Payroll outcomes and case numbers by NFI exercise
There has been an increase in the level of identified fraud in 2022/23.
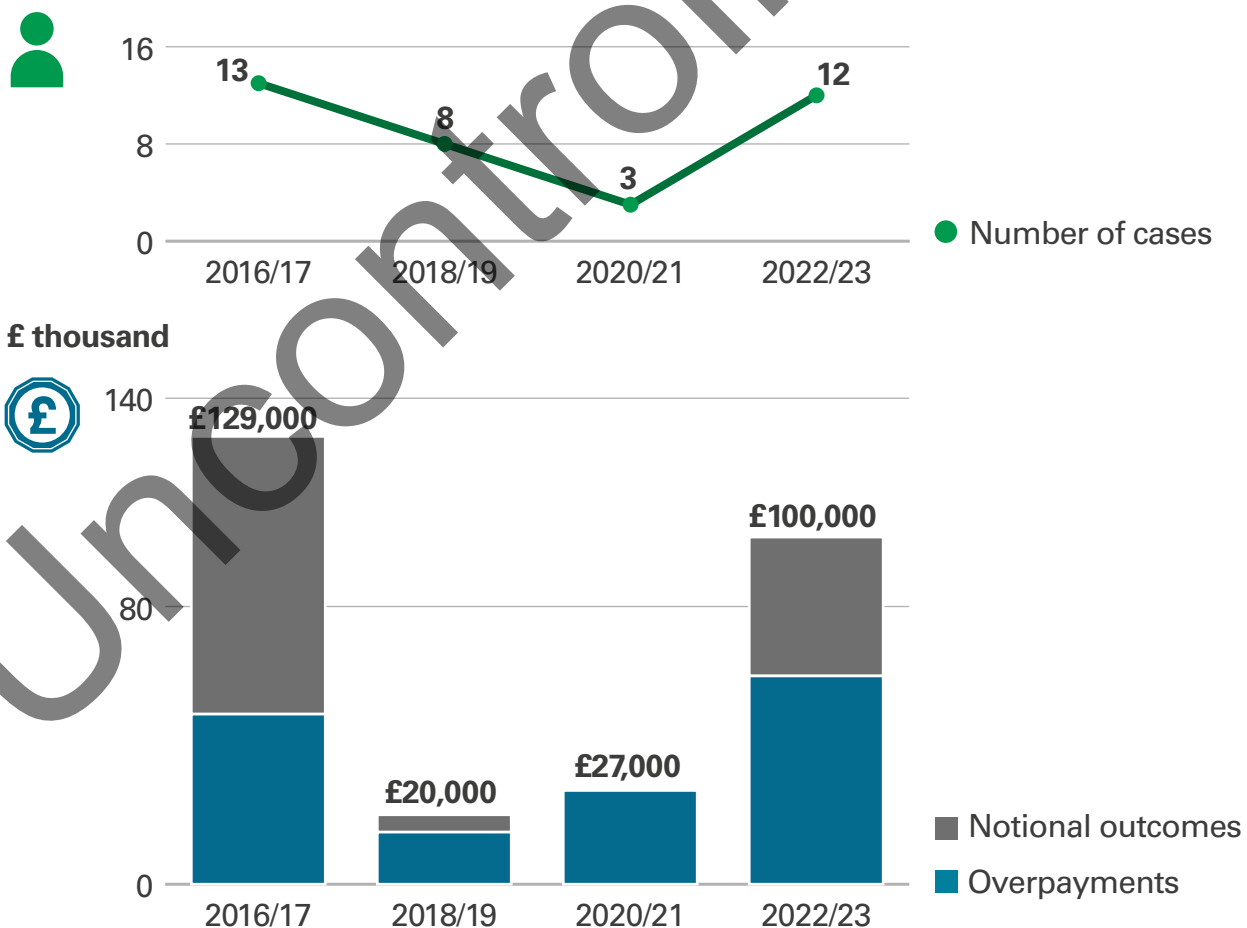
Note. Notional outcomes of £5,685 per case are allocated where staff resign or have been dismissed (Appendix).

Source: NFI management information

Creditor payments

21. Participating bodies submit details of payments made to people or organisations supplying them with goods and services. Data is matched by the NFI to identify potential duplicate payments. Bodies identifying duplicate payments often refresh procedures and tighten controls to reduce future risk.

22. In 2022/23 outcomes worth £0.75 million were identified from 146 duplicate payments across 31 bodies. This is broadly in line with previous exercises as shown in Exhibit 7.

Exhibit 7.
Duplicate creditor payment savings and case numbers by NFI exercise
£0.75 million of recoverable duplicate creditor payments was identified in 2022/23.
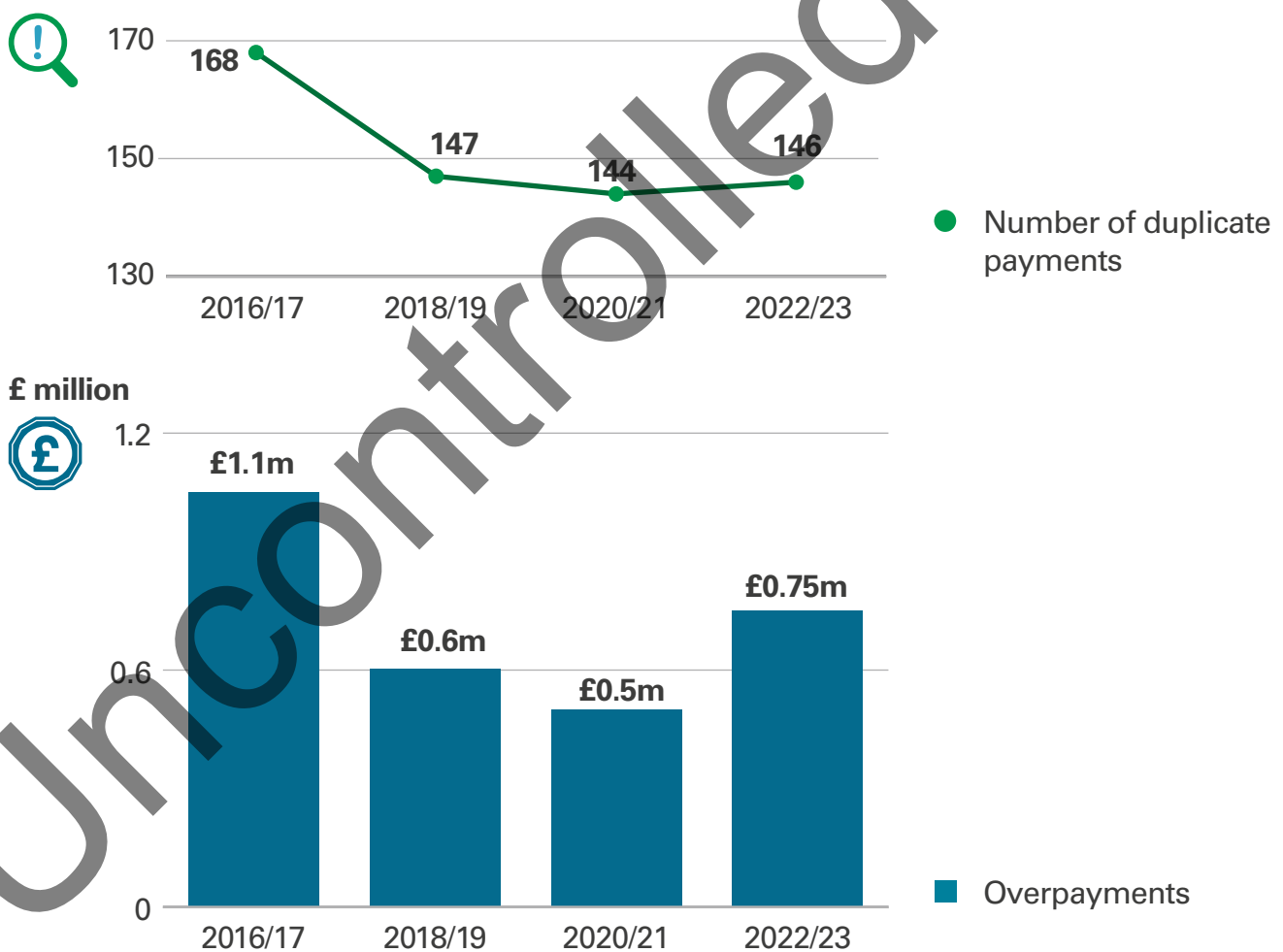
Source: NFI management information

Adult Concessionary Bus Travel

23. Following a successful pilot exercise in 2020/21, adult concessionary bus travel mortality screening was rolled out to councils in 2023. The National Entitlement Card Project Office, working in partnership with councils, submitted details of all live travel passes for matching.

24. The NFI identified 99,600 travel passes that belonged to holders who had died. Transport Scotland was able to check usage of these passes and identified that 1,075 had been used after the date of death.

25. The full fare value of fraudulent bus trips associated with these passes amounted to £0.31 million, with a cost to Transport Scotland of around £0.18 million, based on the applicable reimbursement rates to bus companies.

26. The cancellation of these passes will prevent future fraudulent use with an estimated value of £0.45 million (based on £420 per travel pass used fraudulently, see Appendix (page 26). The resultant saving to Transport Scotland is estimated at around £0.25 million based on current reimbursement rates.[1]

Council Tax Single Person Discounts

27. People living on their own, or in some cases with adults who can be 'disregarded', are eligible for a 25 per cent single person discount (SPD) on their annual council tax bill. The NFI matches SPD recipients to the electoral register and to other datasets to identify where other adult residents have not been declared on applications, have subsequently turned 18 or have moved in.

28. Councils withdrew £1.8 million worth of SPDs because of the NFI. The additional income, based on a forward projection of annual savings for two years, in line with the Cabinet Office methodology, equates to an additional £2.7 million. These amounts are shown together and alongside savings for the previous three exercises in Exhibit 8 (page 17).
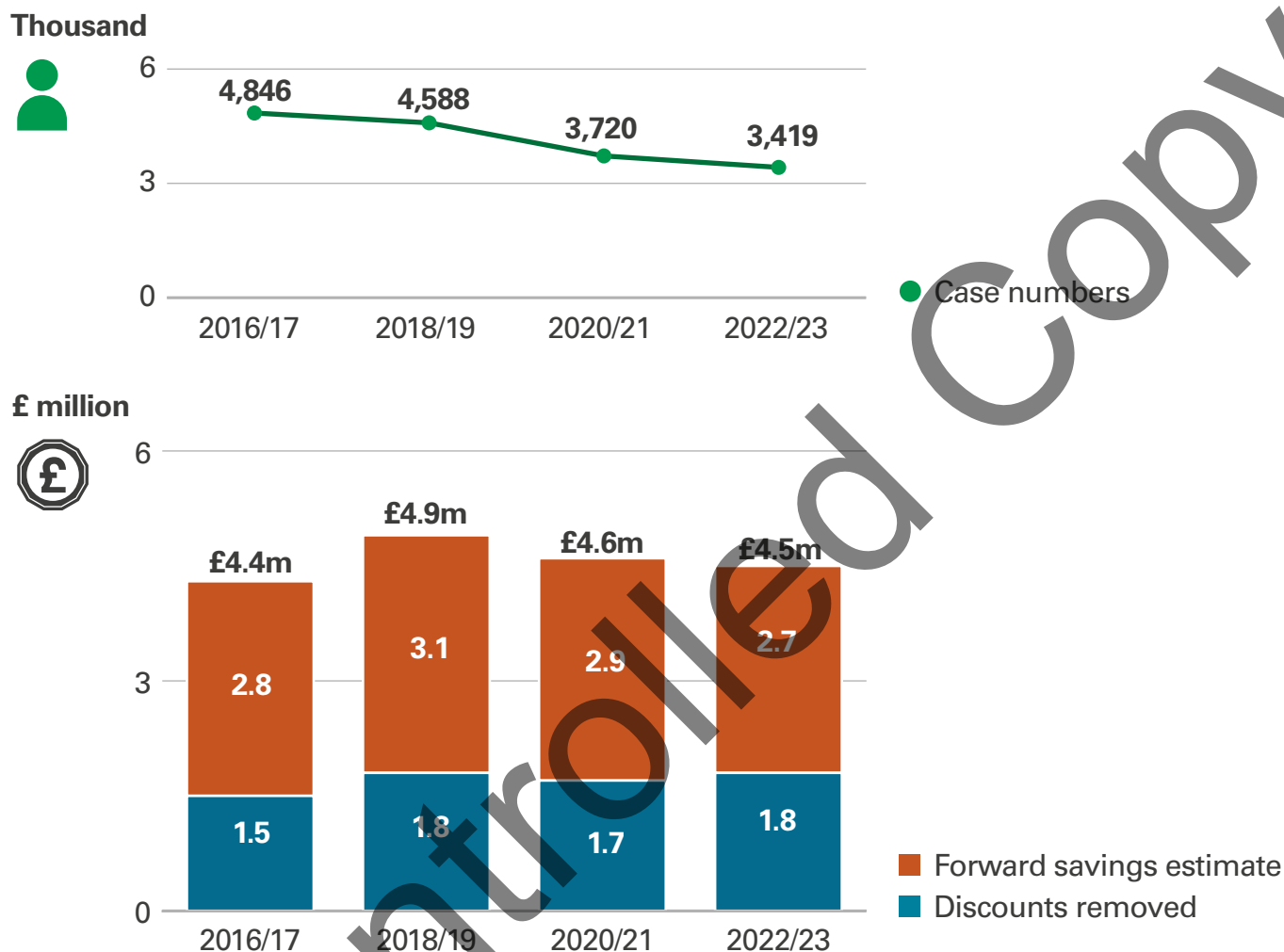
29. Only 19 councils recorded NFI activity in relation to SPDs, as more councils are now making use of third party providers for data matching and follow-up. Seven councils using third-party providers now record no NFI outcomes (an increase of two from the previous exercise).

---

[1] Total outcomes for this area (Exhibit 2) includes a notional amount of £0.91 million relating to the pilot exercise in 2020/21 (based on the Cabinet Office methodology at the time which applied £550 to each travel pass cancelled).

Exhibit 8.
Council Tax SPD savings and case numbers by NFI exercise
Case numbers and savings from single person discounts decreased in 2022/23.

Thousand

	2016/17	2018/19	2020/21	2022/23
Case numbers	4,846	4,588	3,720	3,419

● Case numbers

£ million

	2016/17	2018/19	2020/21	2022/23
Total	£4.4m	£4.9m	£4.6m	£4.5m
Forward savings estimate	2.8	3.1	2.9	2.7
Discounts removed	1.5	1.8	1.7	1.8

■ Forward savings estimate
■ Discounts removed

Source: NFI management information

Council Tax Reduction Scheme (CTRS)

30. Council tax reduction is available to low-income households in Scotland. The NFI matches CTRS data to other datasets, such as payroll and pensions, for example, to identify undeclared income.

31. In 2022/23, additional council tax income of £0.92 million was identified because of follow-up on NFI matches (up from £0.65 million in 2020/21). Savings and case numbers are shown alongside those from the previous three NFI exercises in .

32. Actual additional income from the removal of council tax reductions has increased, as have forward savings estimates. The forward savings estimate methodology has, however, changed with savings now based on 33 weeks, compared to the 21 weeks previously used.

Exhibit 9.
Council Tax Reduction Scheme savings and case numbers by NFI exercise
Total potential savings from CTRS have increased to £0.92 million in 2022/23.
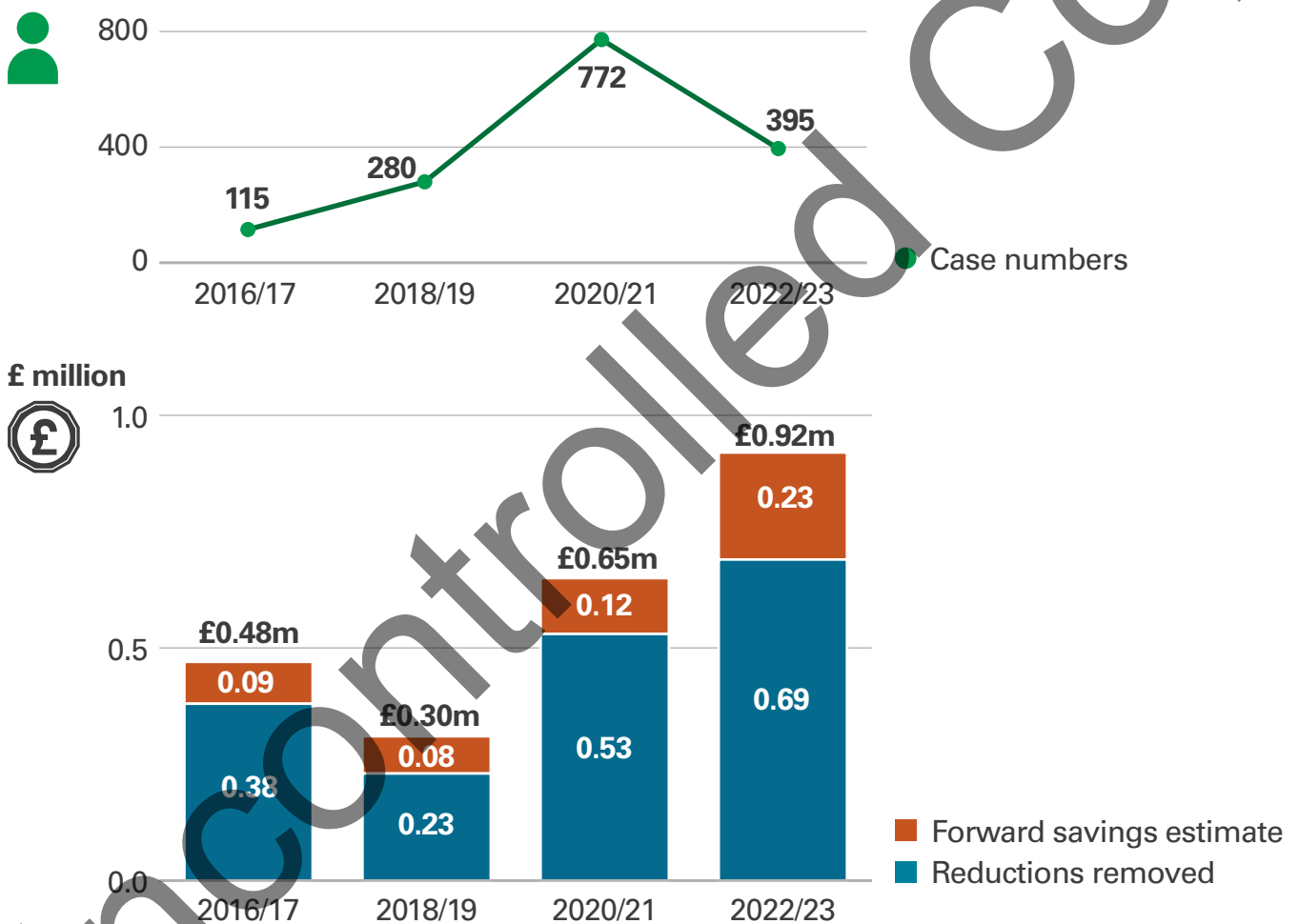
Source: NFI management information

33. Only 18 councils identified savings from CTRS, with most savings arising from matches to pensions (around 40 per cent) and payroll (around 30 per cent), where income had not been declared.

Housing Benefits

34. Housing benefits (HB) help people on low incomes pay their rent. HBs in payment continues to decrease as more benefit recipients move on to universal credit.

35. The DWP's Verify Earnings and Pensions alerts service has also impacted HB savings from NFI as alerts are sent directly to councils for investigation, allowing them to follow up outside the NFI process. We no longer match HB to payroll and pension as part of the NFI.

36. There has, however, been an increase in reported savings in 2022/23 due to the inclusion of late DWP savings from the 2020/21 exercise which was affected by Covid-19. Exhibit 10 shows the HB overpayments and forward savings reported for the current and previous three NFI exercises.

Exhibit 10.
Housing Benefit savings by NFI exercise
2022/23 includes significant late DWP savings from the 2020/21 exercise.

£ million

	2016/17	2018/19	2020/21	2022/23
Total	£2.1m	£2.8m	£1.2m	£2.2m
Forward savings estimate	0.7	0.7	0.3	0.4
Overpayments	1.4	2.1	0.9	1.8

Source: NFI management information

37. HB matches involving suspected fraud are referred to the DWP for investigation and resultant savings are not attributed back to councils. In 2022/23 almost £2 million of savings arose from these referrals. £0.2 million of savings was identified locally by 17 councils, largely from the follow-up of matches to student loans.
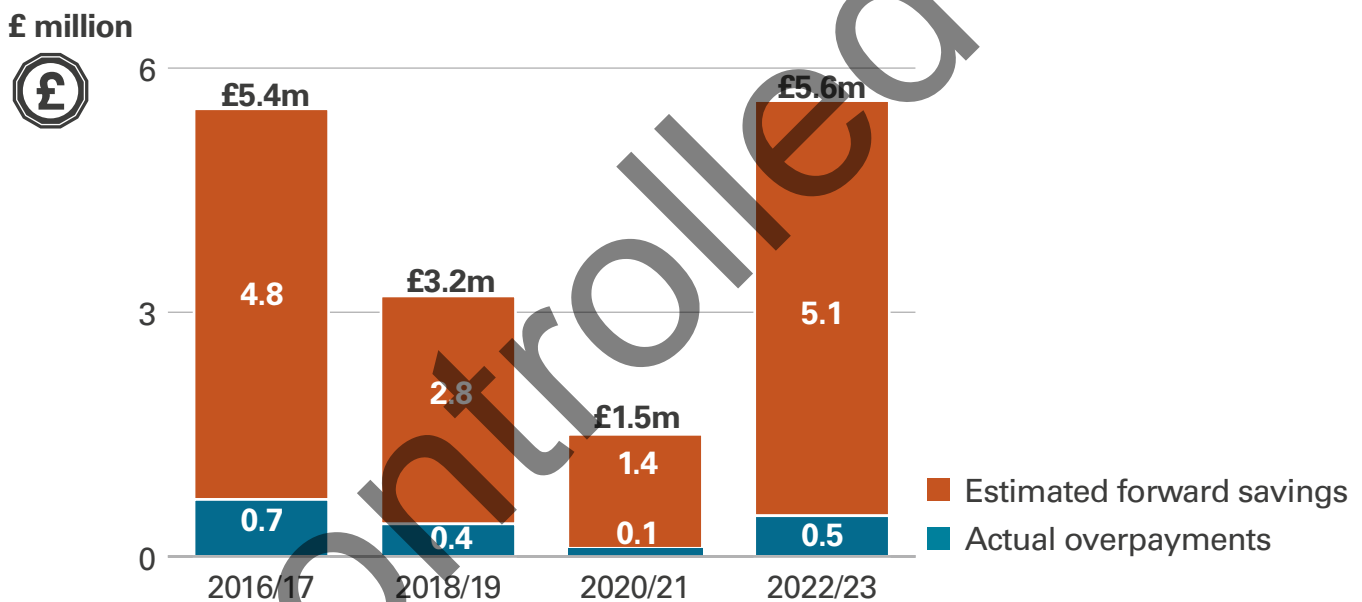
Pensions

38. The NFI is an efficient and effective way for the Scottish Public Pensions Agency (SPPA) and councils that administer pensions to check that they are only paying pensions to people who are alive.

39. The follow-up of matches has led to the identification of actual overpayments of £0.5 million as at 31 March 2024, with projected forward savings amounting to a further £5.1 million. These savings are shown along with those reported for previous exercises in Exhibit 11.

Exhibit 11.
Pensions savings by NFI exercise
Follow-up activity and recording of outcomes in 2020/21 was impacted by Covid 19.

£ million

	2016/17	2018/19	2020/21	2022/23
Estimated forward savings	4.8	2.8	1.4	5.1
Actual overpayments	0.7	0.4	0.1	0.5
Total	£5.4m	£3.2m	£1.5m	£5.6m

■ Estimated forward savings
■ Actual overpayments

Source: NFI management information

40. Forward savings are estimated based on a potential payment period from the date overpayments are identified until the date the deceased pensioner would have reached the age of 85 (consistent with actuarial assumptions used to value public sector pension schemes).

41. In 2022/23 we have seen improved follow-up of pensions matches. However, not all overpayments identified had been recorded by 31 March 2024. Late savings will be reported as part of the 2024/25 exercise as a result.

Blue Badges

42. The Blue Badge scheme allows individuals with mobility problems to park for free at on-street parking meters, in 'pay and display' bays, in designated Blue Badge spaces, and on single or double yellow lines in certain circumstances. Badges are sometimes used by unauthorised persons after the badge holder has died. Not only is this an offence under the Disabled Persons' Parking Badges (Scotland) Act 2014, but it may also result in parking spaces being denied to people who legitimately use the Blue Badge scheme.

43. The NFI matches Blue Badges issued to records of deaths, enabling badges to be cancelled. The number of badges cancelled in 2022/23 has gone up to 5,140, as shown at Exhibit 12.

Exhibit 12.
Blue Badges outcomes and case numbers by NFI exercise
There have been higher levels of recorded cancellation in 2022/23 than for recent exercises.
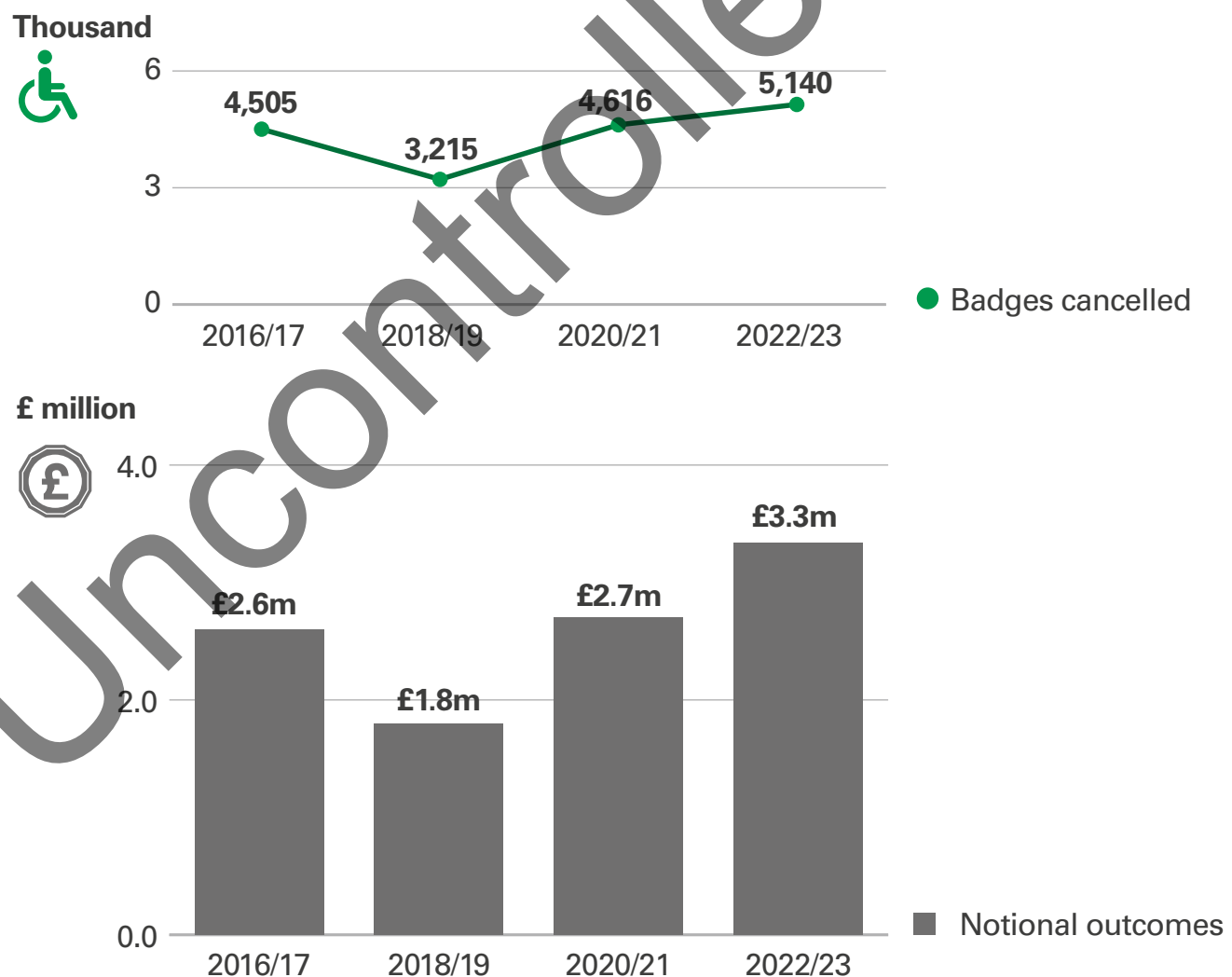
Source: NFI management information

44. The increased number of cancellations, together with a new estimate multiplier, has resulted in a higher notional outcome value. The Cabinet Office estimation methodology now applies £650 per badge cancelled (compared to £575 per badge in 2020/21).

Housing Tenancy

45. With reported housing shortages and high levels of homelessness, tenancy fraud is increasingly an issue for councils. Where fraudulent subletting exists, it means that properties are not available to house people who are in most need and this can be costly to councils.

46. The NFI uses council housing tenancy data to identify possible cases where tenants may have sublet their property. It also helps identify cases where the tenant has died, and the property is either empty or has other individuals living in it.

47. As a result of the 2022/23 exercise, councils were able to identify and recover ten properties. A housing association property was also identified and made available for social housing. The numbers of properties recovered along with the notional outcome estimates for the last four exercises are shown at .

48. Notional outcomes of £78,300 are allocated per property recovered (£93,000 in 2020/21). This is based on an average four-year fraudulent tenancy and includes estimated costs of temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies.

49. In addition to recovery of properties, NFI has enabled several councils to update tenancy details where there has been legitimate succession following a bereavement.

Exhibit 13.
Housing Tenancy outcomes and case numbers by NFI exercise
Tenancies recovered as a result of NFI have remained in double figures in 2022/23.
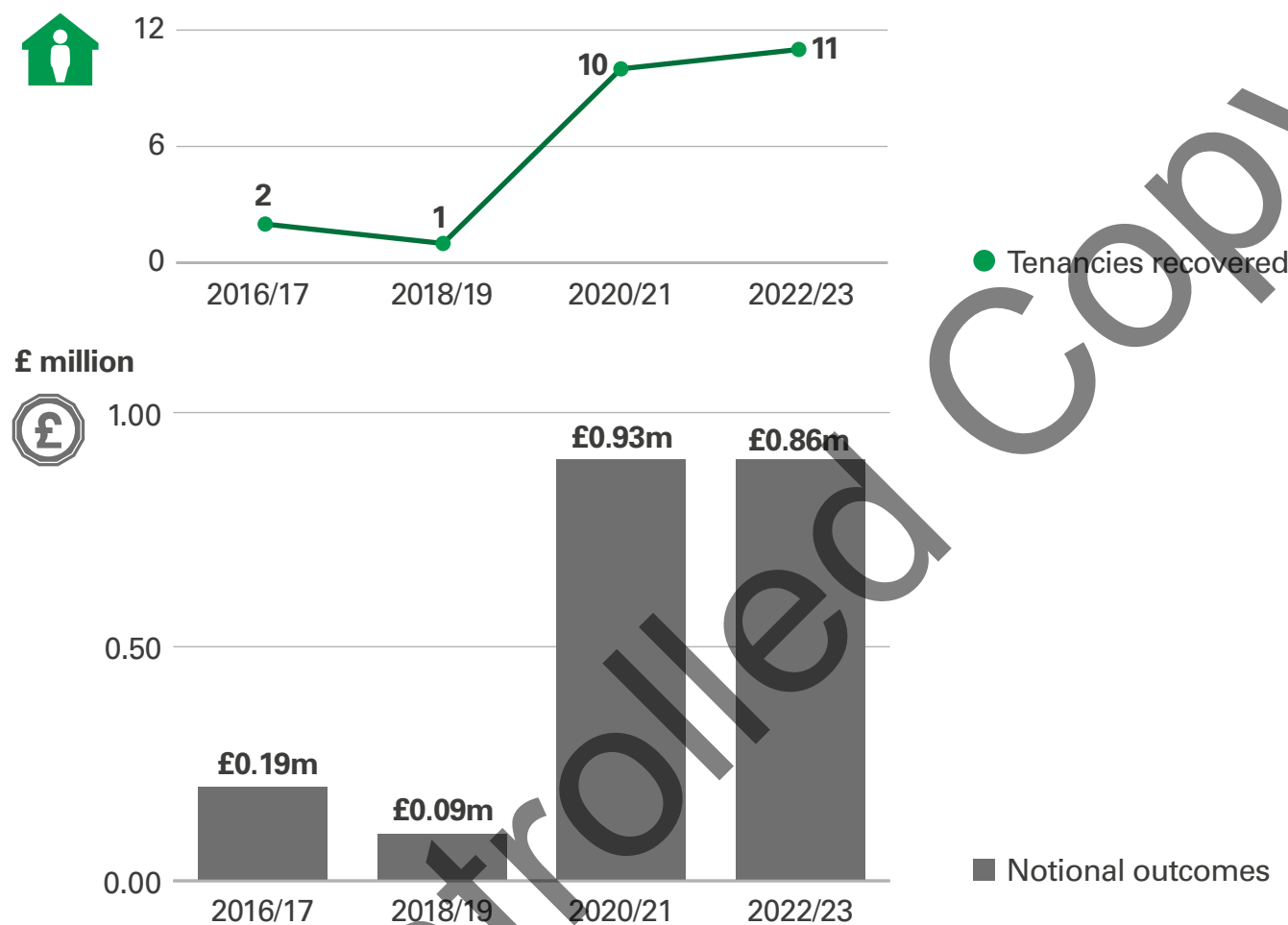
Source: NFI management information
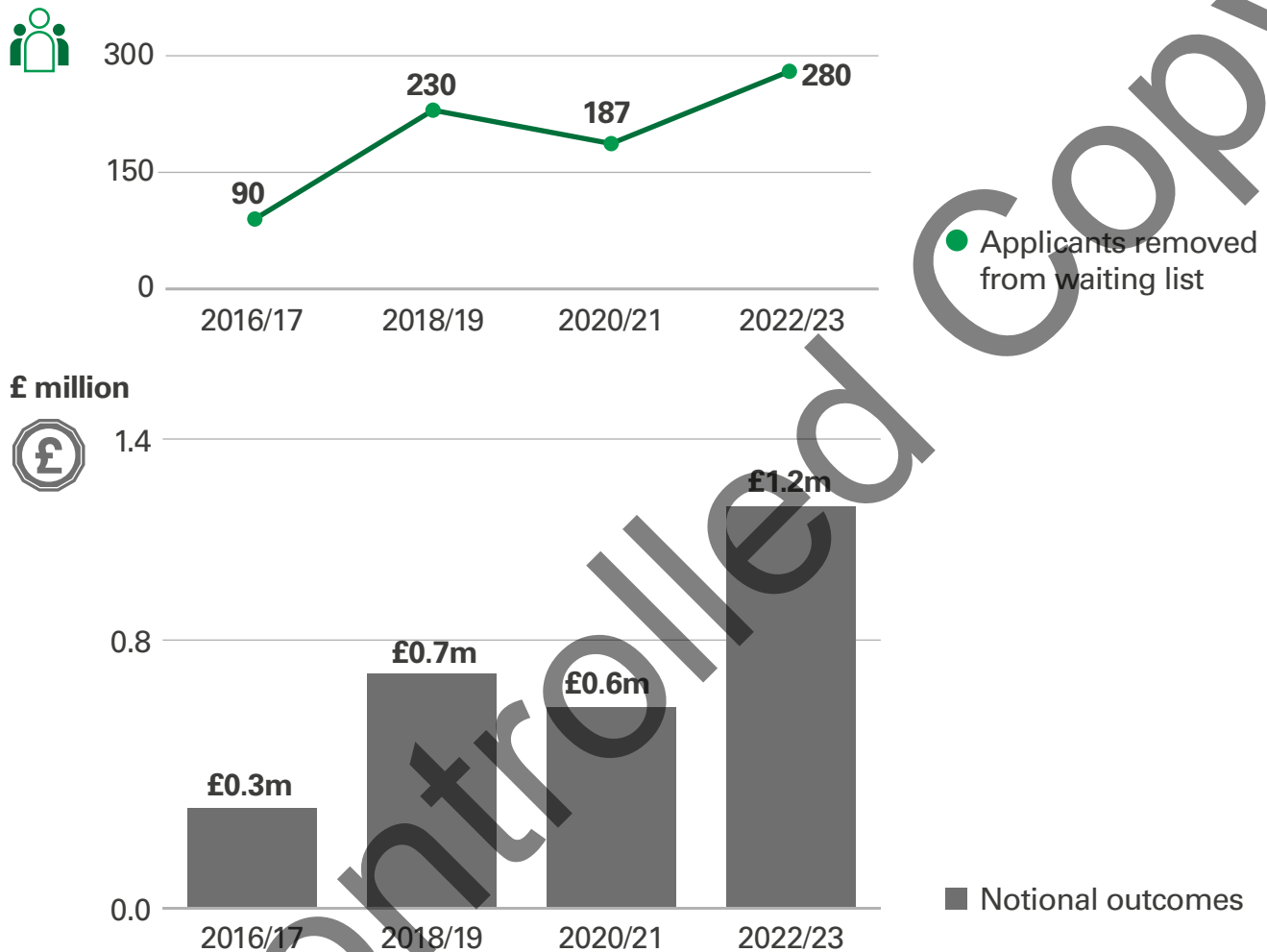
Housing Waiting Lists

50. Councils maintain waiting lists for council housing, and in some cases for all social housing in their area. The NFI matches waiting list data to housing tenancy data and other data sets, enabling undisclosed changes in circumstances to be picked up. This enables removal of ineligible applicants from the waiting list, stops inappropriate allocations, and accelerates allocations to people in genuine need of social housing.

51. In 2022/23 we have seen an increase in the number of applicants removed from waiting lists as a result of NFI. Notional outcomes have also increased as shown in .

Exhibit 14.
Housing Waiting List outcomes and case numbers by NFI exercise
More applicants have been removed from the waiting list in 2022/23 than in previous exercises.

Source: NFI management information

52. Notional outcomes are attributed to applicants removed from the waiting list on the basis that social housing could have been allocated inappropriately. The estimation methodology allocates £4,283 per case removed from the waiting list (an increase from £3,240 per application in 2020/21).

5. Pilot exercises and future developments

Social Security Scotland took part in a pilot data-matching exercise which identified limited fraud and error. We are also exploring the possibility of involving wider public sector bodies in the 2024/25 NFI exercise on a voluntary basis.

Social Security Scotland – benefits pilot 2022

53. In 2022 a pilot exercise was undertaken with Social Security Scotland (SSS) to identify any instances where claimants received support but were not residing in Scotland, or where claimants appear to have claimed benefits more than once (eg, from more than one Scottish address). The pilot exercise included payments made in the three-month period from April to June 2021.

54. Around 45,000 lines of data relating to benefit payments were submitted for matching, resulting in the identification of 367 claimants who appeared to be residing outwith Scotland. Following review and corroboration of addresses by SSS there were just 17 cases where claimants were not entitled to benefits. Overpaid benefits of £16,450 were identified, a further £20,000 could have been paid out in relation to these claims, over the remaining eligibility periods.

55. Despite the identification of fraud and error, the number and value of cases was not deemed sufficient to justify the inclusion of this match type in the main biennial NFI exercise in 2022/23. The intention is to run another pilot in 2024/25 which may also include Adult Disability Payments for the first time.

Inclusion of bodies on a voluntary basis

56. There are potential benefits from expanding the NFI to include more public sector bodies in Scotland. We invited Scottish housing associations and universities to participate in the 2024/25 NFI on a voluntary pilot basis.

57. While no universities have volunteered for participation, we are working with several interested housing associations. At this time, it is unclear how many of those interested will actually participate.

Appendix
Estimated outcomes methodologies

In some cases NFI outcomes include an estimated element for forward savings or for where no monetary value can be recovered

The NFI uses the term 'outcomes' to refer to the financial value of fraud, error and overpayment that can be attributed to NFI data matching. In some cases NFI outcomes include an estimated element which seeks to capture:

- The value of loss from a fraud or error detected because of an NFI match, in instances where no monetary value can be recovered - such as the value of recovering a property from a tenant who has fraudulently obtained that tenancy. We have called these 'notional outcome estimates' in our report.

- The value of any future losses that may have been incurred without intervention as a result of an NFI match. For example, the value of future overpayments prevented through detecting and stopping a fraudulent or erroneous housing benefit claim. We have called these 'forward savings' in our report.

Most NFI datasets have a methodology to calculate estimated outcomes. These methodologies account for:

- data relevant to the fraud problem, including national published data and data from previous NFI cases

- the policy context relative to the fraud problem

- any regional variances that may result in the generation of estimate methodologies specific to a region or area

- alignment where possible with relevant estimated savings methodologies used in other central government departments.

All methodologies are reviewed prior to the start of each new NFI exercise. Any changes are reviewed by the Cabinet Office NFI Governance Board and approved by the Cabinet Office Fraud Prevention Panel. This panel consists of cross government counter fraud experts (including representatives from DWP, HMRC, NHS, MOD, BEIS, DFID, NAO, etc.) who review and challenge, where necessary, methodologies for calculating the estimated value of fraud prevention initiatives across government departments.

Once approved, these methodologies are built into the NFI web application to enable the estimated outcomes element to be automatically generated.

A summary of the outcomes methodology calculations applied to NFI datasets is set out in the following table:

Data match	Basis of calculation of forward savings and estimated outcomes
Council tax single person discount	Forward savings – Annual value of the discount cancelled multiplied by two years.
Council tax reduction scheme	Forward savings – Weekly change in council tax discount multiplied by 33 weeks (increased from 21 weeks in 2020/21).
Housing benefit	Forward savings – Weekly benefit reduction multiplied by 21 weeks.
Pensions	Forward savings – Annual pension multiplied by the number of years until the pensioner would have reached the age of 85.
Housing Tenancy	Notional outcomes – £78,300 per property recovered, based on average four–year fraudulent tenancy. Includes: temporary accommodation for genuine applicants; legal costs to recover property; re–let cost; and rent foregone during the void period between tenancies (reduced from £93,000 in 2020/21).
Housing waiting lists	Notional outcomes – £4,283 for each case based on the annual estimated cost of housing a family in temporary accommodation, the duration a fraud may continue undetected and the likelihood a waiting list applicant would be provided a property (increased from £3,240 in 2020/21).
Blue Badges	Notional outcomes – Number of badge holders confirmed as having died multiplied by £650 to reflect lost parking and congestion charge revenue (increased from £575 in 2020/21).
Concessionary bus travel	Forward savings – Number of bus passes used fraudulently multiplied by £420. Based on average fraudulent use and reflecting two years forward use.
Payroll	Notional outcomes – £5,685 for each employee dismissed or resigns as a result of NFI matching. (up from £5000 in 2020/21).

The National Fraud Initiative in Scotland 2024

AUDIT SCOTLAND

wbg

Forth Valley College

Internal Audit 2023/24

Annual Report

July 2024

Table of Contents

1. Introduction

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

We conduct our activity within the overarching framework of the Institute of Internal Auditors, Definition of Internal Auditing, Code of Ethics and International Standards for the Professional Practice of Internal Auditing, together with the UK Public Sector Internal Audit Standards, first introduced in April 2013.

In line with these Standards, we have developed a robust quality assurance process to ensure that each of our activities and reports are of a high and consistent standard. Quality assurance activity includes interim reviews during the internal audit process and an extensive final review before reports are issued to clients and other stakeholders. We actively seek to improve the services we deliver through a programme of CPD, training, networking and engagement with internal peers, as well as by piloting new ways of working.

We had an extensive external assessment undertaken against these standards in November 2023. The assessment was undertaken by the Chartered Institute of Internal Auditors who concluded:

"We are pleased to report that the the Wbg Services LLP (formerly Wylie & Bisset LLP) Internal Audit Department conforms with the Standards, as well as the Definition of Internal Auditing, Core Principles and the Code of Ethics, which form the mandatory elements of the Public Sector Internal Audit Standards (PSIAS) and the Institute of Internal Auditors' International Professional Practices Framework (IPPF), the globally recognised standard of quality in Internal Auditing".

The Chartered Institute of Internal Auditors also highlighted our compliance with all 64 standards of the IPPF.

This Annual Report should be considered by Audit Committee prior to the Committee submitting their annual report to the Board.

2. Executive Summary

Overall Opinion
We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes. In our opinion, Forth Valley College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money. We would however highlight that we provided a weak level of assurance surrounding the Strategic Planning Review with material weaknesses being highlighted in monitoring progress against the Strategic Plan. Our fieldwork was carried out between September 2023 and June 2024, and we have not undertaken any further internal audit assignments at the time of this report.

The overall findings and conclusion of each report are highlighted in Section 3. As can be seen from the summary in Section 3 all areas included in the Operational Plan for 2023/24 have been completed with the exception of the Fraud Awareness review which has been postponed until 2024/25.

In forming our opinion, we have carried out the following work:

| A review and appraisal of financial and other controls operated by the College;

| A review of the established policies and procedures adopted by the College;

| An assessment of whether or not the internal controls are reliable as a basis for producing the financial accounts;

| A review of accounting and other information provided to management for decision making;

| Compliance and substantive audit testing where appropriate; and

| A review of the College's procedures in place to promote and secure value for money.

The analysis of performance indicators for the internal audit work carried out in the year is included at section 5.

4

Basis of Opinion

As the Head of Internal Audit at Forth Valley College we are required to provide the Audit Committee with an opinion on the adequacy and effectiveness of the College's risk management, control and governance processes.

In giving our opinion, it should be noted that assurance can never be absolute. The most that we can provide to the Audit Committee is reasonable assurance that there are no major weaknesses in the College's risk management, control and governance processes.

In assessing the level of assurance given, we have considered:

| All audits undertaken during the year ended 31 July 2024;

| Any follow-up action taken in respect of audits from previous periods;

| Any significant recommendations not accepted by management and the consequent risks;

| The effects of any significant changes in the College's objectives or systems;

| Any limitations which may have been placed on the scope of internal audit;

| Matters arising from previous reports to the Audit Committee;

| The extent to which resource constraints may impinge on the Head of Internal Audit's ability to meet the full audit needs of the College;

| What proportion of the College's audit need has been covered to date; and

| The outcomes of our quality assurance processes.

3. Audit Findings

Summary of Work Undertaken

The following table summarises the audit work undertaken in 2023/24. The grading structure used in our reports can be found in Appendix A.

Area	Planned Days	Actual Days	Status	Overall Conclusion	High Priority Recommendations	Medium Priority Recommendations	Low Priority Recommendations
Credits	5	5	Complete	**n/a**	-	-	-
SSF	4	4	Complete	**n/a**	-	-	-
EMA	3	3	Complete	**n/a**	-	-	-
Estates Management – Maintenance	5	5	Complete	**Strong**	-	-	2
Overall Financial Controls	5	5	Complete	**Strong**	-	-	1
Strategic Planning	4	4	Complete	**Weak**	1	1	-
New HR/Payroll System	5	5	Complete	**Strong**	-	-	-
Total C/F	31	31	-	**-**	1	1	3

3. Audit Findings

Summary of Work Undertaken (continued)

Area	Planned Days	Actual Days	Status	Overall Conclusion	High Priority Recommendations	Medium Priority Recommendations	Low Priority Recommendations
Total b/f	31	31	-	-	1	1	3
Fraud Awareness	4	-	Postponed	**n/a**	n/a	n/a	n/a
Follow up	2	2	Complete	**Substantial**	-	-	3*
Audit Management	5	5	-	-	-	-	-
Total	**42**	**38**	**-**	**-**	1	1	6

* There are 2 partially implemented recommendations and 1 outstanding recommendation relating to the Follow Up.

3. Audit Findings

HIGH PRIORITY RECOMMENDATION

The following high priority recommendation was raised during the year.

Area	Finding	Recommendation	Management Response
Progress against the Strategic Plan. Strategic Planning	**Original Finding** An organisation should report on its progress against the strategic objectives set out within its Strategic Plan. This should be done by assessing the progress of the objectives underpinning the Strategic Plan. Our review found that the College is unable to assess whether it is meeting its strategic objectives, and Strategic Plan, as several of the College`s objectives are not measurable to enable consistent reporting on progress. There is a risk that without assessing its progress, the College may be severely underperforming against its objectives without understanding its position, which could lead to it not delivering on its long-term objectives.	We recommend the College uses SMART objectives to enable monitoring, and that the progress against these objectives is regularly reported to the Board of Management. This will require that each measure is: S – Specific M- Measurable A – Achievable R – Realistic	The College acknowledges that the current Strategic and Operational plans not having measurable objectives is a weakness. While there is significant reporting at Board and Committee levels on progress against key metrics, we acknowledge that this information is not easily attributable to the Strategic Plan objectives.

3. Audit Findings

Area	Finding	Recommendation	Management Response
			The Principal and Senior Management Team are currently planning a new Strategic Plan and corresponding Operational objectives, involving significant internal and external shareholder consultation, and commit to developing plan objectives that are, wherever possible, quantitative. A Strategic Plan dashboard showing progress of Board approved metrics will be presented as a standing item at all Board meetings from academic year 24/25.

4. Benchmarking

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the previous financial year.

| Area	High	Medium	Low	Total	
Credits					
Average number of recommendations in similar audits	-	-	2	2	↰
Recommendations at Forth Valley College	-	-	-	-	
SSF					
Average number of recommendations in similar audits	-	1	-	1	↰
Recommendations at Forth Valley College	-	-	-	-	
EMA					
Average number of recommendations in similar audits	-	-	-	-	⇄
Recommendations at Forth Valley College	-	-	-	-	
Estates Management – Maintenance					
Average number of recommendations in similar audits	-	5	-	5	↰
Recommendations at Forth Valley College	-	-	2	2	
Overall Financial Controls					
Average number of recommendations in similar audits	-	-	1	1	↰
Recommendations at Forth Valley College	-	-	1	1	
Summary c/f	-				
Average number of recommendations in similar audits	-	6	3	9	↰
Recommendations at Forth Valley College	-	-	3	3	

10

4. Benchmarking

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the previous financial year.

Area	High	Medium	Low	Total	
Summary b/f					
Average number of recommendations in similar audits	-	**6**	**3**	**9**	↩
Recommendations at Forth Valley College	-	-	**3**	**3**	
Strategic Planning					
Average number of recommendations in similar audits	-	-	2	2	⇆
Recommendations at Forth Valley College	1	1	-	2	
Average number of recommendations in similar audits	-	**6**	**5**	**11**	↩
Recommendations at Forth Valley College	**1**	**1**	**3**	**5**	

As noted above, Forth Valley College has a lower number of recommendations in comparison with the colleges it has been benchmarked against.

4. Benchmarking

We have set out below in graphical format an analysis of the Benchmarking totals by grade of recommendation made.
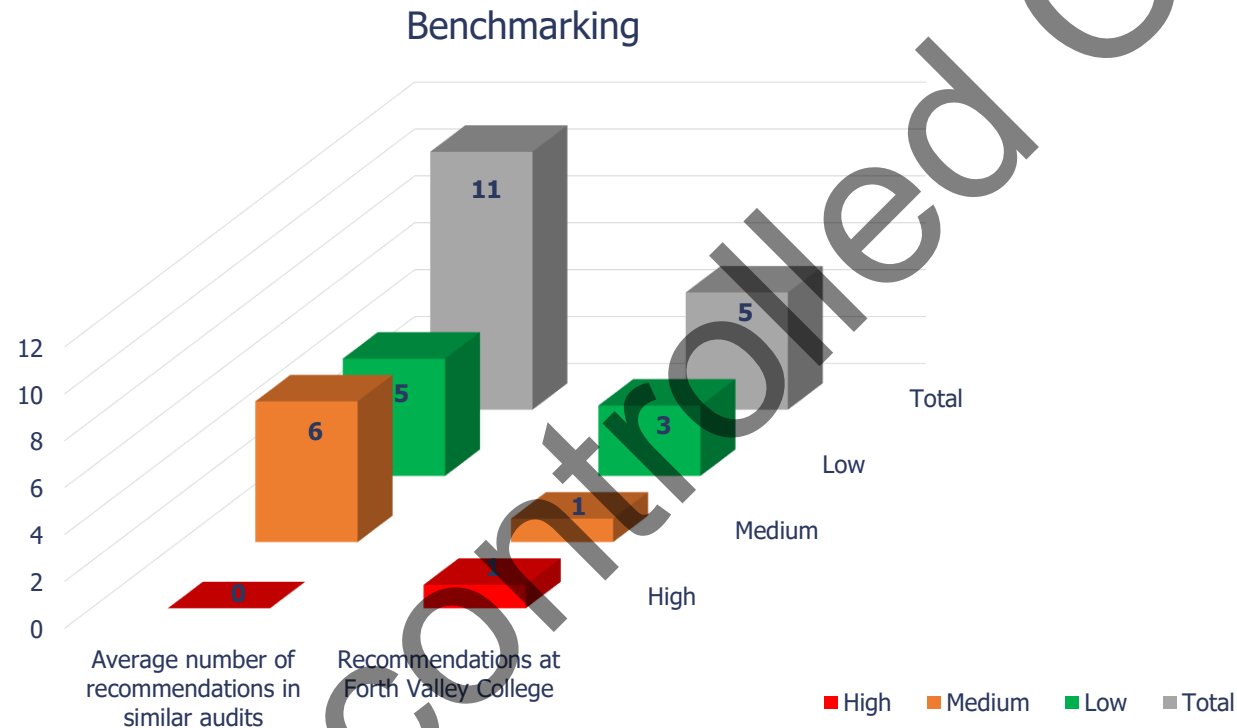
Benchmarking

As noted above, Forth Valley College has a lower number of recommendations in comparison with the Colleges it has been benchmarked against.

5. Key Performance Indicators

Performance Indicator	Target	Actual
Internal audit days completed in line with agreed timetable and days allocation	100%	100%
Draft scopes provided no later than 10 working days before the internal audit start date and final scopes no later than 5 working days before each start date	100%	100%
Draft reports issued within 10 working days of exit meeting	100%	100%
Management provide responses to draft reports within 15 working days of receipt of draft reports	100%	50%*
Final reports issued within 5 working days of receipt of management responses	100%	100%
Recommendations accepted by management	100%	100%
Draft annual internal audit report to be provided by 31 August each year	100%	100%
Attendance at Audit Committee meetings by a senior member of staff	100%	100%
Suitably experienced staff used on all assignments	100%	100%

* Management responses for the Payroll, Risk Management & Follow up reviews were received 15 days after receipt of the draft reports.

Appendix A

Grading Structure

A. Grading Structure

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

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

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

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

Forth Valley College

Internal Audit 2023-24

Review of New HR/Payroll System
May 2024

Overall Conclusion
Strong

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

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

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

**Wylie
+Bisset**

Overview

Purpose of review

We reviewed the suitability of the new HR/Payroll system, iTrent, to ensure that it was operating as expected and was being used to its capabilities. Our review tested whether the system is delivering the perceived benefits expected from the system.

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

Scope of review

Our objectives for this review were to ensure:

➢ The new HR/Payroll system is fit for purpose and operating in line with expectations and good practice.

➢ Data has been accurately transferred from the previous system.

➢ Sufficient training has been provided to those staff who will be using the system.

➢ Appropriate controls have been put in place over the new system and these are being adhered to by staff.

➢ The perceived benefits from the new system are being realised.

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

Limitation of scope

There was no limitation of scope.

Background

Business Case

In February 2022 a Business Case was presented to the College`s Senior Management Team outlining the proposal for a new integrated HR and Payroll System to replace the College`s previous unintegrated HR and Payroll Systems. The Business Case outlined seven key benefits of a new system and our review assessed performance against these benefits.

Benefits as per the Business Case.	Update on perceived benefit.
Ensuring all the (HR and Payroll) tools are held in one centralised system.	iTrent is an all-encompassing HR and Payroll system, replacing the previous separate systems.
Eliminates the risk of errors with seamless dataflow between HR and payroll.	iTrent is an integrated HR and Payroll system, therefore there are no gaps/manual entry required between the HR and Payroll side of things.
Optimising the recruitment process; reducing time to hire, ensuring the College does not miss out on the best applicants.	iTrent has recruitment and on-boarding modules, however these are yet to be implemented (July 2024), however these dedicated modules are intended to optimise the recruitment process via reducing the time from recruitment to a member of staff commencing their post.
Roll out consistent best practice across the College and have access to clear and easy to use absence dashboards and reporting tools and calculate sick pay correctly.	iTrent is introducing consistency in calculating annual leave by removing the need for Managers to manually calculate sick pay.
Provide management information data in real-time and will have robust reporting tools which are uncomplicated and enable intelligent business analytics.	The College has developed a suite of HR Reports using PowerBi which is becoming the College`s default reporting tool via iTrent.
A single sign-on for staff so that staff no longer had to log on to a different system to get access to their payslips.	Staff were granted single sign on including two factor authentication.
Produce a journal for the budgeting and forecasting system and will provide real time information to allow reliable budgeting and forecasting to be made.	iTrent will produce a journal for the College`s budgeting and forecasting system (SunSystems) without the need to manipulate data and provides real time information, however these reports are yet to be developed at the time of our review.

3

Procurement Process

The College tendered for the new HR and Payroll System in 2022 and selected its final 3 bidders and assessed them against the pre-defined criteria with the following outcome:

- ➤ MHR International – 85%.
- ➤ Zellis UK Limited – 79.31%.
- ➤ Iris Capital Limited – 72.22%.

iTrent

The College selected the iTrent System, provided by MHR International, integrated HR and Payroll software. The move to an integrated system like iTrent yields several benefits including: removing duplication of information, reducing the likelihood of manual error, removing the requirement to manually calculate payroll and other benefits to improve the College`s internal processes.

Data Transfer

Data is being transferred on a module per module basis with data being transferred from the old system to iTrent by MHR International. The method of transferring data shows the successful data transfers and highlights any errors enabling MHR International and the College to understand what data has not yet been successfully transferred. At the time of our fieldwork the College had not yet implemented all available modules within iTrent, with the recruitment and on-boarding modules still to be implemented.

Training

Training was provided to the iTrent systems superusers and to members of staff at the College through a variety of methods. Our review found that superusers attended 11 days of iTrent training sessions held by MHR International on key areas of the system such as: addition authorisation training, recruitment, on-boarding, learning etc. Furthermore, the College provided information to all members of staff on iTrent via drop-in sessions, awareness sessions, `e-focus` emails and testing groups from August 2023 to December 2023.

Access Rights

iTrent enables differing access rights to be assigned to users based on their role profile with the College. Superusers are able to grant, amend and remove access. All employees are assigned `Employee Self-Service` access to enable them to input their personal details into iTrent, our review found the following access rights and employees within each group:

- Employee Self-Service - **543 members of staff.**
- FVCFE - Recruitment Administrator - **2 members of staff.**
- Health & Safety **– 3 members of staff.**
- HR Administrator - **9 members of staff.**
- Payroll Cleardown - **1 member of staff.**
- Payroll Manager - **4 members of staff.**
- People Manager - **41 members of staff.**
- Recruitment Manager - **3 members of staff.**
- System Administrator   - **1 member of staff.**
- System Administrator (full links) - **3 members of staff.**

Wylie
+Bisset

Work Undertaken

Our work undertaken for this review included the following:

Objective 1: The new HR/Payroll system is fit for purpose and operating in line with expectations and good practice.

➢ We reviewed the College`s Business Case and Procurement documentation to confirm the system requirements were defined.
➢ We reviewed the results of the College`s tender process to confirm that the preferred supplier was selected against pre-defined system criteria.

Objective 2: Data has been accurately transferred from the previous system.

➢ We discussed with staff to assess the method for transferring data.
➢ We reviewed the results of 3 data moves from the previous system to iTrent to identify the success rate.

Objective 3: Sufficient training has been provided to those staff who will be using the system.

➢ We reviewed the training content to confirm that staff were provided with information on how to use the iTrent system.

Objective 4: Appropriate controls have been put in place over the new system and these are being adhered to by staff.

➢ We reviewed the list of iTrent user profiles within the College, to confirm that access rights varies depending on the role.

Objective 5: The perceived benefits from the new system are being realised.

➢ We spoke with staff and confirmed that a full review of the systems benefits has not yet been completed. **Please refer to Section 3 – Observations for information.**

Conclusion

Overall Conclusion: Strong
Following our review, we can provide a strong level of assurance surrounding the suitability of the new HR/Payroll System. We have identified no recommendations and 2 observations for improvement.

Summary of recommendations

Grading of recommendations				
	High	**Medium**	**Low**	**Total**
Review of New HR/Payroll System	0	0	0	0

As can be seen from the above table there were no recommendations made.

Areas of good practice

The following is a list of areas where the College is operating effectively and following good practice.	
1.	The intended benefits of the new HR and Payroll System were set out in the tender process with the specific benefits being made known to those tendering.
2.	The iTrent System was selected following a tendering process that scored potential suppliers against a pre-defined list of requirements.
3.	The success rates of the first attempt of three previous data migrations for the following areas (employee self-service, contact details and security) were: ➢ 574 success v 33 exceptions (95.6%). ➢ 1990 successes v 1 exceptions (99.9%). ➢ 85 successes v 11 exceptions (88.5%).
4.	The College`s Superusers attended 11 days of iTrent training sessions held by MHR International on key areas of the system such as: additional authorisation training, recruitment, on-boarding, learning etc.
5.	From conducting interviews with 6 members of staff there is an overall positive response to iTrent with all staff interviewed preferring it to its predecessor.
6.	iTrent`s `Structure builder` enabled the College to transfer data from its old system, Unit-E, and allocate staff members to their teams and job roles via a direct download from the previous system reducing the risk of manual error.
7.	Access rights have been created within iTrent that align to the members of staff`s roles.
8.	Staff were trained on the system through a variety of methods including drop-in sessions, awareness sessions, E-Focus emails and selected groups being invited to test the system.

Wylie Bisset

The following is a list of areas where the College is operating effectively and following good practice.	
9.	For a sample of 3 Leadership Management Team minutes, February 2023 to September 2023, they were provided with an update on the HR/Payroll project and discussed its benefits.
10.	For a log of changes within iTrent relating to bank details, payroll processing and information attached to the month-end payroll, we confirmed the staff making the changes had the appropriate access rights.
11.	iTrent has removed the duplication of HR and Payroll information, which was necessary under the HR and Payroll systems previously used by the College.
12.	Managers do not have to manually calculate their employees annual leave balance as this is automatically generated by iTrent.
13.	Through implementing modules separately, as opposed to all at once, staff have been able to learn each module throughout the implementation period and gain a greater understanding of each module.

The following is a list of observations from our review	
1.	Due to the iTrent system not being fully implemented, a report setting out the outcome of the project has not been produced. There is an intention to produce this report in July, the report will then be presented to the College`s Leadership Management Team and Board. During our review we interviewed 6 members of staff and found that they agreed that iTrent was an improvement on the multiple systems previously used by the College to manage HR and payroll, which was the underlying benefit the College had intended to gain from a new integrated system.
2.	We found there has been additional costs of £8,370, February 2023 to September 2023, comprised off: ► £3,600 for additional consultancy days. ► £5,130 for AD Synchronisation as it was felt this would be more effective carried out externally as opposed to in-house. Our review found that these were approved prior to their purchase.

Wylie Bisset

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

Audit stage	Date
Fieldwork start	30 April 2024
Closing meeting	13 May 2024
Draft report issued	16 May 2024
Receipt of management responses	21 August 2024
Final report issued	21 August 2024
Audit Committee	5 September 2024
Number of audit days	5

Wylie
+Bisset

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

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Director	Stephen Pringle	Director of Internal Audit	stephen.pringle@wyliebisset.com
Senior	Colin McNeill	Internal Audit Senior	colin.mcneill@wyliebisset.com

Forth Valley College			
Key Contact	James Aston	Information Systems Specialist	James.Aston@forthvalley.ac.uk
Key Contact	Karina Buchanan	HR Business Partner	karina.buchanan@forthvalley.ac.uk
Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

APPENDICES

Wylie
+Bisset

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

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

Wylie
Bisset

14

A   GRADING STRUCTURE

IForeachrecommendation,we assigna gradingeither asHigh, Medium,orLowpriority depending onthedegree of risk assessed as outlined below:

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

15

Purpose of review

We will review the suitability of the new HR/Payroll system, iTrent, to ensure that it is operating as expected and is being used to its capabilities. Our review will test whether the system is delivering the perceived benefits expected from the system.

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

Scope of review

Our objectives for this review are to ensure:

➢   The new HR/Payroll system is fit for purpose and operating in line with expectations and good practice.

➢   Data has been accurately transferred from the previous system.

➢   Sufficient training has been provided to those staff who will be using the system.

➢   Appropriate controls have been put in place over the new system and these are being adhered to by staff.

➢   The perceived benefits from the new system are being realised.

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

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

➢ Review of the new system's functionality.

➢ Obtain evidence that data was successfully transferred from the old system to the new.

➢ Obtain training materials and records to assess whether the content and volume of training was adequate.

➢ We shall discuss with staff to ascertain whether staff are adhering to the controls within the new HR/Payroll system.

Potential key risks

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

➢ The new HR/Payroll system is not fit for purpose and is not operating in line with expectations and good practice.

➢ Data has not been accurately transferred from the previous system.

➢ Sufficient training has not been provided to those staff who will be using the system.

➢ Appropriate controls have not been put in place over the new system and these are not being adhered to by staff.

➢ The perceived benefits from the new system are not being realised.

Forth Valley College

Internal Audit 2023/24
Follow Up Review

+ May 2024

Overall Conclusion
Substantial

Table of Contents

Section	Page number
1. Executive Summary	3
2. Audit Arrangements	8
Appendices:	
A. Not Implemented Recommendations	10
B. Partially Implemented Recommendations	13
C. Grading Structure	17
D. Assignment Plan	19

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

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

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

Wylie Bisset

Purpose of Review

The effectiveness of the internal control system may be compromised if management fails to implement agreed audit recommendations. Our follow up work provided the Audit Committee with assurance that prior year recommendations are implemented within the expected timescales.

This assignment was part of the agreed 2023/24 Annual Internal Audit Plan for the College.

Scope of Review

Our objective for this review was to ensure:

+ The College has appropriately implemented any outstanding internal audit recommendations made in prior years.

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

Conclusion

Overall Conclusion: Substantial
We can provide a substantial level of assurance that the College has endeavoured to implement internal audit recommendations made in 2022/23 and earlier years. This is highlighted as 7 recommendations made have been fully implemented, 1 has not been implemented, and 2 have been partially implemented.

Summary of Recommendations

Grading of Recommendations	High	Medium	Low	Total
Appendix A – Not Implemented Recommendations	-	-	1	1
Appendix B- Partially Implemented Recommendations	-	-	2	2
Fully Implemented Recommendations	-	-	7	7

We have not included fully implemented recommendations as an appendix, however details of these recommendations are available upon request.

Summary of Recommendations by Grade

Not Implemented
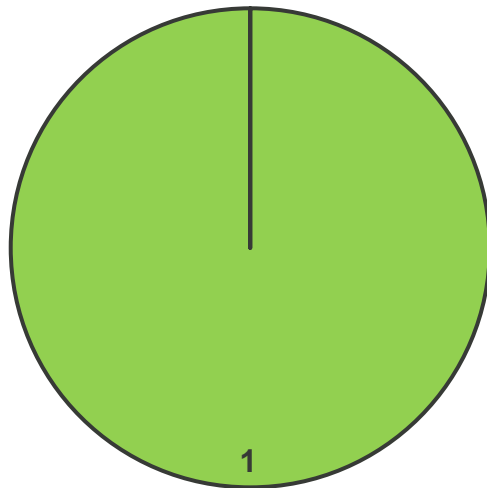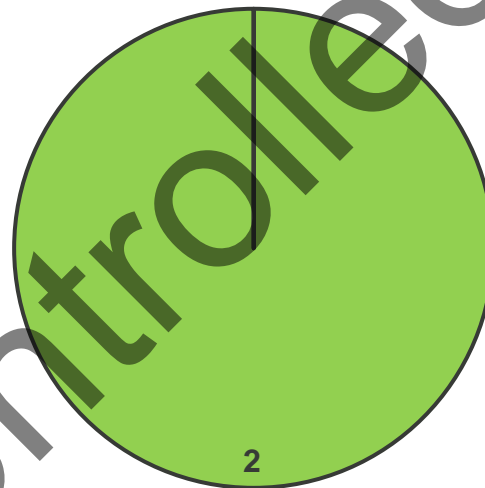
Partially Implemented

Fully Implemented

1

2

7

□ Low □ Medium ■ High

□ Low □ Medium ■ High

□ Low □ Medium ■ High

Wylie Bisset
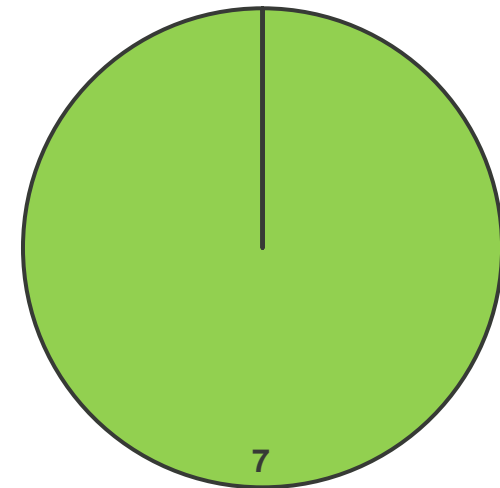
Implementation of Recommendations – Summary of Implementation

Audit Area	Total	Not Implemented	Partially Implemented	Fully Implemented
Budgetary Control (May 2023)	**3**	1	-	2
Freedom of Information (May 2023)	**3**	-	-	3
Follow Up (September 2023)	**4**	-	2	2
Total	**10**	**1**	**2**	**7**
Percentage of Total	**100%**	**10%**	**20%**	**70%**

Breakdown of Recommendations by status of implementation, from 2022/23 and earlier years

	Budgetary Control	Freedom of Information	Follow-up
■ Fully Implemented	2	3	2
■ Partially Implemented			2
■ Not Implemented	1		

2. Audit Arrangements
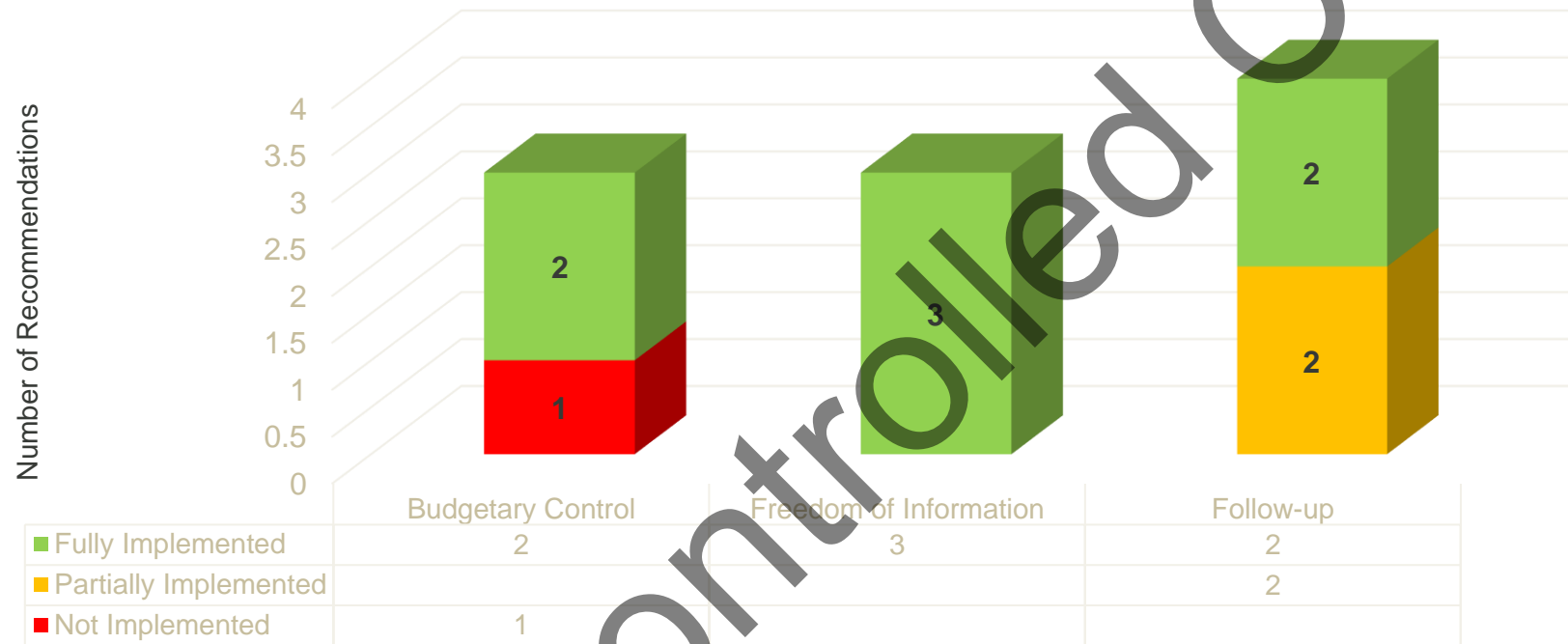
The table below details the dates of our fieldwork and the reporting of the audit area under review.

Audit Stage	Date
Fieldwork start	6 May 2024
Closing meeting	10 May 2024
Draft report issued	16 May 2024
Receipt of management responses	21 August 2024
Final report issued	21 August 2024
Audit Committee	5 September 2024
Number of audit days planned	2

2. Audit Arrangements

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

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Director	Stephen Pringle	Director of Internal Audit	stephen.pringle@wyliebisset.com
Auditor	Colin McNeill	Internal Auditor Senior	colin.mcneill@wyliebisset.com

Forth Valley College			
Key contact	Stephen Jarvie	Corporate Governance and Planning Officer	stephen.jarvie@forthvalley.ac.uk

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

Appendix A

Not Implemented Recommendations

+ May 2024

Wylie Bisset

Not Implemented Recommendations

Budgets are controlled in accordance with the Financial Regulations and Procedures, Budgetary Control, May 2023

Original Finding

The Audit Scotland report *Scotland`s Colleges 2022 noted that `in the context of growing financial challenges and uncertainties, medium-term financial planning based on as much information as possible is more important than ever. In May 2022, the Scottish Government announced its multi-year spending plans up to 2026/27. This shows a flat cash settlement for the SFC over the next four years, equating to an eight per cent reduction in real terms`.* Audit Scotland recognised that `*to support colleges in planning for and implementing proposed changes over the longer term, the Scottish Government and the SFC need to clarify expectations and priorities for the sector for the medium and long term, and the funding available to deliver them*`.

As noted above, the College does not currently have a specific Finance Strategy or Financial Plan document in place, and the FFR is the main tool utilized by the College for financial planning. The FFR is based on assumptions provided to the college sector, which the SFC had instructed much achieve a balanced adjusted operating position, and these assumptions do not align with the College`s own assumptions (although for 2022-27 the College also prepared forecasts based on the Finance Directors Network assumptions, with no staff reductions made).

The Director of Finance advised that the FFR will be moving from five to two-year forecasts, and therefore it will be important for the College to develop separate medium-term financial plans moving forward.

Original Recommendation
The College should develop realistic medium-term financial plans and forecasts to supplement the annual FFR and help to identify and mitigate emerging risks to its medium to long term financial sustainability.

Not Implemented Recommendations

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
1	Financial Plans have not been developed due to the late announcement of indicative funding levels for this year.	**Low**	We reiterate our original recommendation.

Management Response	Responsibility and Implementation Date
3 year financial plan will be developed following Board of Management approval in September 24 of the 2024/25 Budget and efficiency plans for 25/26.	*Responsible Officer: Senga McKerr* *Implementation Date: March 2025*

Appendix B

Partially Implemented Recommendations

+ May 2024

Partially Implemented Recommendations

IT Network Arrangements/Cyber Security, Follow Up, September 2023

Original Recommendation
A risk-based approach should be adopted to enabling critical logs to improve endpoint security. Examples of critical logs include:
➢ Local user and group remuneration.
  Logon attempts with local accounts.
➢ Logon with explicit credentials.
➢ Plug-and-play device connections (e.g., USBs).
➢ Process Creation.
➢ File Creation.
➢ PowerShell providers loaded.
➢ Script block logging.

Finding for 2022/23 Follow up
The Completion of this recommendation is also contingent on a service from JISC. They paused the service towards the end of 22 owing to demand levels and only reopened it for companies to book in May 23. The level of demand means the College is unable to anticipate a completion date and management noted that this has been reported to the Audit Committee.

Recommendation for 2022/23 Follow up
The original recommendation was reiterated.

Partially Implemented Recommendations

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
1	The College is continuing to work with third-party, JISC, to implement a risk-based approach to their logs.	**Low**	We recommend that the College completes its on-boarding with JISC.

Management Response	Responsibility and Implementation Date
The College is actively engaging with Jisc to obtain a date for on-boarding.	*Responsible Officer: Head of IT* *Implementation Date: TBC*

Partially Implemented Recommendations

IT Network Arrangements/Cyber Security, Follow Up, September 2023

Original Recommendation

The College is currently on-boarding with JISC to introduce a Security Events Management (SEIM) System, starting with logging at server level. It`s planned to extend logging to key workstations once all parties are comfortable with how the system functions. This recommendation reflects where we are with our implementation.

Finding for 2022/23 Follow up

The Completion of this recommendation is also contingent on a service from JISC so the College is in a similar state to the previous recommendation and has also been reported to the Audit Committee.

Recommendation for 2022/23 Follow up

The original recommendation was reiterated.

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
2	The College is on-boarding with third-party, JISC, to introduce a managed SEIM.	**Low**	We recommend that the College completes its on-boarding with JISC.

Management Response	Responsibility and Implementation Date
The College is actively engaging with Jisc to obtain a date for on-boarding.	*Responsible Officer: Head of IT* *Implementation Date: TBC:*

Appendix C

Grading Structure

+ May 2024

C. Grading Structure

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

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

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

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

Appendix D

Assignment Plan

+ May 2024

Purpose of review.

The effectiveness of the internal control system may be compromised if management fails to implement agreed audit recommendations. Our follow up work will provide the Audit Committee with assurance that prior year recommendations are implemented within the expected timescales.

This forms part of the agreed Internal Audit Plan for the College for 2023/24.

Scope of review.

Our objective for this review is to ensure:

+ The College has appropriately implemented any outstanding internal audit recommendations made in prior years.

Audit Approach

Our approach to the review will be:

+ To review recommendations from audit reports issued to Forth Valley College in the 2022/23 Academic Year and earlier years and gain audit evidence to ensure that these have been addressed by the College.

Potential Key Risks

The potential key risk associated with the area under review is:

+ The College does not address the areas of concern which may significantly affect its ability to continue to operate.

Wylie Bisset

Head Office

168 Bath Street,
Glasgow, G2 4TP

Oban

4 High Street,
Oban, PA34 4BG

Manchester

3 Hardman Square,
Spinningfields, M3 3EB

1. **Purpose**

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

2. **Recommendation**

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

3. **Background**

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

4. **Summary of Changes**

   Recommendations from the three internal audit reports presented to the Committee in May 2024 have been added to the annex. The attached annex contains an update on progress against recommendations.

   As previously discussed, recommendations 1 and 2 continue to remain on hold until such time as the external provider JISC can offer the training. These recommendations are included in the table below as "Live Recommendation passed implementation date".

   1 recommendation has reached a stage where the college considers them to be completed.

   We are seeking to change the completion date for recommendatiosn4 and 5 to reflect the current timeline for the strategic planning process.

   The table below represents a summary of the current position of the recommendations as at 29 August 2024.

	No Priority	Priority 1/ High	Priority 2/ Medium	Priority 3/ Low	Total
Live within date	0	1	1	3	5
Live recommendation passed implementation date	0	0	0	2	2
Completed since last report to Committee	0	0	0	1	1

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

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

6.   **Equalities**

This is a summary report so there are no equalities implications

7.   **Communities and Partners**

None

8.   **Risk and Impact**

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

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

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

Total Risk Score – 4

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

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

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

Is the score above the Board Risk Appetite level? No

Risk Owner – Alison Stewart   **Action Owner –** Stephen Jarvie
Paper Author – Stephen Jarvie   **SMT Owner –** Alison Stewart

ID	Audit Name	Date of Audit	SMT Owner	Action Owner	Recommendation	Management Response	Priority	Evaluation	Scheduled Completion Date	Revised Completion Date	Evidence	Completed
1	IT Network Arrangements/Cyber Security	Nov-21	David Alison	Graeme Robertson	A risk-based approach should be adopted to enabling critical logs to improve endpoint security. Examples of critical logs include: • Local user and group enumeration. • Logon attempts with local accounts. • Logon with explicit credentials. • Plug-and-play device connections (e.g., USBs). • Process creation. • File creation. • PowerShell providers loaded. • Script block logging.	The College is currently on-boarding with Jisc to introduce a Security Information Events Management (SIEM) system, starting with logging at server level. It's planned to extend logging to key workstations once all parties are comfortable with how they system functions. This recommendation reflects where we are with our implementation.	3	August 24 - Still engaging with Jisc, however no confirmed date for on-boarding. April 24 - No change November 23 - The College has continued to engage with preparations for entering a SIEM, and updated logs have been provided to Jisc, however there is no confirmed date for on boarding. August 23 - No change at this time May 23 - JISC have had to radically change it's SIEM offering, which put a stop to on boarding. They recommended on boarding early May with the new service but there is no indication at this time when the College will be able to do so. Other JISC recommended tools (pingcastle) have been used and action in response to recommendations made. Nov 22 - We are awaiting a date from Jisc, with the provisional date of October having passed. Aug 22 - All preparatory work has been undertaken by the College, however this service is proving popular, and the college	31/08/2022	TBC - Awaiting clarification from external provider - agreed with Audit Committee May 2018		
2	IT Network Arrangements/Cyber Security	Nov-21	David Alison	Graeme Robertson	Use manual testing methods (for example penetration testing or red team simulated cyberattack exercises) in addition to automated tools, such as network IDS / IPS of SIEM, to test and obtain assurance that vulnerabilities are identified and managed.	As per previous response, the College is currently on-boarding with Jisc to introduce a managed SIEM. Penetration testing will be re-introduced.	3	August 24 - As above April 24 - No change November 23 - As above. August 23 - No change at this time May 23 - As above November 22 - As above August 22 - As above May 22 - As above	31/07/2022	TBC - Awaiting clarification from external provider - agreed with Audit Committee May 2018		
3	Budgetary Control	May-23	Alison Stewart	Senga McKerr	The College should develop realistic medium-term financial plans and forecasts to supplement the annual FFR and help to identify and mitigate emerging risks to its medium to long term financial sustainability.	The ability to develop sensible medium term plans depends on receiving 3-year funding allocations. SFC has acknowledged that Budget plus one further year is sufficient, and this is expected to be the FFR requirement in June. We will discuss with the Finance Committee members the level of forward planning they would like to see and we will look to develop these plans when we have additional clarity around key assumptions.	3	August 24 - No change April 24 - with the late announcement of the indicative funding levels this year, it has not yet been possible to develop these plans and discuss them with the Board Committee. The college will take information to the Finance, Resource and Infrastructure Committee later this year November 23 - discussion with FRAIC outstanding. August 23 - To be discussed at Finance, Resource and Infrastructure committee in Sept 23.	30/11/2023	November 2024 - As agreed by Audit Committee May 2024		
4	Strategic Planning	Feb-24	Kenny MacInne	Kenny MacInne	Progress against the Strategic Plan - We recommend the College uses SMART objectives to enable monitoring, and that the progress against these objectives is regularly reported to the Board of Management.	The College acknowledges that the current Strategic and Operational plans not having measurable objectives is a weakness. While there is significant reporting at Board and Committee levels on progress against key metrics, we acknowledge that this information is not easily attributable to the Strategic Plan objectives. The Principal and Senior Management Team are currently planning a new Strategic Plan and corresponding Operational objectives, involving significant internal and external shareholder consultation, and commit to developing plan objectives that are, wherever possible, quantitative. A Strategic Plan dashboard showing progress of Board approved metrics will be presented as a standing item at all Board meetings from academic year 24/25.	High	August 24 - New strategic plan is work in progress and will be taken to the Board at the end of September. Strategic Plan dashboard showing progress of Board approved metrics will be discussed with the new Chair to review required metrics.	Aug-24	Sep-24		
5	Strategic Planning	Feb-24	Kenny MacInne	Kenny MacInne	Strategic Planning process - We recommend that the College documents the strategic planning process including: key steps, stakeholder engagement and other key areas. Documentation gathered in the planning process should be retained.	The College will ensure the planning process, stakeholder consultation and Board of Management involvement is codified in a comprehensive procedure and that appropriate records are maintained.	Medium	August 24 - The relevant planning, consultation, BoM involvement in the strategic planning process is available for this strategic cycle, but has yet to be collated in a centralised record. New date estimated for Sept 24.	Apr-24	Sep-24		
6	Overall Financial Controls	Feb-24	Alison Stewart	Senga McKerr	Bank Reconciliation - We recommend that evidence of who approved the bank reconciliations is documented and stored.	Prior to the pandemic lockdown we printed, signed and filed paper copies of all of the monthly balance sheet reconciliations. As we moved to a paperless office we accept that it is not formally documented that the bank reconciliations have been reviewed and approved by the Finance Manager. The Finance Manager will now reply to the Finance Assistant via email confirming approval and this email will be retained with the reconciliation documents.	Low	August 24 - this recommendation was implements once received	Feb-24		Month end reconciliation reports	Yes
7	Estates Management - Maintenance	Apr-24	David Alison	Martin Loy	Reactive Repairs - We recommend the Head of Estates, Facilities Management and Health and Safety draft a formal sign-off procedure for all reactive works completed. This should be included as one of the requirements for payment of reactive works charged to the College.	FVC will in partnership with our TFM provider formalise an approach to signing-off reactive works through the first three months of implementing the new TFM contract due to begin on 1st July 2024.	Low	August 24 - Following the completion of an extensive tender process the College has recently on-boarded FES as our TFM provider. We have engaged with FES to formalise an approach to signing-off reactive works, which we are currently piloting.	01-Oct-24			
8	Estates Management - Maintenance	Apr-24	David Alison	Martin Loy	Reporting - We recommend that Estates reporting to the LMT includes matters such as, but not limited to, the following: ➢ Compliance with statutory obligations; ➢ Update on the completion of PPM Activities; ➢ Reactive Repairs requests received, escalated, and resolved; ➢ TFM Contractor performance; and ➢ Contractor charges.	Will work with New TFM supplier through the first three months of contract mobilisation (which is the period provided for in the contract to establish KPI's and reporting) to establish monthly and annual reporting parameters; these will feed into recommended LMT reporting either through a dedicated dashboard or as an addition to existing reporting	Low	August 24 - The College is currently engaging with FES to establish KPI's and reporting, as part of contract mobilisation.	01-Oct-24			

1. Purpose

To present the current strategic risk register to members.

2. Recommendation

That members consider the strategic risk register and comment on the content.

3. Background

The strategic risk register is presented at each meeting of the Audit Committee and annually to the Board so that members may review and comment on those risks deemed to be strategically important to the College.

The table below is a summary of the risk register. Individual risk documents are stored in the Audit Committee area of Admincontrol, under Strategic Risks. Members wishing to gather more information on any particular risk will be review this material at any time. This report will focus on new risks or where changes have occurred.

4. Notable Changes to Strategic Risks

Risk No	Date identified	Risk Title	Initial Risk Score	Last Residual Score	Current Residual Score	Movement in period	Risk Appetite Category	Risk Appetite Score	Risk Treatment
1	Apr-21	Financial Sustainability	25	25	25	<->	Financial	20	Treat
2	Apr-21	Estates Maintenance - affordability	25	25	25	<->	Property	15	Tolerate
3	Apr-21	High quality learning experience	20	15	15	<->	Strategy	20	Treat
4	May-24	OSCR	20	15	15	<->	Governance	15	Tolerate
5	Apr-21	National Bargaining / Strike Action	20	16	12	↓	People	25	Treat
6	Apr-21	Growing/influencing strategic partners	12	12	12	<->	Reputational	20	Treat
7	May-23	Fuel Change	12	9	9	<->	Reputational	25	Treat
8	May-23	Student Accommodation	12	8	8	<->	Financial	20	Treat
9	Apr-21	People Strategy delivery	16	8	8	<->	People	25	Treat
10	Apr-21	Major incident , eg pandemic	16	8	8	<->	Strategy	20	Treat
11	May-22	Malpractice	12	8	8	<->	Reputational	20	Treat
12	Aug-24	IT legacy equipment	16	NA	8	New	Technology	20	Treat
13	Sep-23	Board Secretary arrangements	6	3	3	<->	Governance	15	Tolerate

Risk 5 – National Bargaining/Strike Action - Unison have accepted 3 year pay deal. EIS-FELA are going to ballot members with recommendation to accept 4 year pay deal following additional funding being made available by Scottish Government.

Risk 12 IT Legacy Equipment – At the May 2024 meeting of the Audit Committee, members recommended that the risk posed to the College IT estate by funding levels be highlighted. This has been added to the register.

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

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

6. **Equalities**

    Assessment in Place? –No

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

7. **Communities and Partners**

    Not applicable

8. **Risk and Impact**

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

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

    Total Risk Score – 4

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

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

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

    Is the score above the Board Risk Appetite level? No

    Risk Owner – Kenny MacInnes   **Action Owner –** Kenny MacInnes
    Paper Author – Alison Stewart   **SMT Owner –** Kenny MacInnes

1. **Purpose**

   To present members with proposed forward agenda for Committee consideration.

2. **Recommendation**

   That members discuss the forward agenda items listed below and highlight any additional business they would like brought before the Committee.

3. **Background**

   Not applicable

4. **Forward Agenda**

	Nov 24	May 25	Sep 25	Nov 25	May 26
Apologies, Declaration of Interests and Changes to Members' Register of Interest	✔	✔	✔	✔	✔
FOR APPROVAL					
Minutes and Matters Arising	✔	✔	✔	✔	✔
Annual Report and Financial Statements	✔			✔	
External Audit Annual Report to the Board of Management	✔			✔	
Cyber Security	✔		✔		
Policy Approval	✔	✔	✔	✔	✔
Audit Needs Assessment			✔		
Governance Statement			✔		
Audit Committee Self-Assessment			✔		
FOR DISCUSSION					
Presentation of Internal Audit Reports	✔	✔	✔	✔	✔
Progress Report on Audit Recommendations	✔	✔	✔	✔	✔
Risk Management	✔	✔	✔	✔	✔
Fuel Change Recommendations tracker	✔	✔	✔	✔	✔
Internal Audit Annual Report			✔		
Compliance Report (Complaints, FOI, Data Protection)	✔			✔	
FOR INFORMATION					
Programme of Committee Business	✔	✔	✔	✔	✔

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

   Not applicable

6. **Equalities**

   Assessment in Place? – Not applicable.

7. **Communities and Partners**

   Not applicable

8. **Risk and Impact**

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

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

   Total Risk Score – 2

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

   Failure to consider a range of reports at key points throughout the year could lead to missed deadlines or a reduction in the level of assurance members are able to take from the information presented.

   The forward planner above supplements existing practices such as standing agenda items and the Action Tracker to mitigate this risk

   Is the score above the Board Risk Appetite level? No

   Risk Owner – Kenny MacInnes   **Action Owner –** Alison Stewart
   Paper Author – Stephen Jarvie   **SMT Owner –** Alison Stewart