

Zoom call @ 5.00pm

**AGENDA**

1. Annual Report and Financial Statements 2020/21 (Joint item with Finance Committee) Senga McKerr

Elements of paper 1 are withheld from publication here owing to –  
Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002  
Section 25 Information Otherwise Accessible of the Freedom of Information (Scotland) Act 2002  
<https://www.forthvalley.ac.uk/media/8208/annual-report-financial-statement-2021.pdf>

2. Draft External Audit Annual Report to the Board of Management (Joint item with Finance Committee) Ernst and Young

Paper 2 is withheld from publication on the Forth Valley College website under Section 25 Information Otherwise Accessible of the Freedom of Information (Scotland) Act 2002 -  
[https://www.audit-scotland.gov.uk/uploads/docs/report/2022/aar\\_2021\\_forth\\_valley\\_college.pdf](https://www.audit-scotland.gov.uk/uploads/docs/report/2022/aar_2021_forth_valley_college.pdf)

3. Declarations of interest
4. Apologies

**FOR APPROVAL**

5. Minutes of meeting of 9 September 2021
6. Matters Arising - None
7. Chairs Report to the Board Lorna Dougall
8. Response to Ernst & Young Letter to those charged with Governance Lorna Dougall

**FOR DISCUSSION**

9. Annual Report to the Board of Management and Principal on the Provision of Internal Audit Services for 2020/21 Henderson Loggie
10. Presentation of Internal Audit Reports Henderson Loggie
  - a) IT Network Arrangements / Cyber Security (20/21 Plan)
  - b) 2020/21 Student Activity Data
  - c) Student Support Funds

Elements of paper 10c is withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.

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| 11. | Progress Report on Audit Recommendations                 | Stephen Jarvie |
| 12. | Risk Management  | Alison Stewart |
| 13. | Review of Risk   |                |
| 14. | Any other competent business                             |                |
| 15. | Private Discussion between Members and Auditors (Verbal) | Lorna Dougall  |

UNCONTROLLED COPY

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**1. Purpose**

**To present to members the Annual Report and Financial Statements for the year to 31 July 2021.**

**2. Recommendation**

Members consider the financial position of the College and commend the Annual Report and Financial Statements for the year ended 31 July 2021 to the Board of Management for final approval.

**3. Background**

The Office for National Statistics (ONS) reclassification of FE Colleges came into effect from 1 April 2014. There are a number of significant implications resulting from this reclassification not least the inability to retain surplus cash without this in effect being frozen due to government resource budgeting restrictions.

The Annual Report and Financial Statements have been prepared in accordance with the Accounts Direction issued by the Scottish Funding Council in June 2021. This direction requires the College to comply with the Statement of Recommended Practice: Accounting for Further and Higher Education issued in July 2019 (2019 SORP), the Scottish Public Finance Manual (SPFM) and the Scottish governments Financial Reporting Manual (FReM). The SPFM and FReM both require additional disclosures.

Audit Scotland published a guide for auditors in respect of Going Concern in the public sector (December 2020), stating that in determining the appropriateness of the going concern basis of accounting, the continued use of the assets to deliver services is more important than the continued existence of a particular public body, and as such the use of going concern basis of accounting will always be appropriate for public bodies, and as such does not require justification by future forecasts and cash flow projections. Despite this publication, our auditors required a formal management assessment of going concern to be prepared. This included forecast income & expenditure, and cash flows from August 2021 to July 2023, as well as specific narrative. The forecasts and cash flows were based on the FFR for 2021-22 and 2022-23, and the narrative paper is attached for information.

**4. Key Considerations**

At the time of writing, the auditors have not completed all of their internal review processes. Should the auditors request any changes to the financial statements of significance, Committee members will be advised of these, prior to the December Board meeting. In addition, the audit opinion for 2020-21 remains to be updated in the financial statements, pages 35-38.

The adoption of the Financial Reporting standard (FRS) 102 and the 2019 SORP, combined with the government accounting restrictions on the ability to retain cash surpluses due to resource budgeting restrictions, means it is difficult to present the College's financial position in a way which informs readers of the true underlying financial sustainability of the College.

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The key consideration for members is the long term financial sustainability of the College. This is referred to within the Annual Report and Financial Statements as the College continuing to operate on a “going concern” basis. The key measures to consider are the College’s ability to generate cash from its day to day operational activities, and evidence that it can meet its liabilities as they fall due. The impact of non-cash technical accounting adjustments, while they are relevant to some extent, should be excluded when assessing the College’s financial strength.

The Financial Performance section of the Performance Report provides a detailed review of the College’s financial performance for the year ended 31 July 2021 and its financial position at 31 July 2021. The key points to note are:

- The College generated an underlying operational surplus of £2,217k excluding non-cash adjustments, funding from the Forth Valley College Foundation, the estates development costs and the loan repayments. **This surplus demonstrates that the College is operating sustainably within its funding allocation.**
- SFC has confirmed that FVC can retain this surplus for use in 2021-22 to support restructuring and business efficiency projects.
- The low net asset position in the Balance Sheet is distorted due to the technical accounting adjustments in relation to the treatment of government capital grants and pension liabilities. Additionally, the impact of reclassification where surplus cash has been donated to an arm’s length foundation or spent to support the estates development programme impacts the balance sheet.
- The auditors are content that there are no going concern issues as the underlying financial position has been clearly demonstrated.

During the audit an error in the financial statements for July 2020 came to light, resulting in the need for a prior period adjustment when presenting the comparatives in the accounts for July 2021. The error was a missed non-cash accounting adjustment, with no impact on the adjusted operating position for this year.

The error related to £1.421m of deferred capital grant held on the balance sheet at 31 July 2020 for the old Falkirk campus, and therefore should have been released as part of the calculation for the loss on disposal of the old campus. The prior period adjustment has the impact of decreasing 2019-20 short term creditors (deferred capital grants) by £50k and long term creditors (deferred capital grants) by £1,371k, with a corresponding impact on SFC grants (decrease by £50k) and loss on disposal of fixed assets (decrease by £1,471k).

## 5. Financial Implications

SFC guidance states that for the financial period ended 31 July 2021 Colleges are permitted to report deficits equivalent to the spend on cash budget for priorities, FRS 17 pension charges and FRS 102 adjustments. The reported financial position falls within these guidelines.

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Reporting a deficit does have implications however, and to counter any queries or concerns by the users of the Financial Statements, the Underlying Performance table on page 14 schedules out the non-cash technical adjustments and one-off adjustments included within the deficit, thereby highlighting the true underlying surplus.

## 6. Equalities

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

## 7. Risk

Please indicate on the matrix below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

	Likelihood	Impact
Very High		
High		
Medium		x
Low	x	
Very Low		

Due to the adoption of FRS 102 in terms of the accounting treatment of certain items and the associated presentational changes, the College's underlying financial health is masked. There is a risk that those not familiar with the technical aspects of Financial Statements will misinterpret the state of the College's financial health. In mitigation of this, it needs to be stressed that the Board of Management, SFC and the external auditors are all in agreement that there is no going concern issue.

**Risk Owner** – Alison Stewart

**Action Owner** – Senga McKerr

**Paper Author** – Senga McKerr

**SMT Owner** – Alison Stewart

## Attachments

1. Management Assessment of Going Concern
2. Report and Financial Statements for the year ended 31 July 2021

**Zoom (commencing at 4.30pm)**

Present: Lorna Dougall (Chair)  
Hazel Burt  
Emma Meredith

In Attendance: Ken Thomson, Principal  
Alison Stewart, Vice Principal Finance and Corporate Affairs (VPFACA)  
David Allison, Vice Principal Infrastructure and Communications (VPIC)  
Stuart Inglis, Henderson Loggie (SI)  
Olga Potapova, Ernst and Young (OP)  
Helen Young, Head of Learning and Quality (HLQ), for item A/21/008 only

**A/21/001 Declarations of Interest**

None

**A/21/002 Apologies for Absence**

Paul Devoy  
Alistair McKean

**A/21/003 Minutes of meeting of 20 May 2021**

The minutes of the meeting of 20 May 2021 were approved.

**A/21/004 Matters Arising**

**a) A/20/036 External Audit Plan**

The VPFACA updated member on discussions with the Finance Committee as agreed at the last meeting and noted that the expectation for any additional fee would be justified and, if it were to go above the notified level, that the College would be informed of the reason for this before work commenced.

**b) A/20/041 Risk Management**

The VPFACA noted that, as agreed at the May meeting, the Covid risk register has been removed and a new register created to cover the Springback programme. The Chair confirmed these registers would be reviewed later in the agenda.

**A/21/005 Review of Committee Remit**

The VPFA presented the remit of the Committee to members, noting that the Scottish Government Audit and Assurance Committee handbook recommends an annual review of the remit as good practice.

a) Members commented that the remit continued to be clear and comprehensive and approve its content

**A/21/006 Governance Statement**

The VPFA presented the draft governance statement for the accounts and highlighted it was recommended practice that the Committee consider the governance statement before they meet to consider the accounts.

She confirmed that the statement had been written in accordance with the relevant SFC guidance.

Members queried whether other Committees or the Board have sight of the statement. The VPFA confirmed that this was the case as the full Board will review the completed accounts.

a) Members approved the Governance Statement

**A/21/007 Audit Committee Self-Assessment**

The Chair presented the annual self-assessment of the Committee for member's consideration.

Members noted that they felt the document was comprehensive and accurate.

a) Members approved the self-assessment document

**A/21/008 Copyright Policy**

The HLQ presented a new copyright policy for member's consideration and approval.

She provided members with an overview of the College's previous copyright arrangements which involved a licenced arrangement which was expensive and did not meet the modern needs for the College.

She described the move to operating with material outwith the requirements for a licence and noted that guidance for staff and students had been in place for a few years.

She highlighted that, following this activity, it was decided to formalise matters with a specific policy document and that a sector copyright specialist who has worked with the College for a number of years was involved in the creation of the policy.

Members queried training for staff and students. The HLQ noted that supporting documentation and guidance was available to all College users and that, for staff, training on the new policy would form part of their mandatory cycle of training.

Members noted that the policy document was well laid out and read well.

a) Members approved the Copyright policy

**A/21/009 Presentation of Internal Audit Reports**

Stuart Inglis (SI), Henderson Loggie presented a number of reports to the Committee.

**Follow Up Review**

SI discussed the outcome of the annual follow up, noting that while a number of recommendations had been completed some had, owing to the College and Board not being able to hold the annual strategic discussion, not been completed yet.

a) Members noted the content of the Follow up review

**Health & Safety**

SI presented the report for the audit of Health and Safety. He highlighted that there was a recommendation graded requires improvement which related to staff induction training not being recorded on the College systems for a period of time.

The VPIC confirmed that this was the result of a technological issue which has now been rectified.

SI also discussed other, lower level, recommendations arising from the review.

Members discussed the recommendations in the report, as well as the additional health and safety requirements with a large proportion of staff working from home and the upcoming hybrid model of work.

a) Members noted the content of the review and the actions being taken by the College

**Staff Recruitment, Retention and Succession Planning**

SI presented the outcome of the review, noting it was rated as good and that there were no recommendations.



Members welcomed the focus from the College on succession planning, noting it had been a Board concern for a period of time.

a) Members noted the content of the review

**A/21/010 Internal Audit Annual Report**

The Chair noted that she would be arranging a meeting with Henderson Loggie and the newer members to ensure they are aware of, and can discuss, the content of the annual plan for internal audit.

SI presented the annual report for member's consideration.

He noted that there had been some changes to the plan for the year, as discussed and approved at previous meetings of the Committee.

He highlighted that the report also contained references to the outcome of a recent IT audit and noted that this report was still in draft so the annual report was also in draft. The intention would be to present the completed IT audit report along with a final version of the annual report to the November meeting of the Committee.

The Principal noted to members that the outcome of the Health and Safety report had resulted in a range of actions by the College.

SI noted that this update could be included in the annual report.

Members welcomed this and noted that the explanation regarding the now resolved system issue could also be included.

a) Members noted the content of the report

**A/21/011 Progress Report on Audit Recommendations**

The CGPO presented the standing report on progress against live audit recommendations. He highlighted that there was one error in the report where an update had not been included and confirmed that this would be rectified.

a) Members noted the content of the report

**A/21/012 Risk Management and Springback Risk Register**

The VPFACA presented the strategic risk register to members, noting that there had not been any significant changes since the last meeting of the Committee.

She also reported, as agreed at the previous meeting, the Covid specific risk register had been retired and a new risk register in relation to the Springback project.

The Principal presented the Springback risk register to members which had been developed by the College leadership team and shared with the College unions. He outlined the rationale behind each risk and the link to the overall Springback project.

He also highlighted that, as some of the actions from Springback would not commence until after the October break, that there were only actions against some of the risks at this time.

Members welcomed the content of the risk registers and noted the interconnectivity between a range of risks.

a) Members noted the content of the risk registers

**A/21/013      Audit Scotland – Guide for Audit and Risk Committees**

The VPFAA presented an update to the questions posed in the Audit Scotland guide. She noted that, while this was issued last year in relation to Covid, given the ongoing situation it was felt appropriate to update our responses.

Members noted that the update was useful to see and was comprehensive.

a) Members noted the content of the report

**A/21/014      Review of Risk**

No new risks identified

**A/21/015      Any Other Competent Business**

The VPFAA noted that, at the College's Scotland Finance Directors network, some College's had noted that it was unlikely that the audits for their accounts would be completed by the December 2021 deadline and asked Olga Potapova if Ernst and Young anticipated meeting the deadline.

OP confirmed that the audit was scheduled and that it should be completed in time.

1. Purpose

To present to members the annual report from the Chair of the Audit Committee to the Board of Management for approval.

2. Recommendation

That members approve the attached report.

3. Background

The Chair of the Audit Committee presents a report of the Committee's activities on an annual basis.

As this report is linked directly to the associated financial year, the information within this paper covers the 12 month period from 1 August 2020 to 31 July 2021 period.

4. Financial Implications

Please detail the financial implications of this item – None. All audit activity is fully budgeted and progress against agreed activity is monitored.

5. Equalities

Assessment in Place? – Yes  No

If No, please explain why – Not applicable

Please summarise any positive/negative impacts (noting mitigating actions) – Not Applicable

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6. Risk

Please indicate on the matrix below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

	Likelihood	Impact
Very High		
High		
Medium		
Low	X	X
Very Low		

Please describe any risks associated with this paper and associated mitigating actions – Failure to adequately check internal systems via the internal audit service could lead to systemic errors or inefficiencies. The Internal Audit function, overseen by the Audit Committee, ensures that adequate assurances are received.

Risk Owner – Ken Thomson

Action Owner – Alison Stewart

7. Other Implications –

Please indicate whether there are implications for the areas below.

Communications – Yes  No

Health and Safety – Yes  No

Please provide a summary of these implications – Not Applicable

Paper Author – Stephen Jarvie

SMT Owner – Alison Stewart

**ANNUAL REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF MANAGEMENT**

**1. Introduction**

This report covers the 12 month period from 1 August 2020 to 31 July 2021. Membership of the Committee during that period underwent a number of changes following changes to Board membership. Attendance was as follows:

<b>Name</b>	<b>Attendance Record</b>
Lorna Dougall (Chair)	3 of 3 meetings
Hazel Burt	3 of 3 meetings
Paul Devoy (joined 20/5/21)	1 of 1 meetings
Beth Hamilton (last meeting 5/10/20)	1 of 1 meetings
Alistair McKean (joined 5/10/21)	1 of 1 meetings
Emma Meredith (joined 20/5/21)	0 of 1 meetings
Steven Torrie (last meeting 17/11/20)	2 of 2 meetings
Mandy Wright (co-opted)	2 of 3 meetings

The Committee met on the following dates:

5 October 2020  
17 November 2020  
20 May 2021

**2. Internal Audit**

Internal Audit is governed by the Code of Audit Practice, as published by the Scottish Funding Council (SFC). The Code requires the Internal Auditors to adopt a risk-based approach to the programme, and to undertake follow-up work to ensure that all recommendations accepted by College management have been implemented.

**Audit Provider:**

Henderson Loggie were appointed as Internal Auditors from July 2019. Their charge for the period was £21,444. (Fees are based upon the degree of responsibility and skill of staff, and the time involved in the work. Fees for additional services or assignments are agreed separately in advance).

**Annual Report on Audit Activities:** The Internal Auditor's report on audit activities carried out during the year 2020–2021 was considered by the Audit Committee at its 9 September and 16 November 2021 meetings. Internal Audit assignments for this period were carried out broadly in accordance with the Audit Plan agreed by the Audit Committee on 21 May 2020.

**Achievements:** The audit assignments were identified based upon a review of the College risk register, the identification of new systems being implemented within the College and those audits (i.e. credits) required on a rolling basis.

The specific audit reports produced for each assignment made recommendations for the improvement of internal procedures and controls, and each recommendation was given an agreed target date for implementation. The monitoring of internal audit recommendations is a standing agenda item on Audit Committee agendas.

**Effectiveness:** While identifying one area within the College which was classified as requires improvement, on the basis of the other work undertaken during the year the auditors have expressed an overall opinion that the College has –

“adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money.”

### 3. External Audit

**Audit Provider:** Ernst & Young LLP.

**Auditors Report:** The External Auditor’s report on the Financial Statements for the year 2020-2021 is included in the papers. The audit was carried out during October/November 2021.

**Management Letter:** During the course of the audit the Auditors performed overviews of the key financial systems of the College to assess their adequacy for the purposes of ensuring that accurate, timely and complete accounting records were being maintained. The recommendations resulting from this exercise are set out in the report of the External Auditor.

### 4. Other Matters

During the past 12 month period, in addition to receiving reports from the Internal and External Auditors, the Committee also considered the Risk Register and treatment of significant risks.

The Audit Committee also met with the Internal and External Auditors without College staff in attendance at their meeting of 16 November 2021.

### 5. Adequacy and Effectiveness

The Committee accepts the views of the internal and external auditors that Forth Valley College’s internal financial and management systems are adequate and that the Board of Management’s responsibilities have been satisfactorily discharged.

Lorna Dougall  
Chair  
2 December 2021

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**1. Purpose**

To present members with correspondence from the College's current external auditors, Ernst & Young, to the Committee seeking information on the Committee's oversight of the College.

**2. Recommendation**

That members consider the content of the letter (Appendix 1) and approve the proposed response developed by the College for the Chair (Appendix 2).

**3. Background**

The College external auditors are appointed by Audit Scotland and are, at this time, Ernst and Young.

**4. Key Considerations**

The letter attached as Appendix 1 forms part of Ernst and Young's annual review of oversight performed by the Audit Committee.

The letter has been reviewed by both the Board Secretary and Depute Board Secretary who have identified that, owing to the Committee structure of the College, not all questions relate directly to the work of the Audit Committee. Where this is the case, this has been identified and explained in the proposed response in Appendix 2.

**5. Financial Implications**

Please detail the financial implications of this item – None

**6. Equalities**

Assessment in Place? – Yes  No

If No, please explain why – Not applicable

Please summarise any positive/negative impacts (noting mitigating actions) – Not applicable

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7. Risk

Please indicate on the matrix below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

	Likelihood	Impact
Very High		
High		
Medium		X
Low		
Very Low	X	

Please describe any risks associated with this paper and associated mitigating actions – Failure to ensure adequate oversight of systems in use by the College can lead to issues of poor performance or fraud. The College and Board mitigate this via a strong internal and external audit function, regular reporting to Board and Committees.

Risk Owner – Alison Stewart

Action Owner – Stephen Jarvie

8. Other Implications –

Please indicate whether there are implications for the areas below.

Communications – Yes  No

Health and Safety – Yes  No

Please provide a summary of these implications – Not Applicable

Paper Author – Stephen Jarvie

SMT Owner – Alison Stewart



Members of the Audit Committee  
Forth Valley College  
Grangemouth Road  
Falkirk  
FK2 9AD

13<sup>th</sup> August 2021

Ref: SR/OP

Direct line: 0131 777 2839

Email: SReid2@uk.ey.com

Dear Audit Committee Members,

**External audit: Year ending 31 July 2021**

Auditing standards require us to formally update our understanding of your arrangements for oversight of management processes and arrangements annually. I am therefore writing to ask that you please provide a response to the following questions.

1. How does the Audit Committee, as 'those charged with governance' at Forth Valley College ("the College"), exercise oversight of management's processes in relation to:
  - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
  - identifying and responding to risks of fraud in the College, including any specific risks of fraud which management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
  - communicating to employees its view on business practice and ethical behaviour, for example by updating, communicating and monitoring against the College's code of conduct;
  - encouraging employees to report their concerns about fraud; and
  - communicating to you the processes for identifying and responding to fraud or error?
2. How does the Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?
3. Have there been any significant changes in the design and/or operating effectiveness of management controls as a result of the Coronavirus outbreak?
4. How do those charged with governance assure themselves that the furloughing of staff has not adversely impacted the segregation of duties?
5. Is the Audit Committee aware of any:
  - breaches of, or deficiencies in internal control; and
  - actual, suspected or alleged frauds during 2020/21?
6. Is the Audit Committee aware of any organisational or management pressure to meet financial or operating targets?

7. How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2020/21?
8. Is the Audit Committee aware of any actual or potential litigation or claims that would affect the financial statements?
9. How does the Audit Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?
10. Has management considered the impact of the coronavirus outbreak as part of their going concern assessment, including:
  - ▶ any changes in underlying assumptions
  - ▶ additional or potential financial difficulties, impairments or write-offs
11. How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with the Scottish Funding Council's ("SFC") Accounts Direction and Financial Memorandum?
12. How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with its requirements as an independent charity as set out by OSCR?
13. How does the Audit Committee satisfy itself that the College has arrangements to monitor and maintain the regularity of income and expenditure?
14. What does the Audit Committee consider to be the related parties that are significant to the College and what is its understanding of the relationships and transactions with those related parties?
15. Does the Audit Committee have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns?

Thank you for your assistance. Please respond to the inquiries above (or if you have any queries in respect of this letter) by emailing Olga Potapova at [opotapova@uk.ey.com](mailto:opotapova@uk.ey.com).

Yours faithfully



Stephen Reid  
Partner  
For and on behalf of Ernst & Young LLP

Appendix 2 – Proposed Response

**DATE TO BE CONFIRMED**

Stephen Reid  
Partner  
Ernst & Young LLP Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EB

Dear Mr Reid,

Thank you for your letter (Ref SR/OP) of 13 August 2021 to the Audit Committee of Forth Valley College of Further and Higher Education.

The Audit Committee has reviewed the content of your letter and agreed the following responses to your queries –

**1) How does the Audit Committee, as ‘those charged with governance’ at Forth Valley College (“the College”), exercise oversight of management’s processes in relation to:**

**Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);**

The Audit Committee relies on a number of measures to obtain comfort in relation to the financial statements. These include –

- The work undertaken by Internal and External auditors, as guided by the Audit Committee, into providing assurance on the efficacy of College controls
- The College Anti-Fraud policy
- The regular reports taken to the Finance Committee, which would highlight unexpected and/or significant expenditure
- The joint annual meeting between the Audit and Finance Committee’s to consider the annual accounts at which the external auditors provide written assurance as to the accuracy and materiality of the accounts
- The Audit Committee also meets at least annually in private with both Internal and External Auditors who can raise any concerns they might have without College management being present

**Identifying and responding to risks of fraud in the College, including any specific risks of fraud which management has identified or that have been brought to its attention, or classes of transactions, account balances or disclosures for which a risk of fraud is likely to exist;**

Along with the anti-fraud policy referred to in the previous response, all Committee and Board papers have a requirement for risk to be identified along with mitigating actions. Committee members take

cognisance of risks which are identified in this manner and, should a risk be deemed too high, the Committee would not approve the item under consideration.

The College is also a participant in the National Fraud Initiative (NFI). The NFI provides external checks to identify potential instances of fraud.

Additionally, any expenditure of £25k or over is managed via the contracted APUC procurement specialists. This ensures quality, independent procurement advice and systems is adhered to for material levels of expenditure. Any proposal to award a contract over £25,000 without competition must be approved in advance by the Scottish Funding Council, in accordance with the requirements of the Financial Memorandum. Authority to review and approve the College procurement policies is devolved to the Finance Committee who approved the most recent version at their 15 June 2021 meeting, with copies of the policies going to the full Board of Management for information on 24 June 2021.

**Communicating to employees its views on business practice and ethical behaviour, for example by updating, communicating and monitoring against the College's code of conduct.**

The primary method of communication is via the Policies approved by the Board which clearly set out the conduct and actions expected of staff members.

**Encouraging employees to report their concerns about fraud;**

The College has a comprehensive whistleblowing policy in place for all staff. Additionally, in line with the Code of Good Governance adopted by the Board of Management, the Board Secretary and Depute Board Secretary both have a duty to report issues of concern to the Board which would include instances of fraud.

**Communicating to you the processes for identifying and responding to fraud or error?**

The anti-fraud policy outlines the required notifications. In relation to errors, this would be communicated by the relevant member of the senior management team or the Board Secretary/Depute Board Secretary as appropriate.

**2) How does the Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?**

Beyond the anti-fraud policy, the Audit Committee reviews and approves the internal audit plan which is based in part on the College risk register. The Audit Committee meets privately with the Internal and External Auditors each year so any matters of concern can be raised then without management being present if necessary.

**3) Have there been any significant changes in the design and/or operating effectiveness of management controls as a result of the Coronavirus outbreak?**

No. Owing to the ongoing efforts of the College in recent years management controls and processes are digital in nature and there has been sustained investment in our digital infrastructure.

As with the previous academic year, all staff have the resources they required to work effectively from home. Additional guidance on effective homeworking was also developed for our staff.

Beyond staffing, we have continued with our diet of Board and Committee meetings on a virtual basis.

**4) How do those charged with governance assure themselves that the furloughing of staff has not adversely impacted the segregation of duties?**

The College's approach to furlough was to only apply this to staff who were not able to undertake their duties digitally, for example workshop technicians or catering staff, whilst the College was closed. With a return to elements of on campus delivery for 2020/21 the majority of these staff were released from furlough to support on campus activity as part of a managed return to campus which continues. The Board have been kept apprised of this approach and, given this, are confident that there has not been an impact on segregation of duties or internal control systems.

**5) Is the Audit Committee aware of any:**

- Breaches of, or deficiencies in, internal control; and
- Actual, suspected or alleged frauds during 2020/21

No. Through ongoing Internal Audit activity, areas of improvement in internal controls are identified, however none of these have been categorised as "red" by the internal auditors.

**6) Is the Audit Committee aware any organisational or management pressure to meet financial or operational targets?**

The Audit Committee is aware that the College continues to operate in a challenging financial environment whilst having ambitious operational targets in order to achieve its Outcome Agreement with the Scottish Funding Council. It is not the impression of the Committee however that this would result in management malfeasance to achieve these targets.

**7) How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2020/21?**

The Audit Committee gains assurance via a rolling programme of internal audits which examine areas within the College for legislative compliance and the implementation of best practice. The Audit Committee is not aware of any instances of non-compliance during 2020/21.

**8) Is the Audit Committee aware of any actual or potential litigation or claims that would affect the financial statements?**

No

**9) How does the Audit Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?**

Over 70% of the College's activities are funded by the Scottish Government through the Scottish Funding Council (SFC) to provide Higher and Further Education. The Board of Management and the Executive Team are responsible for ensuring that these funds are used to meet this purpose and the operations within the College to achieve this support ensuring financial sustainability of the College.

No notification from the Scottish Funding Council on behalf of the Scottish Government has been received to suggest that the higher and further education provision within Forth Valley College is no longer a going concern.

Management have prepared a detailed assessment of going concern which will be considered at the Finance Committees prior to the meeting considering the annual Report.

**10) Has management considered the impact of the coronavirus outbreak as part of their going concern assessment, including:**

- any changes in underlying assumptions
- additional or potential financial difficulties, impairments or write-offs

As noted in Q9 Management has prepared a detailed assessment of going concern which considers the impact of Covid19.

**11) How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with the Scottish Funding Council's ("SFC") Accounts Direction and Financial Memorandum?**

Board members are provided with copies of the Financial Memorandum during induction which they can refer to if needed. The primary route of assurance is via the scrutiny of the information provided by College Senior Management to the Finance Committee. As with question 7 above, there is a joint meeting where Finance Colleagues, Internal and External auditors all have an opportunity to raise any concerns regarding compliance with the accounts direction and financial memorandum.

**12) How does the Audit Committee satisfy itself that the College has arrangements to ensure compliance with its requirements as an independent charity as set out by OSCR?**

The Audit Committee relies upon the judgement of the Finance Committee in scrutinising information provided by the Senior Management Team. Additionally, any correspondence for OSCR would be brought to the relevant Committee or the full Board to further inform members.

**13) How does the Audit Committee satisfy itself that the College has arrangements to monitor and maintain the regularity of income and expenditure?**

The Audit Committee satisfies itself that this is monitored by the Finance Committee of the Board through ensuring compliance with financial regulations. Additionally, each Committee Chair is afforded the opportunity at Board meetings to raise any items of concern.

**14) What does the Audit Committee consider to be the related parties that are significant to the College and what is its understanding of the relationships and transactions with those related parties?**

On appointment all members are required to complete a register of interest which is updated annually and published on the College website. Any related parties would be identified through this process. There are no related parties that we would consider to be significant. All transactions with related parties are of a routine nature in terms of the College's business.

**15) Does the Audit Committee have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns?**

No.

I hope the above responses meet your requirements. Should you require further clarification, please do not hesitate to contact me via Alison Stewart ([alison.stewart@forthvalley.ac.uk](mailto:alison.stewart@forthvalley.ac.uk))

Yours sincerely

Lorna Dougall  
Chair  
Audit Committee

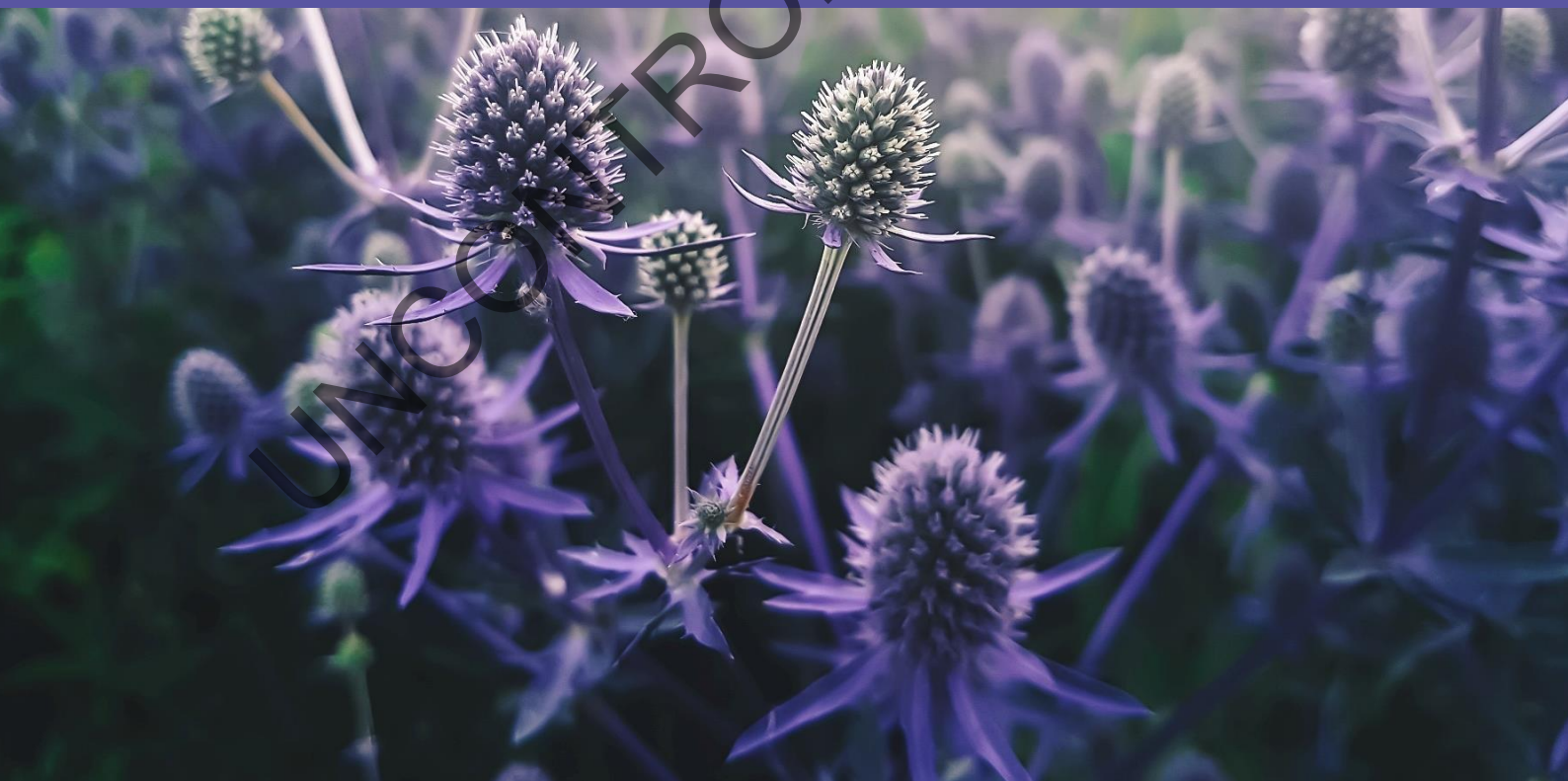
# Forth Valley College

**Annual Report to the Board of Management and  
Principal on the Provision of Internal Audit Services for  
2020/21**

**Internal Audit report No: 2021/09**

**Draft issued: 3 September 2021**

**Final issued: 11 November 2021**





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# Annual Report and Opinion

## Introduction

- 1.1 We were appointed as internal auditors of Forth Valley College ('the College') for the period 1 August 2019 to 31 July 2022, with an option to extend for a further 12-months subject to satisfactory performance and continued College requirements. This report summarises the internal audit work performed during 2020/21.
- 1.2 A Strategic Internal Audit Plan 2019 to 2022, based on the areas of risk that the College is exposed to, was prepared (Internal Audit Report 2020/01, issued August 2019). The Strategic Internal Audit Plan was prepared following discussion with members of the College Leadership Team and the Chair of the Audit Committee, and from a review of various College documents and previous internal audit reports and the College's Strategic Risk Register. This was supplemented by our own assessment of the risks faced by the College. The Strategic Internal Audit Plan was approved by the Audit Committee at its meeting on 5 September 2019.
- 1.3 At the request of College management, the internal audit work undertaken in the year showed a number of changes to the allocation set out in the Strategic Internal Audit Plan for 2020/21:
- two assignments originally proposed for 2020/21, Student Application Process BPR and Corporate Planning / Service Redesign, were deferred to 2021/22. In their place, two assignments were moved from 2021/22 to 2020/21, Corporate Governance and initially Business Continuity;
  - Business Continuity subsequently reverted back to the 2021/22 plan and Staff Recruitment, Retention and Succession Planning brought forward in its place; and
  - an extra two days was added to the IT Network Arrangements review to allow this to be combined with the work on Cyber Security originally planned for 2021/22.
- 1.4 The reports submitted during 2020/21 are listed in Section 2 of this report and a summary of results and conclusions from each finalised assignment is given at Section 3.
- 1.5 An analysis of time spent against budget is included at Section 4.

## Public Sector Internal Audit Standards (PSIAS) Reporting Requirements

- 1.6 The College has responsibility for maintaining an effective internal audit activity. You have engaged us to provide an independent, risk-based assurance and consultancy internal audit service. To help you assess that you are maintaining an effective internal audit activity we:
- Confirm our independence;
  - Provide information about the year's activity and the work planned for next year in this report; and
  - Provide quality assurance through self-assessment and independent external review of our methodology and operating practices.



## Public Sector Internal Audit Standards (PSIAS) Reporting Requirements Continued

- 1.7 Self-assessment is undertaken through:
- Our continuous improvement approach to our service. We will discuss any new developments with management throughout the year;
  - Ensuring compliance with best professional practice, in particular the PSIAS;
  - Annual confirmation from all staff that they comply with required ethical standards and remain independent of clients;
  - Internal review of each assignment to confirm application of our methodology which is summarised in our internal audit manual; and
  - Annual completion of a checklist to confirm our PSIAS compliance. This is undertaken in April.
- 1.8 External assessment is built into our firm-wide quality assurance procedures. Henderson Loggie LLP is a member of Prime Global, a global association of independent accountancy firms. Continued membership of Prime Global is dependent on maintaining a high level of quality and adhering to accounting and auditing standards in the provision of our services. Annual quality reviews are conducted to confirm our continuing achievement of this quality. The independent MHA review conducted in March 2019 included our internal audit service. Overall, the review confirmed that the firm's policies and procedures relating to internal audit were compliant with the PSIAS in all material respects.
- 1.9 The results of our latest annual self-assessment are that we are able to confirm that our service is independent of the College and complies with the PSIAS.

## Significant Issues

- 1.10 Internal audit report 2021/05 – Health and Safety (H&S), issued as final in September 2021, was graded as 'Requires Improvement'. The report contained four Priority 2 and two Priority 3 recommendations. We confirmed that some expected controls were in place to maintain the arrangements for H&S. However, we noted significant weaknesses within the controls established around mandatory and refresher training monitoring, inclusive of H&S training, and provision of H&S specialised training in line with good practice. 45 new starters, who joined the College since April 2020, were not recorded on the HR training system, My Employee Record, and therefore there was no evidence that they had completed any mandatory training on Moodle. We concluded that remote working arrangements during 2020/21 may have been a contributory factor, with a corresponding detriment to HR oversight of arrangements. There has also been an absence of reporting on new start mandatory training completion to the H&S committees over this period. There was also an absence of a joined-up approach between HR and the H&S Team that effectively identifies all staff requiring H&S training, refresher training, and any training gaps in the organisation. Other control weaknesses were identified, and management have already started work to address the agreed recommendations.
- 1.11 There were no other issues identifying major internal control weaknesses noted from the internal audit work carried out during the year. In general, procedures were operating well in the areas selected, but a few areas for further strengthening were identified and action plans have been agreed to address these issues. The agreed actions will be followed-up as part of our planned activity in 2021/22.



## Opinion

- 1.12 In our opinion, with the exception of the issue highlighted in paragraph 1.10 above, the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2020/21 and in the prior year following our appointment in 2019/20.

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## Reports Submitted

Number	Title	Overall Grade	Recommendations	High / Priority 1	Medium / Priority 2	Low / Priority 3
2021/01	Internal Audit Annual Plan 2020/21	N/A	N/A	N/A	N/A	N/A
2021/02	Student Activity Data	N/A	2	-	1	1
2021/03	Student Support Funds	N/A	N/A	-	-	-
2021/04	Externally Facilitated Effectiveness Review (EFER)	N/A	8	N/A	N/A	N/A
2021/05	Health and Safety	<b>Requires Improvement</b>	6	-	4	2
2021/06	Staff recruitment, retention, and succession planning	<b>Good</b>	-	-	-	-
2021/07	IT Network Arrangements / Cyber Security	<b>Satisfactory</b>	-	-	2	7
2021/08	Follow-Up Reviews	<b>N/A</b>	7 recommendations required further action with 6 associated with the 2021/04 EFER above that were not graded using our rating system. 5 of there were not past their target date.	-	-	1



Overall gradings are defined as follows:

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

Recommendation grades are defined as follows:

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



## Summary of Results and Conclusions

### 2021/01 – Annual Plan 2020/21

#### Final Issued – May 2020

The purpose of this document was to present for consideration by management and the Audit Committee the annual operating plan for the year ended 31 July 2021. The plan was based on the proposed allocation of audit days for 2020/21 set out in the Strategic Internal Audit Plan 2019 to 2022 (although refer paragraph 1.3 above). The preparation of the Strategic Internal Audit Plan involved dialogue with management, and the Audit Committee approved the plan at its meeting on 5 September 2019.

### 2021/02 – Student Activity Data

#### Final Issued – December 2020

In accordance with the Credits Audit Guidance, we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us. Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

Our testing was designed to cover the major requirements for recording and reporting fundable activity identified at Annex C to Credits Audit Guidance and the key areas of risk identified in Annex D.

Our report was submitted to the SFC on 30 November 2020. We reported that, in our opinion:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- on the basis of our testing, we can provide reasonable assurance that the FES return contains no material mis-statement.

Two recommendations were made in our internal audit report. One Risk Priority 2 rated recommendation was to ensure that a schedule of milestones agreed at enrolment is maintained for all distance learning programmes. This should include a record of the estimated amount of time that students are expected to take to complete each element of the course, to evidence eligibility of the Credits value claimed. One Risk Priority 3 rated recommendation was to accurately capture the part-time fee waiver status of students by amending the format of the part-time fee waiver form to include separate fields for Job Seekers Allowance and Universal Credit and the associated source of finance codes.



## Internal Audit Annual Report 2020/21

### 2021/03 – Student Support Funds

#### Final Issued – November 2020

We carried out an audit on the following fund statements for the 2019/20 academic year:

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

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- The information disclosed in each of the returns for the year ending 31 July 2020, is in agreement with underlying records.

We were able to certify all fund statements for the year and submit these to the appropriate bodies, without reservation.

In our covering letter to the SFC enclosing the audited EMA Return we made the following observation. As noted by the College on the year-end statement, the College has underclaimed for maintenance payments made to students in November 2019 (£2,100) and January 2020 (£3,600) and we understand that a request for payment has been submitted to the SFC on the monthly return for September 2020. In addition, there was an error made by the SFC in relation to the November 2019 College Maintenance Adjustment. In that month's return, the College declared an overclaim of £210 relating to maintenance payments for 2019/20 and an underclaim of £1,950 relating to 2018/19. This gave rise to a net underclaim of £1,740 however the College Maintenance Adjustment was recorded as £17,400 by the SFC and the College was overpaid by £15,660. We understand that this amount has been returned to the SFC in September 2020. For clarification, maintenance payments to students recorded in the College financial ledger for 2019/20 totalled £152,520 = £147,030 (per year-end statement) + £2,100 + £3,600 – £210.





## Internal Audit Annual Report 2020/21

### 2021/04 – Externally Facilitated Effectiveness Review

#### Final Issued – March 2021

In August 2016, the College Development Network (CDN) published a Guidance Note, which provided the context and the process for conducting the Externally Facilitated Effectiveness Review described in the updated Code. This guidance built on the Board Member Development Framework, published in November 2015.

This effectiveness review covers the five sections of the Code namely:

**Section A** - Leadership and Strategy

**Section B** - Quality of the Student Experience

**Section C** - Accountability

**Section D** - Effectiveness

**Section E** - Relationships and Collaboration

This report built on the Governance Effectiveness Review produced by Polley Solutions Ltd in April 2017, which highlighted a number of strengths and areas of good practice in the governance framework operating within the College at that time. The April 2017 report also set out a small number of areas of governance development for 2017/18 to build on the foundations already in place.

The scope was agreed with the College for the 2020/21 iteration of the review to observe the December 2020 meeting of the Board of Management, as required by the Code. In addition, it was agreed that Option 3iii, as described in the Guidance Note, would be completed; namely 'The facilitator undertakes one-to-one interviews with some, or all Board Members, and staff based on the proforma / questionnaire'. The issues arising from these interviews were triangulated and then pressure tested as part of a desktop review.

Overall, our review concluded that the College demonstrated a high level of compliance with the Code. Therefore, the improvement areas identified in our report should be viewed in the context of further refinement and enhancement to the governance arrangements which are designed to build on the solid foundations which the College has developed. The suggestions from our report are for refining and building on the existing governance arrangements rather than steps required to ensure compliance with the Code.

The Board is extremely strong in terms of expertise and knowledge, with a range of expertise available to provide support and challenge for management.

The governance framework is operating effectively with clear roles and responsibilities for the Board and each of the standing sub committees.

There was a high level of Board Member engagement in this review, which reflects a high degree of engagement with the College in their role as individual Board Members.

The staff and student representatives on the Board feel that they are treated as full members of the Board and that their views are given sufficient prominence and are listened to.



## Internal Audit Annual Report 2020/21

### 2021/05 – Health and Safety

The main objective of this audit was to review the College’s overall arrangements for dealing with Health and Safety (H&S) issues and to consider whether these are adequate.

The table opposite notes each separate objective for this review and records the results.

#### Strengths

- The College has a H&S Policy in place which is supported by a comprehensive range of additional H&S procedures.
- The current H&S policies and procedures are being reviewed and updated.
- The College has a H&S Committee which meets four times per year and receives appropriate updates and statistics on all relevant H&S issues across all campuses. The committee includes members of the College Board of Management, its senior leadership team and senior managers who are well placed to respond to the H&S risks identified and make improvements to the culture within the College.
- The College also has a H&S Operational Committee that reviews matters monthly and drives actions across staff, students, and contractors.
- There is an online database for reporting and recording accidents and incidents, and action tracking that is efficiently maintained by the H&S Coordinator. Full audit trails allow for accurate reporting to the H&S Committee.
- All risk assessments completed are centrally retained by the H&S Coordinator who offers support to departments where required.
- There is a programme of audit that was interrupted in 2020 due to national restrictions imposed by the COVID-19 pandemic and Trade Union representation not being available. The revised 2021 audit programme was underway at the time of our audit, as a matter of priority for the H&S department.
- There is an agile approach to new H&S requirements, such as revised risk assessments for staff working from home due to COVID-19 and risk assessed arrangements around the new Vaccination Centres at each campus.
- There is a desire to continually improve the current H&S approach and address the current weaknesses in its application across the College.
- Out with weakness noted below, the governance arrangements for reporting the status of H&S arrangements are satisfactory with action plans for groups reviewed established and monitored.

### Final Issued – September 2021

The specific objectives of this audit were to obtain reasonable assurance the College has:	
1. H&S policy and documented procedures which are communicated to all staff	Satisfactory
2. H&S training programme which includes induction training, refresher training and training for new equipment or legislation	Requires Improvement
3. Regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive	Satisfactory
4. An incident and accident recording system with follow-up process and implementation of new controls where required	Good
5. Regular reporting of H&S to senior management and to the Board of Management	Good
<b>Overall Level of Assurance</b>	<b>Requires Improvement</b>



## Internal Audit Annual Report 2020/21

### 2021/05 – Health and Safety (Continued)

#### Weaknesses

Our audit highlighted scope for improvement in the following areas:

- the updating and version control of H&S policies and procedures; and
- ensuring that risk assessments are approved by area directors in line with requirements and consistently identified next review dates, where appropriate.

However, we noted significant weaknesses within the controls established around mandatory and refresher training monitoring, inclusive of H&S training, and provision of H&S specialised training in line with good practice as follows:

- The audit identified that 45 new starters, who have joined the College since April 2020, were not recorded on the HR training system, My Employee Record, and therefore there was no evidence that they had completed any mandatory training on Moodle. We have concluded that remote working arrangements during 2020/21 may have been a contributory factor, with a corresponding detriment to HR oversight of arrangements. However, there has also been an absence of reporting on new start mandatory training completion to the H&S committees over this period. Management should ensure all new starters have completed their mandatory training and assess the risk to the organisation of this gap. Without recorded evidence, there is an increased risk that the organisation may be in breach of its regulatory obligations to ensure the health and safety of all staff.
- There is an absence of a joined-up approach between HR and the H&S Team that effectively identifies all staff requiring H&S training, refresher training, and any training gaps in the organisation. This is impacted by the following:
  - ◆ There is absence of a skills matrix for identifying mandatory and desired H&S training for job roles.
  - ◆ The current process for reporting specialised H&S training requirements is not effective. In practice, Staff Development Activity Forms (SDAFs) are submitted on an ad hoc basis. However, HR reported that the documentation may not always be completed, impacting on effective review of training needs by HR.
- There is currently no reporting on the compliance levels of refresher training completed across the College to the HR Committee and H&S refresher training completion rates to the H&S Committee.



## Internal Audit Annual Report 2020/21

### 2021/05 – Health and Safety (Continued)

#### *Weaknesses (Continued)*

- There is no process for reporting the student rates of H&S training completed to the H&S Team for oversight of support required by curriculum areas.
- There is no process for reporting H&S training completed by competent persons to the H&S Team, impacting on the FVC Competent Persons list being out of date. A process should be developed to ensure the organisation has a record of those completing required training for their role and responsibilities.
- While the Health, Safety, Environment and Welfare Policy (June 2020) defines that H&S training responsibilities lie with HR, it does not link to HR's induction policy to identify the courses to be completed by staff or the process for requesting specialised H&S training - which should be updated on the back of recommendations from this report. Accountabilities for staff not completing mandatory training are also not defined in policies reviewed.
- Contractor induction form template (2014) also requires to be version controlled in line with good practice

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**Internal Audit Annual Report 2020/21**

**2021/06 – Staff Recruitment, Retention and Succession Planning**

This audit focused on the adequacy and effectiveness of policies and procedures for staff recruitment and selection and the processes in place that contribute to the retention and engagement of staff, and arrangements for succession planning

The table opposite notes each separate objective for this review and records the results.

**Strengths**

- A Recruitment Approval Request form is completed for all new recruitments, and this is approved by the HR Business Manager, Head of HR and Director of Finance;
- There is a detailed Recruitment and Selection Policy and Procedure in place, with associated up-to-date guidance and resources made available for Line Managers on all stages of the recruitment journey. This is readily accessible through the Line Manager Toolkit on the HR page of the College intranet;
- Job roles are defined and placed on the pay scales based on the independent FEDRA job evaluation process;
- The HR team utilises a new start checklist to monitor the progress of each recruitment exercise to ensure compliance with the defined approach;
- An induction process is in place to support new College employees in transitioning into their new role;
- The College has a wide range of non-pay benefits available to staff;
- The College has acknowledged the impact that the Covid-19 pandemic has had on staff engagement, morale and wellbeing and range of appropriate actions and initiatives have been developed to support staff;
- A range of Learning and Development opportunities are available to staff and CPD and training is valued and encouraged;
- A number of internal communication initiatives have been embedded across the College, including regular staff surveys, staff conferences and a “Listening to employees” forum; and
- Appropriate succession planning arrangements are in place through the People Strategy and Workforce Plan covering the period 2017 – 2022.

**Final Issued – August 2021**

The specific objectives of this audit were to obtain reasonable assurance that:	
1. There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice	<b>Good</b>
2. The College has appropriate policies and processes in place that contribute to the retention of staff, including good internal communication and employee engagement, reward and recognition, and ongoing training which are in line with good practice and being effectively implemented.	<b>Good</b>
3. Appropriate succession planning arrangements are in place.	<b>Good</b>
<b>Overall Level of Assurance</b>	<b>Good</b>



## Internal Audit Annual Report 2020/21

### 2021/06 – Staff Recruitment, Retention and Succession Planning (Continued)

#### **Weaknesses**

- We were unable review new start checklists and subsequently confirm pre-employment checks had been completed for five of the 10 new starts sampled as previously these were completed in paper form and were destroyed once completed. The College has subsequently moved to an electronic process and new start checklists were available for the five staff recruited since this change was implemented; and
- No evidence of reflective practice reviews or objectives being set were available for any of our sample of ten members of staff. The College has already identified the fact that participation has been low following the shift to a reflective practice process in 2018 and is already planning to reintroduce a more formal Personal Review and Development (PRD) process to address this issue.

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## Internal Audit Annual Report 2020/21

### 2021/07 – IT Network Arrangements / Cyber Security

This audit reviewed the College’s IT network arrangements, including cyber security controls.

The table opposite notes the objective for this review and records the results.

#### Strengths

Throughout our review we observed examples of good practice and we welcomed the willingness of the College staff to assist our review and to seek ways to improve security within the College. We have concluded that, overall, the College exhibits a strong awareness of information / cyber security risks and impacts, and that the control environment demonstrates good practice with many of the expected cyber security controls, for an organisation of this size and complexity. These include:

- a risk management regime has been established, which includes identifying information / cyber security as key strategic risks, and there are structures in place which act as appropriate bodies for evaluating and monitoring information security risks within the College.
- hardware and software inventories have been created.
- processes are in place for applying updates and patches to all devices connected to the College network.
- the IT architecture protects the College network through use of firewalls and segregation prevents direct connections to untrusted external services and protects internal IP addresses.
- management of user accounts is linked to the College’s starter, leaver and change of role procedures.
- data at rest and in transit is protected through encryption and secure communication channels.
- only College issued devices can be used by staff to access the College’s systems and data. Standard baseline security builds have been established for all devices to ensure the consistency of security configurations.
- administrator access to network components is carried out over dedicated network infrastructure and secure channels using communication protocols that support encryption.

### Final Issued – November 2021

<b>The objective of our audit was to:</b>	
<ol style="list-style-type: none"> <li>review the College’s current position with regard to information and cyber security to advise on areas that should be addressed in line with the latest guidance produced by the National Cyber Security Centre (NCSC), the UK Government’s national technical authority for cyber security guidance and support. It also included consideration of the controls in place to mitigate the increased risks arising from home working as a result of the COVID-19 pandemic.</li> </ol>	<b>Satisfactory</b>
<b>Overall Level of Assurance</b>	<b>Satisfactory</b>



## Internal Audit Annual Report 2020/21

### 2021/07 – IT Network Arrangements / Data Protection (Continued)

#### **Strengths (continued)**

- mandatory cyber security awareness training is in place for all staff and the College has monitoring procedures in place which ensure that a high level of compliance is maintained. Training is supported through regular communication of good practice to promote a positive cyber security culture.
- network hardware is protected by an antivirus solution, which automatically scans for malware.

#### **Weaknesses**

Using the latest guidance available from the NCSC we identified opportunities where controls could be strengthened, which are discussed with the main text of this report. Implementation of the recommendations raised in this report will reduce the College's current risk position; reinforce the College's preparations for Cyber Essentials certification and will enhance the College's ability to manage IT security risks on an on-going basis.

The specific risk relevant to the College that could be managed more effectively is the risk of reputational damage because of breach of Personally Identifiable Information (PII) of staff and students because of external attack or a malicious insider due to weaknesses in security controls.

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## Internal Audit Annual Report 2020/21

### 2021/08 – Follow-Up Reviews

#### Final Issued – September 2021

As part of the Internal Audit programme at the College for 2020/21 we carried out a follow-up review of the recommendations made in Internal Audit reports issued during 2020/21 and reports from earlier years that had not already been subject to follow-up. These were:

- Report 2020/06 – Estates Maintenance
- Report 2021/02 - 2019/20 Student Activity Data
- Report 2021/04 - Externally Facilitated Effectiveness Review

Reports 2021/01 – Annual Internal Audit Plan 2020/21 and 2021/03 – Student Support Funds did not contain an action plan and therefore no follow-up was required as part of this review.

It should be noted that given the nature of report 2021/04 - Externally Facilitated Effectiveness Review, and the requirement to report the final output to the Scottish Funding Council, the recommendations contained in the action plan were not graded using our normal grading methodology.

The objective of each of our follow-up reviews is to assess whether recommendations made in previous reports have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

The College has made good progress in taking forward the seven recommendations which have passed their target implementation date, followed-up as part of this review with five of the seven recommendations being assessed as 'fully implemented'. One recommendation has been classified as 'partially implemented' with one classified as 'little or no progress'. The remaining five recommendations examined had not passed their target implementation date at the point of review. Revised implementation dates have been agreed where appropriate.

Our findings from each of the follow-up reviews has been summarised below:



From Original Reports			From Follow-Up Work Performed				
Area	Rec. Priority	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	Not Past Agreed Completion Date	Considered But Not Implemented
Report 2020/06 – Estates Maintenance	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	2	1	-	1	-	-
<b>Total</b>		<b>2</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>
Report 2021/02 - 2019/20 Student Activity Data	1	-	-	-	-	-	-
	2	1	1	-	-	-	-
	3	1	1	-	-	-	-
<b>Total</b>		<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Report 2021/04 - Externally Facilitated Effectiveness Review		-	-	-	-	-	-
		-	-	-	-	-	-
		8	2	1	-	5	-
<b>Total</b>		<b>8</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>5</b>	<b>-</b>
<b>Grand Totals</b>		<b>12</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>5</b>	<b>-</b>

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## Time Spent - Actual v budget

	Report number	Planned days	Actual days feed	Days to fee at Nov 2021	Days to spend / WIP	Variance
<b>Reputation</b>						
<i>Health and Safety</i>	2021/05	5	5	-	-	-
<b>Staffing Issues</b>						
<i>Staff recruitment, retention &amp; succession planning</i>	2021/06	5	-	5		
<b>Organisational Issues</b>						
<i>Corporate Governance (EFER)</i>	2021/04	6	6	-	-	-
<b>Information and IT</b>						
<i>IT network arrangements / Cyber Security</i>	2021/07	7	-	7	-	-
<b>Other Audit Activities</b>						
Credits audit	2021/02	5	5	-	-	-
Student Support Funds	2021/03	7	7	-	-	-
Management and Planning	2021/01	5	3	2	-	-
External audit / SFC						
Attendance at Audit Committee						
Follow-up reviews	2021/08	2	-	2	-	-
<b>Total</b>		<u>42</u>	<u>26</u>	<u>16</u>	<u>-</u>	<u>-</u>
		=====	=====	=====	=====	=====

## Operational Plan for 2021/22

5.1 The annual operating plan for 2021/22 shows a number of changes to the allocation set out in the original Strategic Plan. Following discussion with the College Leadership Team:

- two assignments originally proposed for 2020/21, Student Application Process BPR and Corporate Planning / Service Redesign, were deferred to 2021/22. In their place, two assignments were moved from 2021/22 to 2020/21, Corporate Governance and Staff Recruitment, Retention and Succession Planning. There were minor variations in the number of days allocated for each assignment;
- the proposed four-day review of Cyber Security in 2021/22 has been removed from the plan and was covered as part of the IT Network Arrangements assignment in 2020/21. An extra two days were added to this review to allow sufficient time for the work required; and
- a four-day review of Creditors and Purchasing / Procurement has been added to the annual plan for 2021/22.

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## Proposed Allocation of Audit Days

	Category	Priority	Planned 21/22 Days
<b>Student Experience</b> <i>Student application process BPR</i>	Perf	M/H	5
<b>Financial Issues</b> <i>Procurement and creditors / purchasing</i>	Fin	M	4
<b>Organisational Issues</b> <i>Business Continuity</i> <i>Corporate Planning / Service Redesign</i>	Perf	H	5
	Perf	M/H	5
<b>Information and IT</b> <i>Data Protection</i>	Gov	M	4
<b>Other Audit Activities</b> Credits audit Student Support Funds Management and Planning External audit / SFC Attendance at Audit Committee Follow-up reviews		Required	5
		Required	7
			5
		Various	2
<b>Total</b>			<u>42</u> =====

### Key

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

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

BPR = Business Process Review



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LEVEL OF ASSURANCE

Satisfactory

# Forth Valley College

## IT Network Arrangements / Cyber Security

Internal Audit report No: 2021/07

Draft issued: 25 August 2021

2<sup>nd</sup> draft issued: 10 November 2021

Final issued: 11 November 2021



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<b>Section 1</b>	<b>Management Summary</b>	
	<ul style="list-style-type: none"> <li>• Overall Level of Assurance</li> <li>• Risk Assessment</li> <li>• Background</li> <li>• Scope, Objectives and Overall Findings</li> <li>• Audit Approach</li> <li>• Summary of Main Findings</li> <li>• Acknowledgements</li> </ul>	<p>1</p> <p>1</p> <p>1</p> <p>2</p> <p>2</p> <p>3</p> <p>3</p>
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## Level of Assurance

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

Gradings are defined as follows:

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

## Action Grades

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





## Management Summary

### Overall Level of Assurance

<b>Satisfactory</b>	System meets control objectives with some weaknesses present.
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### Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Forth Valley College ('the College') Strategic Risk Register as at May 2021:

- Risk number 5 – A major incident prevents the College from operating (risk rating: medium)

Relevant risks on the College's Covid-19 Risk Register include:

- Covid-19 risk number 4 – Increased remote working/learning will lead to increased cyber related risks to College systems (risk rating: low)

### Background

As part of the Internal Audit programme at the College for 2020/21 we carried out a review of the College's IT network arrangements, including cyber security controls. The Audit Needs Assessment, issued in August 2019, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the management and the Audit Committee that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

ICT plays a key role in the efficient delivery of the College services to students and is also vital to the effective internal operation of the College. New technologies bring clear benefits, but also bring with them new obligations and areas of risk exposure.

Ensuring that access to data is restricted to authorised persons is therefore of vital importance to the College. In the event of an information security breach, it must be able to demonstrate that as far as possible it had put in place appropriate organisational and technological security measures to manage risks.

Cyber security is central to the health and resilience of any organisation reliant on digital technology to function, and this places it firmly within the responsibility of the Board.

This National Cyber Security Centre's (NCSC) 10 Steps to Cyber Security guidance aims to help organisations manage their cyber security risks by breaking down the task of protecting the organisation into 10 components. Adopting security measures covered by the 10 Steps reduces the likelihood of cyber-attacks occurring and minimises the impact to an organisation when incidents do occur.



## IT Network Arrangements

### Scope, Objectives and Overall Findings

This audit included a review of the College’s current position regarding information and cyber security in order to advise on areas that should be addressed in line with the latest guidance produced by the NCSC, the UK Government’s national technical authority for cyber security guidance and support. It also included consideration of the controls in place to mitigate the increased risks arising from home working as a result of the COVID-19 pandemic.

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

Objective	Findings		
	1	2	3
<b>The objective of our audit was to:</b>	<b>No. of Agreed Actions</b>		
1. review the College’s current position with regard to information and cyber security to advise on areas that should be addressed in line with the latest guidance produced by the NCSC, the UK Government’s national technical authority for cyber security guidance and support. It also included consideration of the controls in place to mitigate the increased risks arising from home working as a result of the COVID-19 pandemic.	Satisfactory	0	2
<b>Overall Level of Assurance</b>	Satisfactory	0	2
		7	7
		System meets control objectives with some weaknesses present.	

### Audit Approach

Our approach will be based upon the guidance and best practice provided by NCSC; discussion with the Vice Principal Information Systems and Communications and Head of IT, review of relevant documentation; and observation. This will cover the following areas:

- Risk management;
- Engagement and training;
- Asset management;
- Architecture and configuration;
- Vulnerability management;
- Identity and access management;
- Data security;
- Logging and monitoring;
- Incident management; and
- Supply chain security.



## IT Network Arrangements

### Summary of Main Findings

#### Strengths

Throughout our review we observed examples of good practice and we welcomed the willingness of the College staff to assist our review and to seek ways to improve security within the College. We have concluded that, overall, the College exhibits a strong awareness of information / cyber security risks and impacts, and that the control environment demonstrates good practice with many of the expected cyber security controls, for an organisation of this size and complexity, as shown within the graphic at Appendix 1 of this report. These include:

- a risk management regime has been established, which includes identifying information / cyber security as key strategic risks, and there are structures in place which act as appropriate bodies for evaluating and monitoring information security risks within the College.
- hardware and software inventories have been created.
- processes are in place for applying updates and patches to all devices connected to the College network.
- the IT architecture protects the College network through use of firewalls and segregation prevents direct connections to untrusted external services and protects internal IP addresses.
- management of user accounts is linked to the College's starter, leaver and change of role procedures.
- data at rest and in transit is protected through encryption and secure communication channels.
- only College issued devices can be used by staff to access the College's systems and data. Standard baseline security builds have been established for all devices to ensure the consistency of security configurations.
- administrator access to network components is carried out over dedicated network infrastructure and secure channels using communication protocols that support encryption.
- mandatory cyber security awareness training is in place for all staff and the College has monitoring procedures in place which ensure that a high level of compliance is maintained. Training is supported through regular communication of good practice to promote a positive cyber security culture.
- network hardware is protected by an antivirus solution, which automatically scans for malware.

#### Weaknesses

Using the latest guidance available from the NCSC we identified opportunities where controls could be strengthened, which are discussed with the main text of this report. Implementation of the recommendations raised in this report will reduce the College's current risk position; reinforce the College's preparations for Cyber Essentials certification and will enhance the College's ability to manage IT security risks on an on-going basis.

The specific risk relevant to the College that could be managed more effectively is the risk of reputational damage because of breach of Personally Identifiable Information (PII) of staff and students because of external attack or a malicious insider due to weaknesses in security controls.

The graphic at Appendix I illustrates the College's current position, based on our assessment, in relation to the NCSC's 10 Steps to Cyber Security guidance.

### Acknowledgment

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



IT Network Arrangements

# Main Findings and Action Plan

**Objective 1: Review of the College’s current position with regard to information and cyber security in order to advise on areas that should be addressed in line with the latest guidance produced by the NCSC, the UK Government’s national technical authority for cyber security guidance and support. It also included consideration of the controls in place to mitigate the increased risks arising from home working as a result of the COVID-19 pandemic.**

## Risk Management

A risk-based approach to securing data and systems should be adopted. Taking risks is a natural part of doing business. Risk management informs decisions so that the right balance of threats and opportunities can be achieved to best deliver your business objectives. Risk management in the cyber security domain helps ensure that the technology, systems, and information in the College are protected in the most appropriate way, and that resources are focussed on the things that matter most to the College’s business. A good risk management approach will be embedded throughout the College and complement the way in which other business risks are managed. To be fully effective, an information risk management regime should be supported by an empowered governance structure, which is actively supported by the Board and senior management. Our review identified that there are structures in place which act as appropriate bodies for evaluating and monitoring information security risks within the College, for example the Information Governance Group, Back-up Operations Group, and Learning Improvement Student Experience Committee (LISEC) and cyber security issues are reported quarterly to the Leadership Management Team (LMT).

Observation	Risk	Recommendation	Management Response		
<p>At a corporate level, a risk management regime has been established with a Risk Register, which identifies cyber security as a key risk, which is monitored by the Audit Committee and LMT in line with the College’s risk management framework. IT operational risks, including cyber security risks, are monitored by the IT team, and discussed with the Vice Principal Information Systems and Communications with summary reporting to the LMT quarterly. High level IT risks such as server failures are documented by the IT ‘risk however not all operational risks are formally documented within an IT operational risk register which is allows risks to be scored, prioritised and monitored in line with the same approach adopted for the College’s strategic risk register.</p> <p>An IT operational risk register should be used to identify, analyse, assess, and prioritise risks and make decisions on how the College should manage them.</p>	<p>Cyber security risks and vulnerabilities are not formally monitored, and information is not available to inform and improve decision making regards responding effectively to new threats as they emerge.</p>	<p><b>R1</b> Formally document the College’s specific cyber security risks and vulnerabilities, along with controls and mitigations, within an IT operational risk register. The format of the risk register should be in line with the College’s strategic risk register and risks scored, prioritised, and monitored in accordance with the College’s risk management framework.</p>	<p>The IT Operational Risk Register will be re-formatted to more closely align with the College’s strategic risk register, with risks scored and prioritised.</p> <p><b>To be actioned by:</b> Head of IT</p> <p><b>No later than:</b> 31 March 2022</p> <table border="1" data-bbox="1682 1257 2123 1364"> <tr> <td data-bbox="1682 1257 1906 1364">Grade</td> <td data-bbox="1912 1257 2123 1364">3</td> </tr> </table>	Grade	3
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## IT Network Arrangements

**Objective 1: Review of the College’s current position with regard to information and cyber security in order to advise on areas that should be addressed in line with the latest guidance produced by the NCSC, the UK Government’s national technical authority for cyber security guidance and support. It also included consideration of the controls in place to mitigate the increased risks arising from home working as a result of the COVID-19 pandemic (continued).**

### Engagement and Training

People should be at the heart of any cyber security strategy. Good security considers the way people work in practice and doesn't get in the way of people getting their jobs done. People can also be one of your most effective resources in preventing incidents (or detecting when one has occurred), provided they are properly engaged and there is a positive cyber security culture which encourages them to speak up. Supporting your staff to obtain the skills and knowledge required to work securely is often done through the means of awareness or training. This not only helps protect your organisation, but also demonstrates that you value your staff, and recognise their importance to the business.

Observation	Risk	Recommendation	Management Response	
<p>It is good practice to monitor the effectiveness of cyber security training. This can be done either indirectly through formal feedback and potentially by including questions in the staff survey on security training and the College’s security culture, or directly using tools to assess users’ adherence to and application of the College’s security procedures and guidance, for example ethical phishing campaigns. There are currently no mechanisms in place for formally seeking feedback from staff on the quality and relevance of cyber security training.</p>	<p>Organisations that do not effectively support employees through education and awareness may be vulnerable to a range of risks, including:</p> <ul style="list-style-type: none"> <li>• introduction of malware and data loss through inappropriate use of systems.</li> <li>• legal sanctions due to loss of sensitive data.</li> <li>• external attacks due to email phishing and social engineering; and</li> <li>• data loss or corruption due to an internal attack by a dissatisfied employee.</li> </ul>	<p><b>R2</b> Mechanisms should be established for testing the effectiveness and value for money of the security training provided to staff. The areas of the organisation that regularly feature in security reports, or achieve the lowest feedback from information security questionnaires, should be targeted for further tailored training activity.</p>	<p>The IT Team will explore testing the effectiveness of training provided through the use of ethical phishing campaigns.</p> <p><b>To be actioned by:</b> Head of IT</p> <p><b>No later than:</b> 31 July 2022</p>	
			<p><b>Grade</b></p>	<p><b>3</b></p>



## IT Network Arrangements

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### Asset Management

Asset management encompasses the way you can establish and maintain the required knowledge of your assets. Over time, systems generally grow organically, and it can be hard to maintain an understanding of all the assets within your environment. Incidents can occur as the result of not fully understanding an environment, whether it is an unpatched service, an exposed cloud storage account or a mis-classified document. Ensuring you know about all of these assets is a fundamental precursor to being able to understand and address the resulting risks. Understanding when your systems will no longer be supported can help you to better plan for upgrades and replacements, to help avoid running vulnerable legacy systems.

Observation	Risk	Recommendation	Management Response		
<p>As part of your arrangements for understanding your critical services and functions and identifying the associated data and technology dependencies so you can prioritise these, staff should be assisted in managing their own digital footprints, particularly senior management, board members, or staff with privileged accesses who are likely to be more attractive targets for attackers.</p> <p>Some guidance on social media risks is included in existing mandatory cyber security training. The Learning Digital Skills team also provide guidance to staff on using social media in a professional capacity. These courses are voluntary and so only a limited number of staff have received this training, and many more staff are likely to have a College or professional social media profile.</p>	<p>Publicly available information about the College and staff can be used to make phishing messages more convincing.</p>	<p><b>R3</b> Explore how guidance for staff on how to manage their digital footprints safely and reduce the risk of becoming a target for attackers, both in a professional and personal capacity, and particularly through use of social media platforms can be made more widely available to staff and Board members. The Learning Digital Skills team delivering training as part of the agenda for Staff Development days should be considered.</p>	<p>The existing mandatory training course will be adapted to specifically highlight the risks associated with social media platforms, and consideration will be given to running targeted training on staff development days.</p> <p><b>To be actioned by:</b> Head of IT/LDSA</p> <p><b>No later than:</b> 31 August 2022</p>		
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## IT Network Arrangements

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### Architecture and Configuration

The technology and cyber security landscape is constantly evolving. To address this, organisations need to ensure that good cyber security is baked into their systems and services from the outset, and that those systems and services can be maintained and updated to adapt effectively to emerging threats and risks.

Observation	Risk	Recommendation	Management Response		
Malware should be prevented from running on devices if it is introduced. Antivirus applications are in place that can detect threats based on known signatures and behavioural analysis which increase the chance of spotting emerging threats. We noted that application controls are not configured to only allow authorised executables to run and disable macros for users and applications if they are not required, and no risk assessment or review of business need for scripting languages or executables has been undertaken.	Scripting languages and executables are popular attack vectors for introducing malicious programmes into the IT network.	<b>R4</b> A review should be conducted to identify the business need for scripting languages and executables and steps should be taken to disable services for users that are not required.	<p>This has been considered in the past, but was deemed as low risk. Agree that a review should be conducted to identify if there is a need to address.</p> <p><b>To be actioned by:</b> Head of IT</p> <p><b>No later than:</b> 31 July 2022</p>		
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## IT Network Arrangements

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Observation	Risk	Recommendation	Management Response			
<p><b>Architecture and Configuration</b>                      To reduce the impact of compromise of network and systems security, it is good practice to plan for backup and recovery. Plans should include data and services, such as relevant configurations and accounts, and that you have tested your plans so that you are able to respond effectively in the event of a major incident such as a ransomware attack. You should have backups that remain protected and can be accessed in the event of a significant incident.</p> <p>We noted that backup solutions are in place, including backups taken daily and weekly, backups are protected through encryption and are not connected to the main domain, and multiple copies are retained across several sites. Whilst back-ups have been partially tested in the past, through recovery of files, a full system and data restore has not been undertaken to provide assurance that a full restore would work as per the College’s Business Continuity and Incident Response plans and can be restored in line with the expected recovery time objectives (RTOs).</p>	<p>Incident response capability is compromised due to inadequate backup and recovery plans.</p>	<p><b>R5</b> A full real time test of the College’s backup and recovery capability should be undertaken to test the robustness of the College’s recovery plans and provide assurance that the recovery time objectives outlined in those plans are both realistic and achievable. Testing should be scheduled for a time that minimises any potential disruption to the College’s operations.</p>	<p>Agreed. Restores of individual systems from backups are performed regularly, however there is a need to test a full system recovery from back up. An air-gapped network has now been established for this purpose. A full power down and restore has also been undertaken as part of a planned “black start” to test business continuity.</p> <p><b>To be actioned by:</b> Head of IT</p> <p><b>No later than:</b> 31 July 2022</p> <table border="1" data-bbox="1603 1110 2089 1257"> <tr> <td data-bbox="1603 1110 1850 1257"><b>Grade</b></td> <td data-bbox="1850 1110 2089 1257"><b>2</b></td> </tr> </table>		<b>Grade</b>	<b>2</b>
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## IT Network Arrangements

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Observation	Risk	Recommendation	Management Response			
<p><b>Architecture and Configuration</b>                      To make it easy to detect and investigate compromises and event logs should be enabled, and systems monitored to help you detect and investigate possible compromises. Logging and monitoring systems should be sufficiently separated so that it is hard for an attacker to hide their tracks by deleting or altering logs.</p> <p>We noted that centralised logging is in place for all servers and infrastructure, but not applied to critical workstations, e.g., Finance, Payroll, Student Records, central administration. Event logs which are enabled are shared with Jisc (who provide UK universities and colleges with shared digital infrastructure and services, such as the Janet network) who provide a monitoring and threat analysis service.</p>	<p>Common attacks and threats such as ransomware, malware, phishing, and drive-by downloads which originate at endpoints are not identified.</p>	<p><b>R6</b> A risk-based approach should be adopted to enabling critical logs to improve endpoint security. Examples of critical logs include:</p> <ul style="list-style-type: none"> <li>• Local user and group enumeration.</li> <li>• Logon attempts with local accounts.</li> <li>• Logon with explicit credentials.</li> <li>• Plug-and-play device connections (e.g., USBs).</li> <li>• Process creation.</li> <li>• File creation.</li> <li>• PowerShell providers loaded.</li> <li>• Script block logging.</li> </ul>	<p>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.</p> <p><b>To be actioned by:</b> Head of IT</p> <p><b>No later than:</b> 31 August 2022</p> <table border="1" data-bbox="1601 1109 2089 1257"> <tr> <td data-bbox="1601 1109 1850 1257">Grade</td> <td data-bbox="1850 1109 2089 1257">3</td> </tr> </table>		Grade	3
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## IT Network Arrangements

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### **Architecture and Configuration (continued)**

To make systems and data compromise and disruption difficult the potential attack surface should be reduced by removing or disabling configurations and features that aren't required. This should include applying secure configurations to end user devices to restrict the options available to an attacker.

Removable media is a popular attack vector for introducing malicious programmes into the computer network. Loss of USBs can also result in loss of potentially sensitive data and breach of data protection legislation.

We noted that there has been no formal assessment of business requirements for users' connecting input/output devices and removable media (including Smart phones and USBs) to College devices. The use of removable media, such as USBs, is currently unrestricted and there is no requirement to ensure that only encrypted USBs are used.

Whilst the College demonstrated an awareness of the risks arising from the use of removable media, and there is a desired IT policy objective to phase out the use of USBs across the entire IT environment, there remains a practical requirement for some students to maintain use of USBs at this time.

Our review also noted that the systems and services deployed across the College ICT environment eliminate the need for physically transferring data from one device / location to another via USBs. To reduce the risk of data loss the IT team has encouraged staff and students to use applications and services such as Office 365, Microsoft Teams, OneDrive, and remote access, which all have stronger document and access management controls.

Application whitelisting is the practice of specifying an index of approved software applications that are permitted to be present and active on a computer system. The goal of whitelisting is to protect computers and networks from potentially harmful applications. We noted that although whitelisting is not currently utilised, IT systems have been configured to prevent the installation and execution of unauthorised software and applications by employing process execution controls, for example disabling the 'Autorun' function on devices when removable media is inserted, and devices are scanned for virus/malware on first use.



## IT Network Arrangements

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### Vulnerability Management

The majority of cyber security incidents are the result of attackers exploiting publicly disclosed vulnerabilities to gain access to systems and networks. Attackers will, often indiscriminately, seek to exploit vulnerabilities as soon as they have been disclosed. So, it is important (and essential for any systems that are exploitable from the internet) to install security updates as soon as possible to protect your organisation. Some vulnerabilities may be harder to fix, and a good vulnerability management process will help you understand which ones are most serious and need addressing first.

As part of a vulnerability management process, manual testing methods (for example penetration testing or red team exercises) should be used in addition to automated tools. These methods simulate attacker behaviours to find vulnerabilities and prove that they can be exploited. This can provide a more accurate, point-in-time, assessment of how secure your systems are, and can also help give you confidence that your automated scanning tools are not missing important vulnerabilities.

Observation	Risk	Recommendation	Management Response			
<p>As noted at <b>R1</b>, known vulnerabilities, mitigations and resultant risks have not been formally recorded and prioritised in a risk register.</p> <p>Intrusion Detection System (IDS) and Intrusion Prevention System (IPS) should monitor all networks and host systems (such as clients and servers) supplemented as required by Wireless Intrusion Detection Systems (WIDS). These solutions should provide both signature-based capabilities to detect known attacks and heuristic capabilities to detect potentially unknown attacks through new or unusual system behaviour.</p> <p>A Security Information and Event Management (SIEM) solution supports threat detection, compliance and security incident management through the collection and analysis of security events. SIEM technology is a software application that assists IT staff to identify attacks before or as they occur, resulting in faster response times for incident response.</p>	<p>Vulnerabilities are not identified. Unusual or malicious network traffic or incoming and outgoing activity that could indicate an attack (or attempted attack) is not identified.</p>	<p><b>R7</b> Use manual testing methods (for example penetration testing or red team simulated cyber-attack exercises) in addition to automated tools, such as network IDS / IPS or SIEM, to test and obtain assurance that vulnerabilities are identified and managed.</p>	<p>As per previous response, the College is currently on-boarding with Jisc to introduce a managed SIEM. Penetration testing will be re-introduced.</p> <p><b>To be actioned by:</b> Head of IT</p> <p><b>No later than:</b> 31 July 2022</p> <table border="1" data-bbox="1655 1203 2103 1358"> <tr> <td data-bbox="1655 1203 1901 1358">Grade</td> <td data-bbox="1901 1203 2103 1358">3</td> </tr> </table>		Grade	3
Grade	3					



## IT Network Arrangements

**Objective 1: Review of the College's current position with regard to information and cyber security in order to advise on areas that should be addressed in line with the latest guidance produced by the NCSC, the UK Government's national technical authority for cyber security guidance and support. It also included consideration of the controls in place to mitigate the increased risks arising from home working as a result of the COVID-19 pandemic (continued).**

Observation	Risk	Recommendation	Management Response
<p><b>(continued)</b>                      The main difference between a SIEM and IDS is that SIEM tools allow the user to take preventive action against cyber-attacks whereas an IDS only detects and reports events.</p> <p>We noted that IDS / IPS or SIEM monitoring solutions are not currently deployed on the IT network, although at the time of our audit the College was considering adoption of a managed SIEM service offered by Jisc.</p> <p>The College has not undertaken any penetration testing since 2019 and targeted vulnerability scanning performed of the network or systems is not performed.</p>	<p>As above.</p>	<p>As above.</p>	

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## IT Network Arrangements

**Objective 1: Review of the College’s current position with regard to information and cyber security in order to advise on areas that should be addressed in line with the latest guidance produced by the NCSC, the UK Government’s national technical authority for cyber security guidance and support. It also included consideration of the controls in place to mitigate the increased risks arising from home working as a result of the COVID-19 pandemic (continued).**

### Identity and Access Management

Access to data, systems and services need to be protected. Understanding who or what needs access, and under what conditions, is just as important as knowing who needs to be kept out. You must choose appropriate methods to establish and prove the identity of users, devices, or systems, with enough confidence to make access control decisions. A good approach to identity and access management will make it hard for attackers to pretend they are legitimate, whilst keeping it as simple as possible for legitimate users to access what they need.

Observation	Risk	Recommendation	Management Response			
<p>In developing appropriate identity and access management policies and processes, ensure that these do not just cover systems within the College’s direct control, but also wherever College identities can be used (for example, websites or online services where staff create an account by using their work email address).</p> <p>IT have sight of all networked services which are accessed using approved staff user accounts and credentials, which are protected by multi-factor authentication (MFA) and encryption. Across the College, there may be instances where departments use third party systems or cloud services using College email addresses to set up accounts for those services which IT do not have full sight of. For College controlled services, an HR driven starter, leaver and change of role procedure is in place which allows IT to revoke or change user access when notified by HR. For third party or cloud services IT are reliant on line managers revoking or amending user access when staff leave or change role, however, there is no formal procedure or guidance to manage this process.</p>	<p>Staff put College security controls at risk of compromise by using the same College usernames and passwords for cloud and third-party systems.</p> <p>Unauthorised access to cloud and third-party systems by disgruntled members of staff resulting in data loss and reputational damage to the College.</p>	<p><b>R8</b> It is recommended that an audit of cloud and third-party systems in use across the College estate, which are not directly linked to College Active Directory or Office365 accounts, is undertaken to identify instances of staff using College logins and email accounts and put in place procedural guidance for line managers to revoke user access to such accounts, and for staff on good password management.</p>	<p>Agreed. IT are aware of a number of third-party and cloud based systems which are managed locally within Departments, where IT don’t control user accounts, and therefore can’t delete accounts of staff leavers etc. An audit of all systems would be beneficial. Procedural guidance for system owners will be prepared, and guidance for College staff on using college credentials for external systems will be reiterated.</p> <p><b>To be actioned by:</b> Project Support Officer (As part of Information Management Project)</p> <p><b>No later than:</b> 31 August 2022</p> <table border="1" data-bbox="1632 1230 2123 1348"> <tr> <td data-bbox="1632 1230 1883 1348">Grade</td> <td data-bbox="1883 1230 2123 1348">3</td> </tr> </table>		Grade	3
Grade	3					



## IT Network Arrangements

**Objective 1: Review of the College’s current position with regard to information and cyber security in order to advise on areas that should be addressed in line with the latest guidance produced by the NCSC, the UK Government’s national technical authority for cyber security guidance and support. It also included consideration of the controls in place to mitigate the increased risks arising from home working as a result of the COVID-19 pandemic (continued).**

### Incident Management

Incidents can have a huge impact on the College in terms of cost, productivity, and reputation. However, good incident management will reduce the impact when they do happen. Being able to detect and quickly respond to incidents will help to prevent further damage, reducing the financial and operational impact. Managing the incident whilst in the media spotlight will reduce the reputational impact. Finally, applying any lessons learned in the aftermath of an incident will mean the College is better prepared for any future incidents.

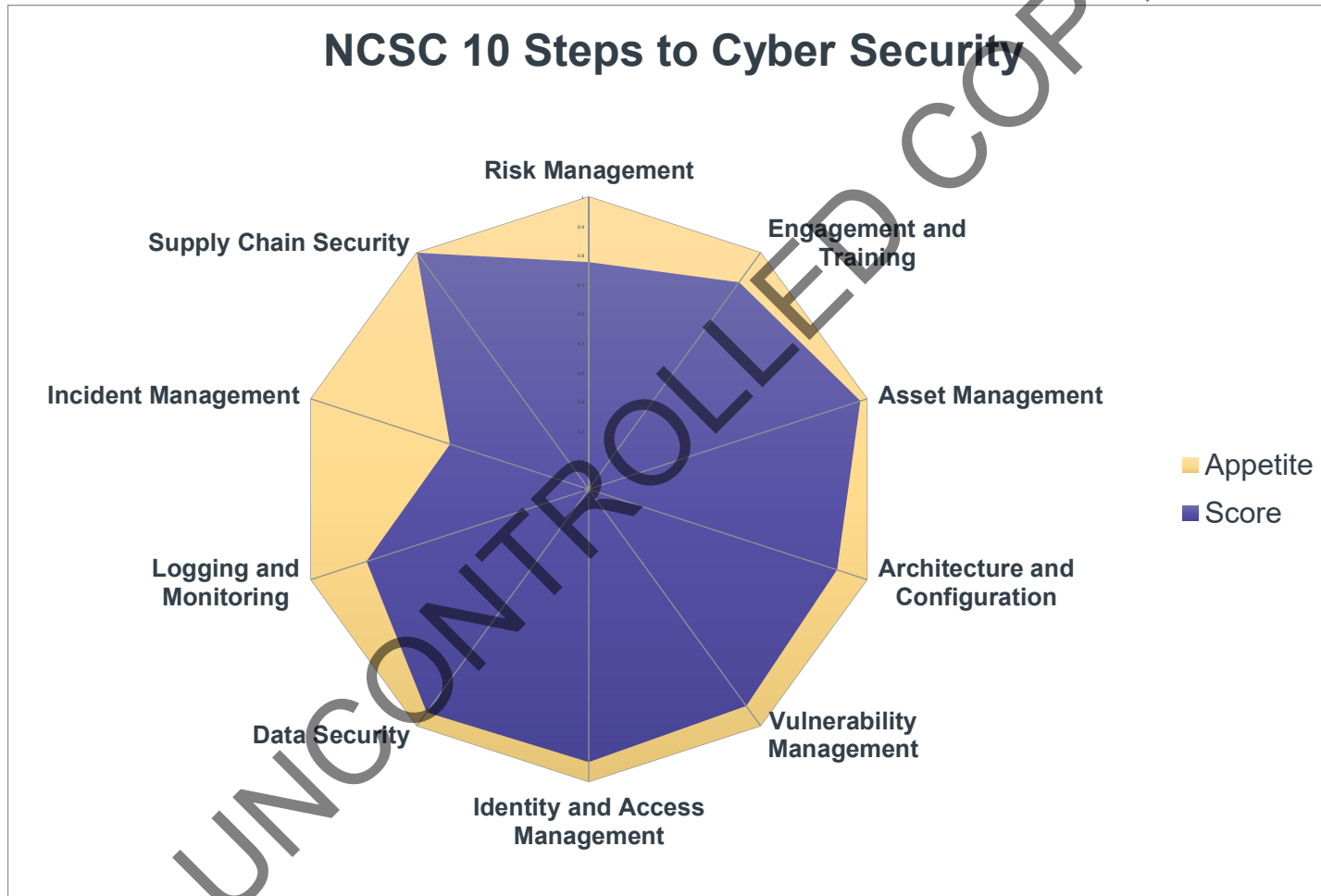
Observation	Risks	Recommendation	Management Response	
<p>The College Business Continuity Plan (BCP) contains several scenarios for the most likely types of incidents which could occur, including those which could affect the College’s information infrastructure. The BCP contains flowcharts which provide guidance on the key stages in the management of relevant scenarios, including, data / IT systems loss; loss of internet; and data breach. These incident flowcharts are supported by the College Business Impact Analysis (BIA) system which is designed to enable the prioritisation of recovery activities. These scenarios are high level and a more detailed approach to recovery from a loss of IT services or data is contained with the College’s Incident Response Plan. At the time of our audit, the Incident Response Plan had recently been drafted and the College recognised that the plan still required further development regarding arrangements for incident detection and to incorporate scenario playbooks for specific types of incidents. As a result, there has been no opportunity to test the Incident Response Plan, although the College BCP has been subject to regular desktop testing exercises.</p>	<p>Ineffective incident management can increase the impact of a cyber incident.</p> <p>An unpractised plan results in poor decisions being made under the pressure of a real incident.</p>	<p><b>R9</b> The Incident Response Plan should be finalised and communicated to all relevant staff and stakeholders to ensure that everyone’s roles and responsibilities are defined and understood. This should then be supported through appropriate training. The response plan should then be practised to ensure staff know how to respond during an incident, and to also highlight any problem areas in the planned response. Practises should also include restoring files from backups (see <b>R5</b>).</p>	<p>Agreed. The Incident Response Plan is currently in draft format, with advice on content gratefully received through this audit. Individual system RTOs are being tested on out air gapped test network. The plan will be finalised, shared appropriately and tested.</p> <p><b>To be actioned by:</b> Head of IT</p> <p><b>No later than:</b> 28 January 2022 for plan, 31 July 2022 for testing</p>	
			<p><b>Grade</b></p>	<p><b>2</b></p>



## IT Network Arrangements

### Appendix I – NCSC 10 Steps to Cyber Security

The Graphic below illustrates the College's current position, based on our assessment, in relation to the NCSC's 10 Steps to Cyber Security guidance.



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# Forth Valley College

**2020/21 Student Activity Data**

**Internal Audit report No: 2022/03**

**Draft issued: 10 November 2021**

**Final issued: 10 November 2021**



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# Management Summary

## Introduction

The Guidance Notes issued by the Scottish Funding Council (SFC) on 2 August 2021, '*FES Return and Audit Guidance 2020-21*' requested submission by Forth Valley College ('the College') of the FES return for session 2020/21, which includes the Credits data relating to College activity for the academic year 2020/21.

Guidance on completion of the 2020/21 return was issued by the SFC on 6 August 2020.

The Credits Audit Guidance requests that colleges obtain from their auditors their independent opinion on the accuracy of the FES return.

## Scope of the Audit

In accordance with the Credits Audit Guidance, we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

Our testing was designed to cover the major requirements for recording and reporting fundable activity identified at Annex C to Credits Audit Guidance, COVID-19 related guidance at Annex D and the key areas of risk identified in Annex E.

## Audit Staffing

An Audit Director with 28 years' experience in the further and higher education sectors had overall responsibility for the planning, control and conduct of the audit and supervised and reviewed work performed by a Manager and Auditor with 16 and 4-years' experience in the sector respectively.

The quality of audit work undertaken by the firm is enhanced through continuous review of procedures and the implementation of individual training programmes designed to address the needs of each team member.

The total number of audit days was 6, split 1 day for the Audit Director, 1 day for the Manager and 4 days for the Auditor.

## Audit Findings

The points that we would like to bring to your attention have been grouped together under the following headings to aid your consideration of them:

- Introduction
- Systems and Procedures for Compilation of Returns
- Analytical Review

The action that we consider necessary on each issue is highlighted in the text for clarity and an action plan for implementation of these recommendations can be found in section 2.

**Audit Findings (continued)**

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

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

**Conclusion**

Our report was submitted to the SFC on 2 November 2021. We reported that, in our opinion:

- the student data returns have been compiled in accordance with all relevant guidance.
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- on the basis of our testing, we can provide reasonable assurance that the FES return contains no material misstatement.

A copy of our Audit Certificate is included at Appendix I to this report.

**Acknowledgments**

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

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## Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date
2.4.2	<p><b>Systems and Procedures for Compilation of Returns</b></p> <p><b>Fee Waiver</b></p> <p><b>R1</b> In line with the College's internal procedures ensure that part-time fee waiver forms are retained in all cases to show the nature of the evidence presented by the students and to confirm that College staff have verified student eligibility.</p>	3	Through the audit it was found that in all cases the evidence to substantiate eligibility was stored, however the internal part-time fee waiver form was not available for all students. In the interim the importance of ensuring a part-time fee waiver form is stored for all eligible students will be stressed to the Student Records Team, however a review of our internal procedures will be undertaken prior to Session 2022-23 to establish if student eligibility can be verified without the need to complete a part-time fee waiver form.	Yes	Director of Operations / Student Records Co-ordinator	May 2022

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## Management Summary

### 1. Introduction

#### 1.1 SFC Guidance

1.1.1 The Credits Audit Guidance issued by the Scottish Funding Council (SFC) on 2 August 2021 sets out, at Annex E, the key areas of risk in relation to the preparation of the FES return. These are:

- identification of non-fundable activity, both courses and students.
- classification as higher education or further education.
- classification as full-time or other than full-time.
- identification and counting of infill students.
- allocation of Price Group code.
- capturing of enrolments and identification and recording of student withdrawals.
- allocation of Credit values.
- claims for related study.
- recording of fee waivers.
- recording of progress for students on open / distance learning programmes.
- claims for non-accredited work experience / placement; and
- claims for collaborative provision.

1.1.2 For academic year 2020/21 we established that there had been no significant changes to the systems and procedures used in the compilation of the returns. We then carried out detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily. Detailed analytical review was carried out, including a comparison with last year's data, and obtaining explanations for significant variations by Price Group.

1.1.3 As requested by the Credits Audit Guidance this report indicates: the scope of the audit; the approach taken; an indication of analytical review work performed; the extent of checking undertaken; the external data examined; review of prior year recommendations; and the main findings from our audit work. No errors were found during the course of the audit in the number of Credits claimed.

## 2020/21 Student Activity Data

### 2. Systems and Procedures for Compilation of Returns

#### 2.1 Introduction

- 2.1.1 Detailed testing at the year-end Credits audit included two main tests on courses and individual students.
- 2.1.2 The following tests were carried out for a sample of 15 courses selected from the UNIT-e system:
- a) Ensured that the course met the criteria for fundable activity set out in the Credits guidance.
  - b) Where applicable, ensured that the course met the definition of further or higher education set out in the Credits guidance.
  - c) Ensured that courses recorded as full-time met the definition for full-time as set out in the Credits guidance.
  - d) Checked the student total for a programme against course / class lists or course / class register. Checked calculation of the required date and ensured that students who had withdrawn prior to this date had been excluded from the Credits count; and
  - e) Checked allocation of Credits to courses is in accordance with the Credits guidance.
- 2.1.3 For a total of 87 students selected from the above courses the following tests were carried out, where applicable:
- a) Ensured that the student met the criteria for fundable activity set out in the Credits guidance.
  - b) Checked back to signed enrolment forms, or electronic equivalent, for the 2020/21 academic year.
  - c) For infill courses, ensured that Credits were allocated according to the modules attended by individual students rather than by the default value for the courses being infilled.
  - d) Checked to student attendance / engagement records and, for withdrawals (including a further sample of 15 full-time students who withdrew within two weeks after the Credits qualifying date), checked that the withdrawal date noted on the system was the last date of physical attendance; and
  - e) For students undertaking work experience ensured that the credits value had been calculated in line with the Credits guidance.
- 2.1.4 The following tests were carried out by reviewing records for all College courses:
- a) Confirmed that there were no claims for more than one full-time enrolment per student for 2020/21 and ensured that Credits had not been claimed in respect of courses that were related in respect of subject area, unless progression could be clearly established;
  - b) Confirmed that there were no claims for overseas students and students enrolled on full cost recovery commercial courses; and
  - c) Confirmed that Credits had not been claimed for distance learning students resident outwith Scotland.
- 2.1.5 It was confirmed by the College that no collaborative provision was undertaken during the year for which Credits were claimed and no such courses were identified during our audit testing. No further work was therefore required in this area.
- 2.1.6 Before signing our audit certificate, we reviewed the final FES online report and the explanations for remaining errors.
- 2.1.7 From our review and testing of the systems and procedures used in the compilation of the returns, we concluded that overall, they were adequate to minimise risk in the areas identified in Annex E of the Credits Audit Guidance and were working satisfactorily as described to us.
- 2.1.8 The remainder of this report discusses issues identified during our review of the 2020/21 student activity data.



## 2020/21 Student Activity Data

### 2. Systems and Procedures for Compilation of Returns (continued)

#### 2.2 Distance Learning

- 2.2.1 The Credits guidance states that the number of Credits claimed for distance learning provision should be commensurate with the **college** staff time spent on developing and delivering the course. The Credits audit guidance requires that colleges should have procedures to agree the likely duration of study for open / distance learning programmes. Records of work of such students which record formal progress against a schedule with milestones agreed at enrolment must be maintained.
- 2.2.2 The Credits guidance also notes that in cases where the units delivered do not have a credit value, the fundable credits should be derived based on the planned learning hours divided by 40 (1 Credit = 40 hours of learning). Planned learning hours should represent a realistic and sensible estimation of the number of hours that students will normally be required to undertake in their programme of learning.
- 2.2.3 Our sample of courses selected for testing in 2020/21 included two flexible learning courses, Introduction to Care, Sport and Construction and Introduction to Creative Industries, Hospitality and Tourism where the College claimed 1 Credit per student for those who completed the courses, 1,772 and 1,495 respectively. The course framework provided by the College from its Curriculum Planning system showed course start dates of 10 June 2021 and end date of 31 July 2021, and 36 planned learning hours for each course. College management advised that the courses were developed to prepare students for remote learning at college or university, offered through its website, and delivered online to anyone who may be considering entering college or university. These are generic courses which introduce a range of tools which are commonly used to support remote learning. The course content on the Moodle learning management system noted that the courses comprised 36 planned learning hours and were designed to cover using MS Teams (8 hours), Moodle (8 hours), Office 365 (16 hours), and OneNote Classroom (4 hours), with the remainder of the time to make up the 40 hours required for one Credit comprising learning support and assessment time. In 2019/20, we reported a similar Introduction to Remote learning course delivered by the College, although in 2019/20 we noted that the College had not clearly identified the estimated number of hours that students should take to complete each element of the course, which it has now done for 2020/21.
- 2.2.4 Taking a strict interpretation of the wording of the Credits guidance, the Credits claimed for these courses did not appear to meet the SFC requirement that the Credits should be commensurate with the **college** staff time spent on developing and delivering the course. In 2019/20, we sought clarification from the SFC on this point with its response indicating that it recognised the current exceptional circumstances giving rise to a higher volume of distance learning activity and that the claim was acceptable for 2019/20, although the SFC would be monitoring activity in this area more closely in the years ahead. For 2020/21 we obtained confirmation from the SFC that there was no change to its guidance in this area and that the claim would be acceptable for 2020/21 on the basis that a 40-hour course delivered by distance learning on College systems would be worth 1 credit.





## 2020/21 Student Activity Data

### 2. Systems and Procedures for Compilation of Returns (continued)

#### 2.3 European Social Funds

- 2.3.1 In relation to European Social Funds (ESF), for a sample of 10 students selected from the College's ESF funded programmes, testing was carried out on the College's systems for administering the additional funding, in line with conditions of grant. This included:
- a) reviewing the eligibility of students flagged for ESF Credits;
  - b) ensuring that supporting documentation was held for ESF students, including: a completed participant form; proof of nationality; proof of permanent residence; and appropriate notification issued to the student; and
  - c) ensuring that Credits are only claimed for completed modules.
- 2.3.2 Audit testing of an initial sample of 10 students where ESF credits were being claimed identified that participant forms were available for all students but that the forms were signed by the student in only six instances and that none were signed by the College. Discussions with College staff noted that there had been difficulties in collecting signed ESF participant forms due to students not being on campus, and difficulties in staff physically signing forms due to staff working remotely from home. The College process was that forms approved by the College are held in separate folders on College systems and marked as approved. Guidance issued by the SFC to colleges in May 2021 noted that the European Commission had not relaxed any evidence requirements however advised that the SFC would not seek to recover funding from any institution due to their inability to collect 'wet' signatures and other required in-person evidence. The SFC however reiterated that institutions should work towards gathering as much compliant evidence as possible within the limitations of the Scottish Government public health advice on COVID-19. Whilst fully signed participant forms were not provided for our sample students, and national insurance numbers had been requested but not received in four instances, this has been accepted as not being out of line with the SFC guidance issued for 2020/21. No further issues regarding the evidence gathered were identified.

#### 2.4 Fee Waiver

- 2.4.1 For audit purposes all students must demonstrate their eligibility for a fee waiver by providing appropriate documentary evidence. The College must view this evidence prior to fee waiver grant being claimed. It is the responsibility of the College to verify that students have produced appropriate evidence and the College should be able to provide summary details of the nature of the evidence presented if requested. However, the College does not need to retain copies of the evidence.
- 2.4.2 We reviewed the systems for recording fee waiver entitlement and carried out an analytical review to ensure the accuracy of the fee waiver element of the FES return. A random sample of 10 part-time fee waiver students was selected from the FES data and, for two of these, no fee waiver form could be found summarising the nature of the evidence presented and that College staff had verified fee waiver entitlement. Enrolment forms indicated that the College had verified entitlement to fee waiver and in one case documentation was available which confirmed student eligibility although under a different part-time fee waiver code. A further sample of two students was selected with fee waiver forms and supporting evidence available in both instances.

#### Recommendation

**R1** In line with the College's internal procedures ensure that part-time fee waiver forms are retained in all cases to show the nature of the evidence presented by the students and to confirm that College staff have verified student eligibility.



## 2020/21 Student Activity Data

### 3. Analytical Review

3.1 The analytical review by Price Group for the current year, included at Appendix II of this report, showed significant variances in Price Groups 1, 2 and 3. These were discussed with College management. The explanations we received provided us with additional assurance that the Credits claim does not contain material errors:

- Price Group 1: increase of approximately 1,200 Credits due to the addition of a number of new courses in relation to Young Persons Guarantee and National Transition Training Fund. This added 650 Credits and included courses such as Fast Track HNCs in Business and Police Studies, along with Skills Boost courses. There were also two additional cohorts of full time Business courses, which added 350 Credits, and finally additional recruitment for a Numeracy for Healthcare course added a further 200 Credits, due to the course being recognised by Napier University as a pre-requisite for entry to their Nursing courses.
- Price Group 2: decrease of approximately 4,800 Credits due to not running STEM Primary Engagement Courses as a result of Covid-19, which accounted for 1,700 Credits. Similarly, there were a range of courses for High School pupils that could not run due to Covid-19 which accounted for a further 700 Credits, along with a reduction in update of ECDL from school pupils, which accounted for a further 500 Credits. A large proportion of the College's evening course provision also falls in this price group, which accounted for a reduction of 700 Credits due to courses not running or running with smaller class sizes due to Covid-19 restrictions. Beyond this, there were two less occurrences of HNC Childcare and Administrative Practice, accounting for 550 Credits, and across a range of Business, Creative Industries, Salon Services and Computing courses, both at FE and HE levels, there was a drop of 650 Credits due to cancelled course occurrences or lower-class sizes.
- Price Group 3: increase of approximately 4,500 credits due to an increase within this price group relating to Credits claimed for deferred students related to Covid-19, which amounts to 2,500 Credits. This spans over a number of areas of Engineering and Construction which rely predominantly on workshop activities, which were not possible during lockdown in 2019/20. A further 500 Credits relates to the College being successful in securing delivery for ECITB. Another 500 Credits relate to new NPA courses within Construction for school pupils, with a further 600 Credits added through additional full time course occurrences within Construction, and a further 400 Credits through additional part-time apprenticeship Engineering course occurrences.



## Appendix I – Copy of Audit Certificate

Forth Valley College  
Grangemouth Road  
Falkirk  
FK2 9AD

2 November 2021

Dear Sirs

### **Auditor's Report to the Members of the Board of Management of Forth Valley College**

We have audited the FES return which has been prepared by Forth Valley College under SFC's Credit Guidance for colleges issued 6 August 2020 and which has been confirmed as being free from material misstatement by the College's Principal in his Certificate dated 25 October 2021. We conducted our audit in accordance with guidance contained in the 2020-21 audit guidance for colleges. The audit included an examination of the procedures and controls relevant to the collection and recording of student data. We evaluated the adequacy of these controls in ensuring the accuracy of the data. It also included examination, on a test basis, of evidence relevant to the figures recorded in the student data returns. We obtained sufficient evidence to give us reasonable assurance that the returns are free from material misstatement.

In our opinion:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- on the basis of our testing, we can provide reasonable assurance that the FES return contains no material misstatement.

Stuart Inglis  
Director  
For and on behalf of Henderson Loggie LLP  
Chartered Accountants  
Dundee Office  
[stuart.inglis@hlca.co.uk](mailto:stuart.inglis@hlca.co.uk)

2 November 2021

Date FES returned: 7 October 2021



Appendix II – Price Group Analytical Review 2019/20 and 2020/21 – Figures

Price Group	2019/2020	2020/2021	Variance	Variance
	Credits	Credits	Credits	%
1	10,663	11,876	1,213	11.4
2	38,291	33,446	(4,845)	(12.7)
3	31,551	36,066	4,515	14.3
4	3	0	(3)	0
5	6,009	5,841	(168)	(2.8)
	<b>86,517</b>	<b>87,229</b>	<b>712</b>	<b>0.8</b>
<b>Total Target Activity</b>		<b>87,087</b>		
<b>Including ESF Target Activity of:</b>		<b>1,686</b>		
<b>ESF Actual Activity</b>		<b>2,175</b>		



Appendix III – Price Group Analytical Review 2017/18 to 2020/21 – Graph



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Appendix IV – Updated Action Plan – Student Activity Data 2019/20

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date	Progress at October 2021
<p><b>Systems and Procedures for Compilation of Returns</b></p> <p><b>Distance Learning</b></p> <p><b>R1</b> The College should ensure that a schedule of milestones agreed at enrolment is maintained for all distance learning programmes. This should include a record of the estimated amount of time that students are expected to take to complete each element of the course, to evidence eligibility of the Credits value claimed.</p>	<p><b>2</b></p>	<p>As per Credit guidance, for non-credit rated units, an estimate of planned learning hours is used as the basis for claiming Credits. This information is recorded within the College’s Curriculum Planning System. For FES/Credit purposes there is no need, or mechanism, for recording granular information below unit level, nor is this level of granularity required for any College purpose.</p> <p>Consideration will be given to how College systems can be adapted / built to capture this additional granular information with the minimum of additional work for College staff.</p>	<p>Yes</p>	<p>Vice Principal Information Systems / Learning Services Co-ordinator</p>	<p>May 2021</p>	<p>As noted at paragraph 2.2.3 of this report, the course content on the Moodle learning management system for similar flexible learning courses run in 2020/21 now includes a breakdown of the planned learning hours for each element of the course. As these are only short courses no further milestones have been set.</p> <p><b>Fully Implemented</b></p>

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2020/21 Student Activity Data

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date	Progress at October 2021
<p><b>Part-Time Fee Waiver</b></p> <p><b>R2</b> In order to accurately capture the part-time fee waiver status of students the format of the part-time fee waiver form should be amended to include separate fields for Job Seekers Allowance and Universal Credit and the associated source of finance codes.</p>	<p><b>3</b></p>	<p>The College's part-time fee waiver form will be amended to reflect the separation of Job Seekers Allowance and Universal Credit, which used to be reported together.</p>	<p>Yes</p>	<p>Student Records Manager</p>	<p>December 2020</p>	<p>The College has updated the fee waiver form to include separate fields for Job Seekers Allowance and Universal Credit.</p> <p><b>Fully Implemented</b></p>

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# Forth Valley College

**Student Support Funds 2020/21**

**Internal Audit report No: 2022/04**

**Issued: 10 November 2021**



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# Management Summary

## Introduction

Colleges receive **Discretionary Funds** from the Scottish Funding Council (SFC) and the Student Awards Agency for Scotland (SAAS) to provide financial help for students where access to, or continuance in, further or higher education would otherwise be denied due to financial hardship. The maximum payable from both the Further Education Discretionary Fund and the Higher Education Discretionary Fund is normally £4,000 however, as in 2019/20, this limit was relaxed for 2020/21 to allow additional support to be given to students financially impacted by COVID-19.

**Childcare Funds** sit alongside the Discretionary Funds to provide assistance with the cost of formal childcare expenses. From academic year 2011/12, childcare funds for higher education students formerly allocated to colleges by SAAS, were transferred to the SFC who now allocates childcare funding direct to colleges for all eligible further and higher education students. No limit is placed on the amounts individuals can access and colleges have the flexibility to determine award levels themselves. Priority must however be given to lone parents, part-time students and mature students when allocating funds from the Further Education Childcare Fund.

The Discretionary and Childcare Funds must be administered, and payments made, in accordance with SFC and SAAS guidelines.

**Bursary** funds are given to students at the discretion of a college to help maintain that student in their education beyond their compulsory school leaving date. An award can include allowances that cover a student's maintenance, travel and study costs. Colleges can also use bursary funds for allowances to cover costs incurred by a student due to an additional home, their dependants and / or special education needs.

Colleges must apply the terms of the National Policy for Further Education Bursaries, together with applicable legislation and supplementary letters issued by the SFC, when using the funds allocated to them for bursary purposes. The policy sets out the minimum criteria, maximum rates and minimum contribution scales that a college must apply in allocating bursary funds, however, a college may vary the terms of the policy by imposing additional eligibility criteria or conditions. Figures used within the policy to calculate a student's award may be varied, but only in order to reduce the value of an award, although where a college chooses to supplement bursary funds from its own resources it may use the additional resources as it sees fit.

**Education Maintenance Allowances (EMAs)** provide financial support for 16- to 19-year-olds from low income households who are attending non-advanced full-time education at school, college or are home educated. Eligible students receive £30 per week, which is targeted at young people from the lowest income families.

EMAs must be administered, and payments made, in accordance with SFC and Scottish Government guidelines.

## Audit Scope

For the 2020/21 academic year three specific fund statements were required for audit:

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

## Audit Objectives

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- The information disclosed in each of the returns for the year ending 31 July 2021, is in agreement with underlying records.

## Audit Approach

The audit approach included:

- Reviewing new guidance from SFC, SAAS and the Scottish Government, including additional guidance issued in response to the COVID-19 pandemic, and identifying internal procedures;
- Agreeing income to letters of award;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing College analysis spreadsheets for large or unusual items, obtaining explanations where necessary; and
- Carrying out detailed audit testing, on a sample basis, on expenditure from the funds.

Audit guidance issued by the SFC was utilised.

## Findings and Conclusions

We were able to certify all fund statements for the year and submit these to the appropriate bodies, without reservation.

Copies of the fund statements and audit certificates are provided at appendices I to III of this report.

## Acknowledgments

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



**Appendix I - Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return and Audit Certificate**

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**Appendix II - Higher Education Discretionary and Childcare Fund Return and Audit Certificate**

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Appendix III – Education Maintenance Allowance Return and Audit Certificate

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**Our ref:** FORT250/DA/STI

**Your ref:**

Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

1 November 2021

Dear Sirs

**Forth Valley College  
Discretionary Fund, Childcare Fund and Bursary Return 2020/21**

On behalf of our above named client, we attach the audited Discretionary Fund, Childcare Fund and Bursary Return for the academic year 2020/21.

Should you have any queries regarding the attached please do not hesitate to contact us.

Yours faithfully



Stuart Inglis  
Director  
For and on behalf of Henderson Loggie LLP  
Chartered Accountants  
Dundee Office  
stuart.inglis@hlca.co.uk

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**Our ref:** FORT250/DA/STI

**Your ref:**

Student Awards Agency for Scotland  
Saughton House  
Broomhouse Drive  
Edinburgh  
EH11 3UT

3 November 2021

Dear Sirs

**Forth Valley College  
Higher Education Audited Fund Accounts Return 2020/21**

On behalf of our above named client, we attach the audited HE Fund Accounts Return for the academic year 2020/21.

Should you have any queries regarding the attached please do not hesitate to contact us.

Yours faithfully



Stuart Inglis  
Director  
For and on behalf of Henderson Loggie LLP  
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Our ref: FORT250/DA/STI

Your ref:

Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

1 November 2021

Dear Sirs

**2020/21 Education Maintenance Allowance  
Forth Valley College**

In accordance with the Scottish Funding Council's EMA audit guidance we attach an 'Auditors' Report' in relation to the above College's EMA Academic year-end statement for 2020/21 (copy attached).

Should you have any queries regarding the attached please do not hesitate to contact us.

Yours faithfully



Stuart Inglis  
Director  
For and on behalf of Henderson Loggie LLP  
Chartered Accountants  
Dundee Office  
stuart.inglis@hlca.co.uk

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Our ref: FORT250/DA/STI

Your ref:

Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

1 November 2021

Dear Sirs

**Forth Valley College: Education Maintenance Allowance Return  
Auditors' Report to the Scottish Funding Council (SFC) for the period from 1 August 2020  
to 31 July 2021**

We have examined the books and records of the above College, including evidence of checks of five per cent of applications and payments, with a sample size appropriate to the size of the institution, and have obtained such explanations and carried out such tests as we considered necessary.

On the basis of our examination and of the explanations given to us, we report that the information set out in these forms is in agreement with the underlying records.

We also report that, in our opinion, the College used these funds in accordance with the SFC's conditions and the principles of the Education Maintenance Allowance programme.

We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate.

Yours faithfully



Stuart Inglis  
Director  
For and on behalf of Henderson Loggie LLP  
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**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.

**4. Summary of Changes**

As reported at the meeting of 9 September 2021, all but 7 audit recommendations had reached a stage the College considered to be complete.

The recommendations from the reports presented in September 2021 have been added to the tracker.

The attached annex contains an update on progress against recommendations. Proposed changes to completion dates are highlighted in red, with many changes related to the change in dates related to the Strategic Plan and Board session in February 2022.

The table below represents a summary of the current position of the recommendations as at November 2021.

	No Priority	Priority 1	Priority 2	Priority 3	Total
Live within date	2	0	3	1	6
Live recommendation passed implementation date	3	0	0	1	4
Completed since last report to Committee	1	0	1	1	3

**5. Financial Implications**

There are no unexpected financial implications expected.

6. Equalities

Assessment in Place? – Yes  No

Monitoring of audit recommendations does not require equalities assessment. Where a recommendation does have an equalities impact through the amendment to policy, each individual policy will be assessed in line with College procedure.

7. Risk

Please indicate on the matrix below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

	Likelihood	Impact
Very High		
High		
Medium		
Low	X	X
Very Low		

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

Risk Owner – Alison Stewart

Action Owner – Stephen Jarvie

8. Other Implications –

Please indicate whether there are implications for the areas below.

Communications – Yes  No

Health and Safety – Yes  No

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	Estates Maintenance	Aug-20	Alison Stewart	Alison Stewart	The College should review its strategic, governance and corporate oversight to identify a management group and / or a sub-committee of the Board that has a formal defined responsibility for the estates function to ensure that it maintains current teaching capability and any risks associated with the ability to maintain delivery of the curriculum are identified and mitigated.	This recommendation matches requests from the Board to ensure capital utilisation and maintenance is monitored. The Board Chair and Board Secretary have had discussions around how best to achieve this. Recommendations and a remit for this work will be taken to the Board of Management for consideration and approval in February 2021.	3	November 21 - The planned strategic event did not take place as planned. Once the strategic Plan 2025 is approved in February 2022 consideration will be given to committee structures and implemented from August 2022. May 21 - with the cancellation of the February 2021 strategic session, the completion date for this recommendation has been changed to December 2021 to allow for consideration by members at the rescheduled Board strategic sessions November 2021. November 2020 - No update at this time as this recommendation will be considered at the February 2021 Board Strategic session	31/12/2021 Agreed May 2021	31/08/2022		
2	Externally Facilitated Effectiveness Review	Feb-21	Ken Thomson	Alison Stewart	Leadership and Strategy - As part of the strategic planning process which is scheduled for later in 2021 the Board should consider mapping the ongoing and planned initiatives and projects with local, regional and national priorities and defining performance metrics which will allow internal and external reporting on the impact which these initiatives and	Mapping exercise to be conducted and workshop to be included in Strategic planning session scheduled for October 21.		November 2021 - Discussed at meeting on 4 November and will be discussed more fully at Strategic Event in February 2022. Aug 21 - Owing to availability of Board members, this session has now been scheduled for November 2021 where the mapping exercise will be considered.	31/12/2021 Agreed September 2021	31/03/2022		
3	Externally Facilitated Effectiveness Review	Feb-21	Ken Thomson	Kenny MacInnes	Quality of the Student Experience - Consideration should be given to the production of a "You said – We did" feedback document which would capture the outputs from the student surveys and Feedback Fridays and would showcase the work which is being progressed to address the issues raised	Feedback mechanisms (including recurring timescales) to be developed. These will be presented to the Learning & Student Experience Committee and thereafter distributed to students by FVSA.		Nov 21 This is currently work in progress. Engagement with L&Q and the FVSA is on-going to implement the correct document format and process. On target. Aug 21 - On-going. On target for completion	30/11/2021			
4	Externally Facilitated Effectiveness Review	Feb-21	Ken Thomson	Kenny MacInnes	Quality of the Student Experience - The role and remit of the Corporate Parenting Planning Group should be revisited to ensure that it is fit for purpose and an explicit reporting line to the Learning and Student Experience Committee should be established	Remit will be reviewed and reporting link to Learning & Student Experience Committee established.		Nov 21 - Complete. Corporate Parenting plan has been launched. Action tracker launched. Action owners will report into Action group on a bi-annual basis. Aug 21 - On-going. On target for completion	30/10/2021			Yes
5	Externally Facilitated Effectiveness Review	Feb-21	Ken Thomson	Alison Stewart	Accountability - An exercise should be conducted, ideally as an integral part of the strategic planning exercise, to revisit the Board's risk appetite for the various categories of risk on the College's Strategic Risk register. This should be done in such a way that future reporting to the Audit Committee can highlight residual risks which are sitting above the stated	A risk workshop regarding risk appetite will be held and the risk register will be considered at the strategic planning session in October 21.		Nov 21 - Strategic Planning session has been delayed until February 2022. Aug 21 - This will occur at the November 2021 Board session referred to above	31/12/2021 Agreed September 2021	25/02/2022		
6	Externally Facilitated Effectiveness Review	Feb-21	Ken Thomson	Ross Martin	Effectiveness - The Chair of the Board of Management should explore ways in which staff and student input can be captured and fed into the process to set the annual objectives for the Principal.	The Chair will have this in place by the end of the current academic year		Nov 21 - No further update at this time Aug 21 - The Chair will utilise his existing links with the Student Association (and through them class reps – 201 reps in 2020/21) as well as with College trade union reps to gain an insight into opportunities for development/areas of concern and feed this into his objective setting considerations for the Principal.	30/08/2021	31/12/2021 Agreed September 2021		
7	Externally Facilitated Effectiveness Review	Feb-21	Ken Thomson	Board	- As part of the development of the Strategic Plan the Board should develop a consensus around partnerships and collaborations with entities who are involved in fossil fuels and explain this in a way which makes it clear to stakeholders how this stance can be aligned with the Net Zero and decarbonisation agenda.	The Board will discuss this at the next strategic planning session and develop an Ethical Policy.		Nov 21 - Strategic Planning Session has been delayed until February 2022 and final approval likely in April 2022. Aug 21 - The Strategic Planning session has been scheduled for November owing to Board members availability. Given this and the need to develop the policy following Board input, the completion date for this recommendation will need to be revised to 24 February 2022.	24/02/2022 Agreed September 2021	30/04/2022		
8	Health and Safety	Sep-21	David Alison	Marc McCusker	The College should ensure that all health and safety policies and procedures (as noted in Appendix 1 of the audit report) are reviewed and updated	The College actively works to keep all Health and Safety policies and procedures up to date and reviewed at agreed intervals or on a significant change. There is an acceptance with the points raised in relation to updating headers and footers on documents and to ensure continual improvement this admin exercise has commenced. It is acknowledged that due to the urgent priority that the pandemic brought and with reduced occupancy in campus it allowed for some review dates to be exceeded. The College's Health and Wellbeing at Work Strategic Commitment (April 2017) will be reviewed by the H&S committee and HR Committee	3	November 21 - Completed	01/11/2021			Yes
9	Health and Safety	Sep-21	David Alison	Ralph Burns/Marc McCusker	Management should review all new staff records to ensure they have completed all mandatory training requirements within their probationary period. The root cause as to why staff records were not created on My Employee Record should be identified and a mitigating control established, such as a checklist for HR managers to check these have been established and mandatory training is completed before probationary periods are complete.	The College is in agreement with R2 and is making adjustment to reflect the required changes. The College will review the process of identifying mandatory training for all staff to develop a matrix of mandatory training by role profile, which will be linked to staff records. A suite of reports will be developed to identify outstanding mandatory training, and when training is due to lapse, including alerts to line managers and HR managers. Completion of mandatory training will be monitored through LMT on a regular basis. Health and Safety will be added to the College risk register, and there will be a review of current processes to ensure that student Health & Safety training is being effectively recorded.	2	Nov 21 - Progress has been made, and all mandatory training courses have been re-written within Moodle to ensure they are functioning correctly and capturing details of when a member of staff completes. Work has begun on developing more comprehensive reporting.	31/03/2022			
10	Health and Safety	Sep-21	David Alison	Ralph Burns/Marc McCusker	A more 'joined-up' approach between HR and H&S is required to ensure that H&S training needs are identified and delivered in a cost-effective manner. A process should be developed to ensure that HR and H&S teams review all specialised H&S training requests to determine need and in-house provision. All H&S training should be reported to HR using the SDAF. No H&S training should be approved without due diligence over SDAF forms by the H&S Team. Management should identify the H&S skills and knowledge needed for staff to do their job in a safe way. This could take the form of a skills matrix based on job roles that details the mandatory and desired H&S training requirements. The process for reporting H&S training needs to HR and H&S should be defined in policies for staff awareness, including that training needs be identified from completing risk assessments and who to communicate needs to.	Please see above response	2	Nov 21 - Progress has been made, and all mandatory training courses have been re-written within Moodle to ensure they are functioning correctly and capturing details of when a member of staff completes. Work has begun on developing more comprehensive reporting.	31/03/2022			

11	Health and Safety	Sep-21	David Alison	Ralph Burns/Marc McCusker/Helen Young	A process for reporting refresher training compliance rates from across the College should be developed with quarterly reports provided to the HR Committee in line with good practice. H&S refresher training compliance rates should also be reported quarterly to the H&S Committee and H&S Operational Committee in support of their remits. Any gaps in compliance should be identified and support provided where necessary by the H&S Team. A process for reporting H&S training completed by a named 'Competent Persons' should also be developed, such as reports from My Employee Record. The Competent Person list should also be updated.	The College acknowledges the recommendation and will strive to verify the data received to ensure accurate data submissions and trend analysis are carried out. Links between both H&S and HR to be established and developed further as necessary Aim to obtain and retain credible data to develop a reporting structure to ensure overall compliance and reporting to the relevant committees. Further development of Moodle courses for new starts	2	Nov 21 - Progress has been made, and all mandatory training courses have been re-written within Moodle to ensure they are functioning correctly and capturing details of when a member of staff completes. Work has begun on developing more comprehensive reporting. Completion date revised to be in line with the previous two recommendations. The original completion date was incorrect.	01/11/2021			
12	Health and Safety	Sep-21	David Alison	Marc McCusker/Unions	The Health, Safety, Environment and Welfare Policy (published June 2020) should be updated with details of the mandatory and refresher training requirements and accountabilities for non-compliance should also be clearly documented. The process for requesting specialised training in line with updates made to processes in R3 and documented in the Health, Safety, and Environmental policy. The Contractor induction form should also be version controlled in line with good practice.	Version date is 2020 with document review date of 2023 but due to the significant change in circumstances not only relating to Covid 19 but the Scottish Government environmental change the policy is being reviewed and will be discussed with the Trade Unions once they return from the summer break prior to approval. The College advises that it will work with all relevant parties to agree an updated policy that encapsulates recommendation R5 The College acknowledge the version control footer and has since been updated.	3	Nov 21 - Policy is under review.	03/01/2022			
13	Health and Safety	Sep-21	David Alison	Marc McCusker	The College should ensure that risk assessments are completed as required, they should also be reviewed, and updated on time. The H&S Committee should be provided with regular reports detailing the level of compliance with updating risk assessments and be informed where there are areas of significant non-compliance with their regular review and	Please see management response to item 9 above	2	Nov 21 - Completed	01/10/2021			Yes

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**1. Purpose**

To present members with the Strategic Risk and Springback Project specific risk registers for the College.

**2. Recommendation**

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

**3. Background**

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

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

**4. Changes to the risk register**

**Strategic Risk Register**

There have been no significant changes to the register.

**Springback Risk Register**

With the commencement of a range of mitigating actions, some scores has been reduced to reflect this work.

**5. Equalities**

Assessment in Place? – Yes  No

If No, please explain why – 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.

Please summarise any positive/negative impacts (noting mitigating actions) – Not Applicable

---

6. Risk

	Likelihood	Impact
Very High		
High		
Medium		
Low	X	X
Very Low		

Please describe any risks associated with this paper and associated mitigating actions – Risk continues to be comprehensively managed and reviewed across the College on an ongoing basis.

Risk Owner – Ken Thomson

Action Owner – Ken Thomson

7. Other Implications –

Please indicate whether there are implications for the areas below.

Communications – Yes  No

Health and Safety – Yes  No

Paper Author – Stephen Jarvie

SMT Owner – Ken Thomson

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Forth Valley College Strategic Risk Register

Risk Management and Mitigation						Owners				Initial Risk Score			Score After Mitigation			Change to score since last meeting	Date Added and Date Updated
No	There is a real or perceived risk that...	Causes	Potential Consequences	Mitigating Actions	Actions/Progress to Date	College Committee	Board Committee	SMT Risk Owner	Action Owner	Likelihood	Impact	Risk Score	Likelihood	Impact	Risk Score		
1	We are unable to maintain financial sustainability	<ul style="list-style-type: none"> <li>- Political/regulatory changes</li> <li>- Changes in funding streams</li> <li>- Insufficient funding from Scot Gov/SFC to support core College activities</li> <li>- SFC new funding model potentially</li> <li>- Failure to meet commercial or student enrolment targets</li> </ul>	<ul style="list-style-type: none"> <li>- Inability to deliver high quality learning</li> <li>- Inability to react to changing economic and local environment</li> <li>- Inability to maintain College infrastructure</li> <li>- Impact on College performance indicators</li> <li>- Reputational Damage</li> </ul>	<ul style="list-style-type: none"> <li>- Principal and Chair represented on sector groups to lobby SFC/Scottish Government</li> <li>- Director of Business Development has strategic relationships with key stakeholders</li> <li>- Regular reporting on financial position to Leadership Team, Finance Committee and the Board</li> </ul>	<p>Nov 21 - No further update from SFC. Awaiting Scottish Government budget announcements in Dec 21. SMT working on a number of scenarios for savings/efficiencies.</p> <p>August 21 - All instructor assessors have been converted to lecturers. Applications/Enrolments for FA and HEI courses for 21/22 are down. Both of which will put pressure on the 21/22 Budget. SFC Financial Forecast Return (FFR) request issued in August 21 states that forecasts for 21/22 should be prepared on the basis of FA are funded from core credits which is in effect a cut in funding of over £1m. LMT away day scheduled for end of September to formulate action plan to address potential changes in funding.</p> <p>May 2021 - Funding allocation for 21/22 is positive and was presented to the Board in April 21. Work on medium term planning is underway and will be presented to FC &amp; Board in June 21.</p>	LMT	F	P	VPFACA	VH	VH	25	H	VH	20		Apr-21
2	We are unable to maximise the long term return on investment on the College estate	<ul style="list-style-type: none"> <li>- Insufficient capital maintenance funding from SFC</li> <li>- Changes in working practices impact on demand</li> </ul>	<ul style="list-style-type: none"> <li>- We are unable to maintain our estate to an acceptable standard</li> <li>- Impact on Student Experience</li> <li>- Creation of backlog maintenance</li> <li>- Loss of commercial income</li> </ul>	<ul style="list-style-type: none"> <li>- Effective monitoring of lifecycle maintenance programme</li> <li>- Continue to secure best value for TFM contract</li> <li>- Development of commercialisation strategy</li> <li>- Review of campus utilisation</li> </ul>	<p>Nov 21 - Highest priority lifecycle maintenance needs are being met through our 2021/22 Capital allocation.</p> <p>Aug 21 - Highest priority lifecycle maintenance needs are being met through our 2021/22 Capital allocation. Agreed appointment of Commercialisation and Skills Director with role to maximise Estates activity.</p> <p>Apr 21 - Available capital allocation has been prioritised to cover the highest priority lifecycle maintenance in AY 21/22. Lifecycle maintenance for the next 5 years, particularly for Alloa and Stirling, is being reviewed by Head of Estates. There are quarterly review meetings of our TFM contract to ensure best value.</p>	LMT	F	P	VPIC	H	VH	20	H	VH	20		Apr-21
3	National bargaining adversely impacts College staffing relationships and finances	<ul style="list-style-type: none"> <li>- National bargaining process removes ability to implement local agreements</li> <li>- Issues at national level can impact on local union relations</li> </ul>	<ul style="list-style-type: none"> <li>- Impact on staff morale due to delay in implementation of pay awards/job evaluation</li> <li>- Action Short of Strike/Strike Action impacts on student experience</li> <li>- Reputational Damage</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing engagement with local union representatives and Employers Association</li> </ul>	<p>Nov 21 - No significant updates at this time</p> <p>September 2021 - Continued engagement with Unions through monthly, and as required, LNCC and JNC meetings to ensure ongoing communication and relationship building. Ensure open and clear communication to expedite solutions to issues as they are raised. IA dispute now resolved with EIS-FELA. 21/22 pay negotiations now open and may result in ballot for strike action.</p> <p>April 2021 - Continued engagement with Unions through monthly, and as required, LNCC and JNC meetings to ensure ongoing communication and relationship building. IA dispute meetings have been held weekly to support negotiations in an effort to seek a resolution. A resolution to the dispute has not been reached but both sides are still in dialogue.</p>	LMT	HR	P	VPULSE	VH	H	20	VH	H	20		Apr-21
4	We fail to deliver a high quality learning experience and meet targets of outcome agreement	<ul style="list-style-type: none"> <li>- Failure to deliver upon digital learning strategy</li> <li>- Curriculum fails to meet need of students/employers or other stakeholders</li> <li>- Inability to access campus resources owing to Pandemic</li> <li>- Failure to provide required support levels for individual student needs</li> </ul>	<ul style="list-style-type: none"> <li>- Impact on student experience with blended learning</li> <li>- Impact on student retention and attainment</li> <li>- Impact on College meeting credit and PI targets</li> <li>- Impact on student recruitment</li> <li>- Reputational damage with key stakeholders such as SFC</li> <li>- Failure to meet sustainability ambitions</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of the Digital Skills Academy</li> <li>- Success of Project NxGen</li> <li>- Student Engagement and Feedback</li> <li>- Effective staff structures to support the student experience</li> </ul>	<p>Nov 21 - For 2020/21 Forth Valley College has again performed well overall against our OA target figures across FE and HE categories, whilst continuing to operate in a restricted blended learning environment. The College continues to actively manage learning on and off campus to deliver the best learning experience possible while continuing to follow all necessary Scottish Government Covid guidance.</p> <p>September 2021 - LDSA now launched with all staff in place. LDSA Ambitions document released and quarterly reports on progress to targets released to LMT. Project next GEN FVC launched. Continuous Curriculum Improvement process launched and running across all departments to help improve course performance and student outcomes. Learning Improvement and Student Experience Committee (LISEC) also launched to help improve student experience. LISEC will also monitor student engagement and feedback. EILS restructure launched to help improve student support and learning services as part of project NxGen FVC. 19/20 combined FVC FE/HE PIs highest in sector. FT/HE FT PIs improved on 18/19 position. FT/HE PT PIs highest in sector. 20/21 PIs not yet finalised but on target to meet OA set targets.</p> <p>April 2021 - LDSA now launched with all staff in place. LDSA Ambitions document released and quarterly reports on progress to targets released to LMT. Project next GEN FVC launched. Continuous Curriculum Improvement process launched and running across all departments to help improve course performance and student outcomes. Learning Improvement and Student Experience Committee (LISEC) also launched to help improve student experience. LISEC will also monitor student engagement and feedback. EILS restructure launched to help improve student support and learning services as part of project NxGen FVC.</p>	LIPSE	LSE	P	VPULSE	H	VH	20	M	VH	15		Apr-21
5	A major incident prevents the College from operating	<ul style="list-style-type: none"> <li>- Loss of access to campuses</li> <li>- Loss of access to IT from network issues or cyber attack</li> </ul>	<ul style="list-style-type: none"> <li>- Inability to deliver learning and teaching and the impact on student experience</li> <li>- Additional costs (including ransomware demands)</li> <li>- Staff morale from uncertainty over College reopening</li> <li>- Data protection and other legal issues</li> <li>- Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>- Business Continuity Plan which is regularly tested</li> <li>- Specific IT cyber security plan and IT business continuity plan</li> <li>- Regular testing of Health and Safety systems inc fire drills</li> </ul>	<p>Nov 21 - An IT Security and Network audit has been undertaken by our internal auditors, with a rating of satisfactory. A number of minor recommendations were made, and are being addressed by the IT Team.</p> <p>Aug 21 - Updated IT Security Policy has been approved. We are currently onboarding with Jisc to introduce a managed Security Information and Event Management (SIEM) system which will monitor logs of servers and key desktop PCs.</p> <p>Apr 21 - Additional IT security measures have been introduced to reflect increased remote working. IT Security policy is being updated to reflect these changes. IT Security Incident Response procedure is being updated to reflect current best practice.</p>	LMT	B	P	VPIC	H	H	16	M	H	12		Apr-21

Forth Valley College Strategic Risk Register

6	We are unable to deliver on the ambitions of the People Strategy	<ul style="list-style-type: none"> <li>- Changes to staffing establishment impacting on succession planning</li> <li>- Impact of Covid on staff time</li> <li>- Increase in demand for wellbeing support</li> <li>- Inability to recruit/retain staff</li> <li>- Long term affordability of staffing</li> </ul>	<ul style="list-style-type: none"> <li>- People strategy not achieved</li> <li>- Increased staff absence/decreased staff morale</li> <li>- Staffing establishment not adequate to meet operational requirement</li> </ul>	<ul style="list-style-type: none"> <li>- Additional support mechanisms - employee counselling system, mental health ambassadors, carers support forum, signposting to training and wellbeing support days in place. A dedicated space has also been created on SharePoint</li> <li>- Initiatives such as time for me, weekly recharge</li> <li>- Increase in flexible working and staff autonomy</li> <li>- Futures programme to deliver effective and efficient structures</li> </ul>	<p>Nov 21 - A detailed report has been produced for the HR committee showing our progress in meeting the people strategy. Extensive work has been done in health and wellbeing and in staff development. An audit of our recruitment and succession planning approach supported our position as being on track. Morale continues to be a key point of focus with wellbeing, training, structure, and management forming key elements of the support in place</p> <p>August 21 - Revised LMT structure implemented from 1 August 21 to improve succession planning for SMT. Hybrid working pilot to be implemented following October break.</p> <p>May 21 - weekly recharge and time for you initiatives extended to July 21. Springback project launched and will look at increased flexible working.</p>	LMT	HR	VPFACA	HHR	H	H	16	L	H	8		Apr-21
7	Failure to grow and influence strategic partnerships impacts on our reputation as a partner of choice	<ul style="list-style-type: none"> <li>- Insufficient resource</li> <li>- Competition from other providers</li> <li>- Inability to adapt to changes in the political/economic environment</li> </ul>	<ul style="list-style-type: none"> <li>- Loss of commercial income</li> <li>- Reduction in Modern Apprentices/Foundation Apprentices</li> <li>- Lack of influence at a regional level</li> <li>- Curriculum becomes outdated</li> </ul>	<ul style="list-style-type: none"> <li>- Director of Business Development works closely with Scottish Government/SFC/SDS and other key stakeholders</li> <li>- FVC key partner in City Deals/Investment Zone activity across the region</li> <li>- Project NxGen</li> </ul>	<p>Nov 21 - Director of Commercialisation &amp; Skills appointed and will start in January 2022. BP Senegal project is in place and started. Fuel Change has received commitment from Scottish Government to progress from pilot to implementation phase. Falkirk investment zone is progressing. Scottish International Environmental Centre will be locating into our Alloa campus.</p> <p>August 21 - Director of Business Development &amp; Strategic Relationships role has been split into 2 roles; Director of Commercialisation &amp; Skills which will focus on increasing commercial activity and Director of Strategic Partnerships &amp; Regional Economy which will focus on strategic funding opportunities.</p> <p>April 2021 - 4C* collaboration in place and delivered on nTTF** and YPG***, relationship will continue into 21/22. Progressing work in FIZ**** and S&amp;C***** regional deal - skills work to be based in FVC as well as possible HQ for SIEC***** at Alloa campus. Fuel Change 1st round of challenges well received and road to COP26 planned. MA numbers down due to Covid-19 and delays on delivery for construction. UKRI bid and BP Senegal contract expected May 21. £353000 investment secured from SE to allow EnableSTEM digitisation to be accelerated.</p>	LMT	B	P	DBDSR	M	H	12	L	H	8		Apr-21

\* Four Colleges Collaboration (Forth Valley, Fife, Edinburgh, North East Scotland College)  
 \*\* National Transition Travel Fund  
 \*\*\* Young Persons Guarantee  
 \*\*\*\* Falkirk Investment ZONE  
 \*\*\*\*\* Stirling and Clacks City Deal  
 \*\*\*\*\* Scottish International Environmental Centre

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No	There is a real or perceived risk that...	Risk Management and Mitigation				Owners		Initial Risk Score			Score After Mitigation			Change to score since last meeting	Date Added and Date Score Updated
		Causes	Potential Consequences	Mitigating Actions	Actions/Progress to Date	Springback Committee	SMT Risk Owner	Likelihood	Impact	Risk Score	Likelihood	Impact	Risk Score		
1	Future changes at a national level impact on the College timetable	- Changes to Scottish Government regulations and expectations for the College's handling of Covid	- Impact on the number of staff and students permitted on campus - Disconnect with the overall Springback timelines	- Clear leadership to ensure available on-campus resource is allocated to identified priority groups - Close monitoring of Springback progress and any external factors at Leadership Management Team meetings - Comprehensive project plan with monitoring against key milestones	Nov 21 Programmes now in place and being monitored Sept 21 KT on national College Principal Group meeting regularly with SG. - Director on Strategic Group for College sector ensuring cascade to LMT - LMT providing strong communications to staff and students	LMT	KT	H	VH	20	H	H	16		
2	Increased cyber and physical security risks	- Significantly increased impact in a hybrid model of IT systems issues  - College devices in homes  - Reduced on campus numbers may lead to opportunistic theft of materials	- Inability to deliver learning or key College services such as student finance or payroll payments  - Increased likelihood of theft or damage to College equipment - Loss of material or GDPR/other legislative breach	- Two factor authentication reduces risk of intentional data loss - Use of cloud based systems and effective business continuity planning - All IT equipment is security marked  - Effective CCTV coverage across all campuses	Nov 21- College cybersecurity systems well advanced with high degree of comfort. DA regularly reporting to LMT and Board.	LMT	KT	M	H	12	L	H	8		
3	The College may not have the infrastructure in place to meet demands	- Demand for College resources such as IT equipment for students or equipment for staff to work from home outstrips supply - Continued significant online activity stresses College's server/storage capacity  - Continued heightened demand for IT equipment	- Impact on students accessing learning - Potential legislative considerations relating to the College's duties for staff working at home - Significant increase in recovery time in the event of a cyber attack or other significant IT event - Delays from suppliers could impact on students/staff	- Clear processes in place to identify need and allocate resources effectively  - Use of cloud based systems to deliver a range of digital services reduces recovery time and risk of data loss - Mapping of anticipated demand against existing resource to allow early ordering of key equipment	Nov 21 - Approximately 900 laptops have been loaned to students to enable online engagement, with requests monitored and prioritised daily. - Through Springback project staff have been asked to identify any IT kit they require to work from home. - Increased use of cloud based systems to reduce reliance on college servers.	AJ	DA	L	H	8	L	H	8		
4	Digital learning does not meet the needs of our students	- Staff lack the skills to capitalise on new technology or transpose/develop material that is engaging for students - Students may lack the skills to confidently engage with digital learning  - Digital learning may not meet the expectations of students who want a College experience  - Programme content does not lend itself effectively to a digital delivery model	- The reputation of the College could be damaged and students less likely to view the College as a place for further progression - Increase in student dissatisfaction or withdrawals  - Students may not feel like true members of the College community - Fewer opportunities to build class/social bonds - Vital 'hands on' experience would be lost	- Digital Skills Academy established to support and upskill staff  - Digital induction and short learning courses to give students confidence and experience with digital platforms - Work with FVSA to more effectively engage with students  - Recognition and prioritisation of on campus activity for these programmes when access is still restricted per Scottish Government guidance	Nov 21 - LDSA established and digital ambitions document created and released. Learning and Digital Mentors now working with staff to develop digital pedagogy support. Digital induction completed and released for induction 21/22. Monthly meeting established with FVSA and President member of Learning Improvement Student Experience Committee. Hybrid learning baseline being established to identify which programmes have worked well through Covid restrictions and identify where support should be targeted. The College continues to work with the Scottish Governments Covid guidance and has created a hierarchy of needs to prioritise a safe return to campus for staff and students.	HL	KM	H	H	16	L	M	6		
5	The College may not capitalise on the benefits of digital enhancement	- Staff/students viewing digital learning as not being the norm  - Systems and processes not connected  - College transfers existing committee/internal group arrangements wholesale to digital platforms - Increased competition from other Colleges	- Return to pre-pandemic materials and delivery mind-sets  - Lack of a whole systems approach to the digital environment - Missed opportunity to streamline internal governance to new ways of working  - Remote working removes traditional geographic catchment advantages	- Digital Skills Academy leading on embedding and enhancing digital benefits to staff and student experiences - Applicant/Learner Journey project. Monitoring by LISEC internal committee - LMT to review to avoid duplication/remove redundant activity  - Quality of the College offering/student experience	Nov 21 - LDSA working with teaching Depts. to establish Digital skills base line. Digital skills self-evaluation tool being launched for 2022 to establish baseline and build training plans for Depts. LISEC continuing to monitor progress and oversee projects. Restructure of student support dept and alignment of broad support to include digital skills support for students.	HL	KM	H	H	16	L	M	6		
6	Hybrid working could impact on the student/staff experience	- Issues that students/staff may be having (e.g. workload) may be less apparent owing to remote interactions - Flexibility in staff hours could lead to poor service provision - Lack of social interaction between classes or team groups  - Increased 'silo' working from individuals and groups  - Lack of face to face contact  - Reduction in levels of customer service  - Some staff roles will be unable to access hybrid working	- Increase in stress for students/staff - Harder for managers to effectively lead class groups/staff groups - Disconnect between working patterns of key staff could impact service responsiveness - Increased isolation and/or mental health stress on individuals - Reduced class/team dynamic - Impact on culture of the College and loss of best practice sharing - College decisions taken at Departmental level - Impact on the culture of the College  - Poor student/customer experience and reputational damage  - Perception of unfairness, impact on staff morale	- Guidance for managers in effective engagement for remote learners/workers  - Establishment of core hours for staff, balancing flexibility of hybrid working with operational needs - Continued promotion of support mechanisms for staff and students  - Increased social interaction via digital platforms  - LMT sign off - Enhance both formal and informal team building and social activities - Reaffirm a student centred approach in strategic plan/values of the College and increase staff training - Clear communication from managers as to the operational need for roles, building in any flexibility possible	Nov 21 - Launch of Springback delayed to post Christmas. Ongoing Scottish Government guidance being adhered to. Guidance in place. Regular meetings with Hybrid Working manager's group to capture best practice and lessons learned.	HW	KT	L	H	8	L	M	6		
7	Members of the College population may not wish to return to in-campus activity	- Anxiety regarding the ongoing pandemic, particularly among younger students who have not been able to secure vaccination or others with at risk members of their household, or those who have to use public transport - Reluctance to lose the flexibility from a fully at home experience and the impact on work/life balance	- Increase in student withdrawals  - Reluctance of staff to be on campus more than timetabled leading to issues such as availability for class cover - Impact on staff morale or turnover	- Clear communications in place on safety mitigation measures in campuses  - Ensure the SpringBack experience is a positive one with individual examples shared as best practise/case studies. - Need to emphasise the business needs come first requiring support from union colleagues and a parameters for delivery document.	Nov 21 - positive discussions continue. Hybrid Working Manager's Group continue to share best practice. - SpringBack delayed until post Christmas Sept 21 - Positive discussion with unions, agreeing common purpose. - Parameter document completed and circulated to managers	HW	KT	M	M	9	L	M	6		