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## AUDIT & RISK ASSURANCE COMMITTEE

### AGENDA

A meeting of the Audit & Risk Assurance Committee will be held at 16:00 hours on Wednesday, 23 November 2016 in the Boardroom, Milton Road Campus.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
	1.1 Audit Scotland Introduction Letter	Audit Scotland	A
2	DECLARATIONS OF INTEREST	Chair	
3	<a href="#">MINUTES OF PREVIOUS MEETING</a> <i>for approval</i>	Chair	B
4	MATTERS ARISING		
	4.1 Matters Arising Report	Chair	C
	4.2 Qualification Change Monitoring Update	A Williamson	D
	4.3 Audit Committee Handbook Self-Evaluation 2015/16 <b>attached</b>	Chair	E
	4.4 Review of Committee Operation 2015/16 <b>attached</b>	Chair	F
5	INTERNAL AUDIT		
	5.1 Review of Business Transformation Plan and Management Response	A Bruton	G
	5.2 Priority Based Budgeting and Management Accounting Audit Report	Scott-Moncrieff	H
	5.3 Curriculum Planning Audit Report	Scott-Moncrieff	I
	5.4 Review of Credits Data Return 2015/16	Scott-Moncrieff	J
	5.5 Internal Audit Follow-Up Report 2015/16	Scott-Moncrieff	K
	5.6 Internal Audit Annual Report 2015/16	Scott-Moncrieff	L
	5.7 Summary of Audit Recommendations	A Williamson	M
	5.8 Internal Audit Plan 2016/17 <i>for approval</i>	Scott-Moncrieff	N

*Item 5 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

6	FINANCIAL ACCOUNTS		
6.1	Annual Accounts to July 2016 <i>for approval</i>	KPMG	O
6.2	Actuarial Value of Pension Scheme Report	L Towns	P
6.3	Internal Control Assurance Statement	A Bruton	Q
6.4	Letter of Representation	A Williamson	R
6.5	Compliance with the Code of Good Governance	P Davis	S

*The Financial Accounts to July 2016 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.*

7	RISK ASSURANCE		
7.1	Risk Management Report	P Davis	T
7.2	Recruitment and Retention Report 2016/17	A Bruton / A Williamson	U

*Item 7 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

8	CHAIR'S ANNUAL REPORT TO THE BOARD	Chair	V
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*Item 8 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.*

9	ANY OTHER COMPETENT BUSINESS		
9.1	Horizon Scanning Update	A Williamson	W
9.2	Internal Audit Tender Process	A Williamson	X

10 DATE OF NEXT MEETING: 02 February 2017

*N.B: The minutes of the Audit & Risk Assurance Committee are reported directly to the Board of Management, with an accompany commentary from the Committee Chair.*



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**AUDIT & RISK ASSURANCE COMMITTEE**  
**23 NOVEMBER 2016**  
**PAPER E**  
**CHAIR**

## **AUDIT COMMITTEE HANDBOOK SELF-EVALUATION**

### **Purpose of the Report**

The Scottish Government's Audit Committee Handbook advises audit committees to regularly review their formal terms of reference, and in turn, regularly review their effectiveness against such a document.

In alignment with the College's annual reporting cycle, the Audit & Risk Assurance Committee reviewed its operation in 2015/16 at its meeting on 02 June 2016. Attached is a finalised version of the self-evaluation checklist as approved by members on 29 July 2016 (outwith the Committee).

### **Action Required**

The Committee is asked to NOTE the completed Audit & Risk Assurance Committee Self-Evaluation.

### **Strategic Implications**

<b>Risk</b>	<b>Yes \ No</b>	<b>Details</b>
Governance \ legal	Yes	The Committee is required to review its operation/performance annually.
Financial	Yes	As highlighted in the checklist.
<b>Executive Approval</b>	<b>Yes \ No</b>	<b>Details</b>
Reviewed by Executive	No	
<b>Other</b>	<b>Yes \ No</b>	<b>Details</b>
Equality Impact	No	



## AUDIT & RISK ASSURANCE COMMITTEE SELF-ASSESSMENT CHECKLIST 2015/16

1	Role and remit	Yes/No	Comments/Action
1.1	Does the audit committee have written terms of reference (ToR)?	Y	The ToR is published on the College <a href="#">website</a> .
1.2	Do the terms of reference cover the core functions of an audit committee as identified in the <i>SG Audit Committee Handbook</i> ?	Y	The <i>General Committee Remit</i> and <i>Specific Committee Role and Remit</i> are outlined in the ToR.
1.3	Are the terms of reference approved by the audit committee and reviewed periodically?	Y	The Board approved an updated ToR on 22 September 2015. The last review of the ToR by the Committee occurred on 30 November 2015.  The Committee will formally review its ToR at its first meeting of 2016/17 on 23 November.
1.4	Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Y	The ToR outlines the Committee's membership, authority and its resources. The Committee currently has three Non-Executive Members, its full complement as outlined in the ToR, plus a co-opted member with significant public sector expertise.
1.5	Does the body's statement on internal control mention the audit committee's establishment and its broad purpose?	Y	The statement is shown in the Annual Report and Accounts to 31 March 2015 and covers these points.
1.6	Does the audit committee periodically assess its own effectiveness?	Y	The Committee completes a self-assessment at its last meeting of every academic year.
2	Membership, induction and training	Yes/No	Comments/Action
2.1	Has the membership of the audit committee been formally agreed by the management board and or Accountable Officer and a quorum set?	Y	A quorum of two members of the Committee has been agreed by the Board (of which the Accountable Officer is a member).

2.2	Are members appointed for a fixed term?	Y	<p>Non-executive members of the Board are appointed for a fixed term. Appointments and tenures are monitored by the Nominations Committee.</p> <p>Current non-executive members on the Committee include: Nigel Paul (Chair), Niki McKenzie and Fiona Riddoch.</p>
2.3	Does at least one of the audit committee members have a financial background?	Y	Two members of the Committee have chartered accountancy backgrounds, as does the Committee's co-opted member.
2.4	Are all members, including the chair, independent of the executive Function?	Y	The Committee's membership consists of non-executive Board members.
2.5	Are new audit committee members provided with an appropriate induction?	Y	New Board members are provided with an induction (agreed by the Nominations Committee). New Committee members meet with the Committee Chair and the Chief Operating Officer.
2.6	Has each member formally declared his or her business interests?	Y	A Register of Interests is maintained by the Clerk to the Board (last updated March 2016). <i>Declarations of Interest</i> is a standing item at every Committee meeting.
2.7	Are members sufficiently independent of the other key committees of the Board?	Y	<p>The Chair of the A&amp;RA Committee, Nigel Paul, sits on the Board's Policy &amp; Resources Committee.</p> <p>Fiona Riddoch also sits on the Nominations Committee, and is a member of the short-life Business Transformation Plan Working Group.</p> <p>Niki McKenzie is a member of the Commercial &amp; International Sub-Group, a sub-committee of the External Engagement Committee.</p> <p>Ian Doig, a co-opted member of the A&amp;RA Committee acts independently of the Board and its committees and provides valuable input through his significant audit committee experience.</p>
2.8	Has the audit committee considered the arrangements for assessing attendance and performance of each member?	Y	Arrangements for assessing attendance and performance are implemented by the Nominations Committee. An overview of attendance and performance is provided to the Board annually.

<b>3</b>	<b>Meetings</b>	<b>Yes/No</b>	<b>Comments/Action</b>
3.1	Does the audit committee meet regularly, at least four times a year?	Y	The Committee met four times in 2015/16 (Nov, Feb, Apr & June). In 2015/16 the Committee will meet four times, as stated in the ToR approved by the Board on 22 September.
3.2	Do the terms of reference set out the frequency and broad timing of meetings?	Y	Paragraph 11.1 of the ToR states that; 'the Committee shall meet at least four times a year, in line with the College Financial Year'.
3.3	Does the audit committee calendar meet the body's business and governance needs, as well as the requirements of the financial reporting calendar?	Y	The Board and Committee cycle is agreed with the Chief Operating Officer and Committee members 3-4 months prior to the cycle commencing. The calendar is also checked to align with the financial reporting calendar.
3.4	Are members attending meetings on a regular basis and if not, is appropriate action taken?	Y	A 100% attendance record has been attained by the Committee in 2015/16. The Nominations Committee review attendance annually, and if required action will be taken.
3.5	Does the Accountable Officer attend all meetings and, if not, is he/she provided with a record of discussions?	Y	The Principal is invited to all A&RA Committee meetings, and receives an electronic version of the papers. The Principal also receives the draft Committee minutes for comment.  In 2015/16, the Principal attended all meetings of the Committee.
3.6	Does the audit committee have the benefit of attendance of appropriate officials at its meetings, including representatives from internal audit, external audit and finance?	Y	The College's Chief Operating Officer attends and supports the Committee, as Executive Lead. Internal and external auditors from Scott-Moncrieff and KPMG (respectively) are invited to all meetings of the Committee. The auditor overall attendance records are good.  The Committee has also invited appropriate members of the Senior Management Team to present of specific topics aimed at providing the Committee with a better understanding of individual risks, and assurances that these risk are managed appropriately. It is hoped that

			this approach may provide a learning experience for Exec/Leadership members in the operation and role of an A&RA Committee.
<b>4</b>	<b>Internal Controls</b>	<b>Yes/No</b>	<b>Comments/Action</b>
4.1	Does the audit committee consider the findings of annual reviews by internal audit and others, on the effectiveness of the arrangements for risk management, control and governance?	<b>Y</b>	The Committee receives a status update report at each meeting in relation to ongoing internal audit recommendations. A member of the A&RA Committee also attends the College's Risk Management Group meetings.
4.2	Does the audit committee consider the findings of reviews on the effectiveness of the system of internal control?	<b>Y</b>	An operational audit plan is agreed at the start of the financial year. These audit reviews comment on the effectiveness of the system of internal control and are presented by the Internal Auditors at meetings of the Committee.
4.3	Does the audit committee have responsibility for review of the draft Statement on Internal Control (SIC) and does it consider it separately from the accounts?	<b>Y</b>	The draft statement on Internal Control is considered by the Committee prior to the finalisation of the Annual Report and Accounts.  In 2015/16 the Executive Team were asked to complete Internal Control Assurance Statements, based on a government internal control framework, for each of their areas. The Principal considered each statement and used them as a basis for her own assurance statement, as submitted to the SFC with the end of year accounts.  For reference, the assurances provided by each member of the Executive Team is provided in <b>Appendix 1</b> .
4.4	Does the audit committee consider how accurate and meaningful the SIC is?	<b>Y</b>	See above.
4.5	Does the audit committee satisfy itself that the arrangements for risk management, control and governance have operated effectively throughout the reporting period?	<b>Y</b>	Risk management, control and governance matters are regularly discussed at A&RA meetings. These aspects are also underpinned by specific audits which provide assurance to the Committee that there is effective management and control within the organisation.  On 02 June, the Committee will have the opportunity to consider the new risk register. At the meeting the Committee will be asked to consider



			what assurances it should receive to satisfy itself that risks (including new and emerging ones) are being appropriately managed.
4.6	Has the audit committee considered how it should coordinate with other committees that may have responsibility for risk management and corporate governance?	Y	The Committee, through its membership, has strong links with the Policy & Resources Committee.
4.7	Has the audit committee satisfied itself that the body has adopted appropriate arrangements to counter and deal with fraud?	Y	The Committee, on 25 February, reviewed the management processes in place at the College with regard to <i>Fraud, Bribery and Corruption</i> , and suggest appropriate areas of development.
4.8	Has the audit committee been made aware of the role of risk management in the preparation of the internal audit plan?	Y	Risk management is particularly high profile within the College, and assurance is sought on a monthly basis. There are early discussions on the annual internal audit plan involving internal auditors, at which stage a framework of audit reviews is agreed.  Additionally, the internal audit plan has been cross-referenced with the Edinburgh College top risk register.
4.9	Does the audit committee's terms of reference include oversight of the risk management process?	Y	Paragraphs 3.1 and 4 (in the ToR) outline the Committee's oversight of risk.
4.10	Does the audit committee consider assurances provided by senior staff?	Y	The Committee has received specific reports from senior staff and members of the Executive Team. Reports from Finance, HR and ICT are regularly included in the 'Internal Audit Recommendation Summary Report'.
4.11	Does the audit committee receive and consider stewardship reports from senior staff in key business areas such as Finance, HR and ICT?	Y	See 4.10 (above).
<b>5</b>	<b>Financial Reporting and regulatory matters</b>	<b>Yes/No</b>	<b>Comments/Action</b>
5.1	Is the audit committee's role in the consideration of the annual accounts clearly defined?	Y	Paragraph 3.2.15, within the ToR outlines the Committee responsibility in-relation to the College's annual financial statements.

5.2	Does the audit committee consider, as appropriate:		
	• the suitability of accounting policies and treatments	Y	An FRS 18 accounting policies report is provided to the A&RA prior to the preparation of the annual accounts.
	• major judgements made	Y	These will be reported as required.
	• large write-offs	Y	Debt write off is reported on an annual basis. Should there be an occasion whereby a large one-off item is required to be written-off, authorisation would be required through the Policy & Resources Committee.
	• changes in accounting treatment	Y	This will be covered in the FRS 18 accounting policies report, and/or reported during the year when accounting changes are known.
	• the reasonableness of accounting estimates	Y	As above.
	• the narrative aspects of reporting?	Y	All reports are considered and discussed.
5.3	Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	Y	The External Auditors present their report on the Annual Accounts To 31 July at the 30 November Committee meeting.
5.4	Does the audit committee review management's letter of representation?	Y	Outlined in ToR, Paragraph 3.2.16. Agreed by the A&RA Committee and the Board as part of Financial Accounts.
5.5	Does the audit committee gain an understanding of management's procedures for preparing the body's annual accounts?	Y	An annual accounts timetable is prepared and is available for discussion. There is also an External Auditors audit plan which is presented to the A&RA Committee,
5.6	Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues?	Y	The Chief Operating Officer provides regular reports to the Committee and the Board. The internal and external auditors are also present at Committee meetings to advise members – as appropriate.

<b>6</b>	<b>Internal Audit</b>	<b>Yes/No</b>	<b>Comments/Action</b>
6.1	Does the Head of Internal Audit attend meetings of the audit committee?	<b>Y</b>	A senior representative from the internal auditors (Scott-Moncrieff) attends each Committee meeting.
6.2	Does the audit committee approve, annually and in detail, the internal audit plans including consideration of whether the scope of internal audit work addresses the body's significant risks?	<b>Y</b>	The Committee considered/approved the 2015/16 Internal Audit Plan on 30 November 2015. Subsequent changes requested by the Committee have been incorporated and an updated Plan reviewed.
6.3	Does internal audit have a direct reporting line, if required, to the audit committee?	<b>Y</b>	The internal auditors have a direct reporting line to the A&AR committee and attend each Board meeting. The auditors also liaise regularly with the Chief Operating Officer, who will report to the Governance Team and Committee Chair – where appropriate.
6.4	As well as an annual report from the Head of Internal Audit, does the audit committee receive progress reports from the internal audit service?	<b>Y</b>	See 6.2 (above). Regular updates on the Plan have been provided to Committee meetings. Progress updates on audits are presented at meetings.
6.5	Are outputs from follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	<b>Y</b>	The Committee receives a status update report at each meeting in relation to ongoing internal audit recommendations. Members are provided with an opportunity to consider the adequacy of each recommendation implementation.
6.6	If considered necessary, is the audit committee chair able to hold private discussions with the Head of Internal Audit?	<b>Y</b>	The Committee Chair met privately with the Head of Internal Audit in March and July 2016, and the full committee will meet privately with the auditors in advance of the November 2016 meeting.
6.7	Is there appropriate co-operation between the internal and external auditors?	<b>Y</b>	Both are in attendance at most meetings and the external auditors gain assurance from the work of internal auditors.
6.8	Does the audit committee review the adequacy of internal audit staffing and other resources?	<b>Y</b>	There is an annual review of the performance of the internal audit service.

			The Internal Auditors will bring forward internal audit performance measures to the A&RA Committee's next meeting on 23 November 2016.
6.9	Are internal audit performance measures monitored by the audit committee?	Y	As above.
6.10	Has the audit committee considered the information it wishes to receive from internal audit?	Y	The Committee considered the 2015/16 Internal Audit Plan in November 2015. The scoping and format of subsequent audit reports was discussed.
6.11	Do formal terms of reference exist defining internal audit's objectives, responsibilities, authority and reporting lines?	Y	Paragraphs 3.2.3 to 3.2.14 (in the ToR) defined the internal auditor's objectives, responsibilities, authority and reporting lines.
<b>7</b>	<b>External Audit</b>	<b>Yes/No</b>	<b>Comments/Action</b>
7.1	Does the external audit representative attend meetings of the audit committee?	Y	External auditors (KPMG) attend meetings.
7.2	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	Y	The Financial Accounts Annual Audit Plan is presented to the Committee.
7.3	Does the audit committee chair hold periodic private discussions with the external auditor?	Y	The Committee Chair met privately with the external auditor in April and July 2016, and the full committee will meet privately with the auditors in advance of the November 2016 meeting.
7.4	Does the audit committee review the external auditor's annual report to those charged with governance?	Y	The annual report from the external auditor is reviewed regularly.
7.5	Does the audit committee ensure that officials are monitoring action taken to implement external audit recommendations?	Y	External audit recommendations are reviewed and addressed.

7.6	Are reports on the work of external audit presented to the audit committee?	Y	The work of external audit is presented in their report following completion of the annual audit.
7.7	Does the audit committee assess the performance of external audit?		Audit Scotland request feedback on the performance of the external auditors.
7.8	Does the audit committee consider the external audit fee?	Y	Audit Scotland presents a fee range to the Committee and the fee is agreed with the external auditors.
<b>8</b>	<b>Administration</b>	<b>Yes/No</b>	<b>Comments/Action</b>
8.1	Does the audit committee have a designated secretariat?	Y	Secretariat duties are designated to the Clerk to the Board of Management.
8.2	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	Y	An agenda and papers are circulated one week prior to the Committee meeting.
8.3	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	Y	Yes, it does, but the Committee will need to relook at its reporting of performance measures and tolerances to provide assurances that key risks are being managed.
8.4	Does the audit committee issue guidelines and/or a pro forma concerning the format and content of the papers to be presented?	Y	All papers have a front sheet setting out the paper's purpose, the action(s) required and any strategic implications.
8.5	Are minutes prepared and circulated promptly to the appropriate people, including all members of the Board?	Y	Draft minutes are provided to the Executive Lead (for review) within 5 working days, and are subsequently circulated to Committee members.
8.6	Is a report on matters arising presented or does the chair raise them at the audit committee's next meeting?	Y	Matters arising are reported to each Committee meeting as a paper.

8.7	Do action points indicate who is to perform what and by when?	Y	The matters arising report attributes actions and outlines timescales agreed by the Committee.
8.8	Does the audit committee provide an effective annual report on its own activities?	Y	A report of its own activities is presented by the Chair of the A&RA Committee to the Board of Management.
<b>9</b>	<b>Overall</b>	<b>Yes/No</b>	<b>Comments/Action</b>
9.1	Does the audit committee effectively contribute to the overall control environment of the organisation?	Y	
9.2	Are there any areas where the audit committee could improve upon its current level of effectiveness?	Y	<p>Areas for development could include:</p> <ul style="list-style-type: none"> <li>- Assessing whether further reports, performance measures etc. would be useful in gaining assurances on risk and internal control;</li> <li>- Revisit risk appetite and tolerances following the update of the risk register;</li> <li>- Assess the RAG rating process for assessing Colleges recommended by the Good Governance Task Group;</li> <li>- Combined meeting of A&amp;RA Committee and Risk Management Committee.</li> </ul>
9.3	Does the audit committee seek feedback on its performance from the Board and Accountable Officer?	Y	The Committee Chair will receive feedback from the Chair of the Board annually, as part of the Board member review process.



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## AUDIT & RISK ASSURANCE COMMITTEE REVIEW 2016

### Purpose of the Report

On 02 June, members of the Committee responded to questions posed in the attached 2016 Committee Review Form. The Committee subsequently agreed that the Committee Chair and the Governance Advisor should include members' comments, and circulate an updated version for further comment.

Attached is a finalised version of the Committee Review Form, as approved by members on 29 July (outwith the Committee).

### Action Required

The Committee is asked to NOTE the completed Audit & Risk Assurance Committee review 2016.

### Strategic Implications

Risk	Yes \ No	Details
Governance \ legal	Yes	The Committee is required to review its operation/performance annually.
Financial	No	
Executive Approval	Yes \ No	Details
Reviewed by Executive (if required)	No	
Other	Yes \ No	Details
Equality Impact	No	

## Audit & Risk Assurance Committee Review 2016

### Part 1

Membership	Y/N	Comments
Has the Committee's membership been compliant with its <a href="#">terms of reference</a> during the past year?	Y	The ToR outlines the Committee's membership, authority and its resources. The Committee currently has three Non-Executive Members, its full complement as outlined in the ToR, plus a co-opted member with significant public sector expertise.
Are there any skills gaps that the Committee would bring to the attention of the Nominations Committee?	N	<p>The four members hold a wider range of experience and skills, which meet the needs of the Committee, for example:</p> <ul style="list-style-type: none"> <li>- Nigel Paul, Chartered Accountant and former VP &amp; Director of Corporate Services at the University of Edinburgh;</li> <li>- Niki McKenzie, Chartered Accountant and Investment Executive at Archangel Investors Limited.</li> <li>- Fiona Riddoch, experienced CEO and currently the Managing Director of COGEN Europe.</li> <li>- Ian Doig, experienced non-executive director and former Director of CIPFA in Scotland.</li> </ul>
Meetings		
Has the committee met in accordance with its terms of reference and often enough to fulfil its remit?	Y	<p>The Committee met four times in 2015/16 (Nov, Feb, Apr &amp; June).</p> <p>The Committee is required to meet quarterly, as stated in the ToR approved by the Board on 22 September.</p>
Have all meetings been quorate?	Y	All meetings of the Committee have been quorate.
Administration		
Have pre-meetings assisted in the planning of Committee business?	Y	The Committee Chair, Chief Operating Officer and Governance Advisor have met prior to each meeting of the Committee meetings in 2015/16 to plan and agree an appropriate agenda.



Have papers been issued sufficiently in advance of meetings?	<b>Y</b>	Papers are circulated five working days prior to the Committee meeting. Additional papers required by the Committee may be tabled with the approval of the Committee Chair.
Have minutes and actions been distributed in good time after meetings?	<b>Y</b>	Minutes and actions are circulated to members following their review and approval by the Committee Chair. The minutes of the Audit & Risk Assurance Committee are reported directly to the Board of Management, with an accompany commentary from the Committee Chair.
Are there any other points Members would like to raise?	<b>Y</b>	As the meeting agenda may be heavy with several reports, it may be appropriate for those addressing the Committee to provide a brief summary of findings, outcomes and draw attention to points of emphasis or discussion. The Committee may wish to consider this at it first meeting of 2016/17 and, if appropriate, agree to formally introduce such updates.

## **Audit & Risk Assurance Committee Review 2016**

### **Part 2**

#### ***Performance Monitoring Role***

1. Is the Committee monitoring the KPIs it needs to in line with its remit or is there a need for review or change?

*Yes, however, it is suggested that the Committee reconfirms its main KPIs in 2016/17 and continues to monitor progress.*

2. Does the Committee receive the information it needs to monitor performance effectively?

*Yes. Please refer to the Performance Monitoring Response below.*

3. Have there been any areas where the Committee has not been able to exercise its performance monitoring role effectively or where practice could be improved?

*There are a number of areas where performance monitoring remains under development. The Committee is looking to the College to develop its reporting in the coming academic year, utilising suggestions put forward by Committee members.*

#### ***\*\*Performance Monitoring Response\*\****

*The role of the Committee is to review, gain assurances, and report to the Board on the effectiveness of the College's governance arrangements, financial systems, internal control environment and risk management arrangements.*

*It does this by: receiving reports from management; requesting specific presentations on key topics/risks from management; receiving key financial and other performance information; receiving the output from the college's Statement of Internal Control process; reviewing the key risks and mitigations of the College; receiving reports from, and having private meetings with internal auditors and external auditors; receiving reports from other external bodies; attendance of individual committee members at Risk Management Committee meetings; and horizon scanning. Many of these areas have been the focus of development over the past year. Developments have been aided by the change of Principal, and the restructuring at executive level.*

*The Committee receives sufficient information to undertake its role effectively, and constantly looks at means of improving its understanding of the control and risk environment of the college and obtaining assurances of the adequacy of the College's governance, risk and control processes. Following a major update of the Risk Register, the Committee is looking to the College to develop its Risk Tolerance metrics, and KPI reporting over the next year. Suggestions on taking this forward have been provided to the College by Committee members.*

#### ***Strategic Role***

4. How would the Committee define the key strategic issues within its remit?

*Yes, these are clearly outlined in the Committee's terms of reference.*

5. In what ways has the Committee influenced strategy in its area of remit in the last year?

*Please refer to the Strategic Role Response below.*

6. Are there particular areas in which the Committee might improve practice in relation to its strategic role?

*Not at present, but the Committee will seek to enhance its practice in tandem with the College's review of its Strategic Plan in 2016/17 (see response below).*

**\*\*Performance Monitoring Response\*\***

*The Committee looks to influence and gain assurance that the College is delivering on its key strategic priorities, through the mechanisms described above (under 'Performance Monitoring'). Together with the Policy & Resources Committee, it has challenged and sought assurances that the Transition Plan has been appropriately developed, and has looked at the governance and the mechanisms that the Committee and the Board will rely on to ensure that the Plan is being delivered (...the "how will we know?" question).*

*Looking forward to the updating of the College Strategic Plan, the Committee will want to ensure that the Board recognise the environment, opportunities and risks in agreeing the Strategic Plan, and the capacity of the organisation to deliver the plan over the next few years*

**Decision-Making**

7. Has decision-making been "transparent, informed, rigorous and timely"<sup>1</sup> in the past year?

Yes.

8. Are there ways that the Committee could strengthen its practice in relation to decision-making?

*The Committee believes that its current practice reflects good practice, in line with the Good Governance Code.*

9. Are there examples that show how the student experience has informed and been central to the Committee's decisions?

*The Committee reviewed a report on complaint activity in April 2016, and will continue to monitor complaints relating to applications/admissions, funding, learning and teaching experience and staff conduct. Further to this, the Committee also reviews progress on internal audit recommendations that may impact upon the wider student experience.*

**\*\*Decision-Making Response\*\***

*The Committee exercises authority and decision making on matters relating to the control environment in the College, e.g. delegated authority limits, procurement policy etc. It receives appropriate papers relating to these matters and deals with them in a timely manner.*

**Relationships**

10. Has the Committee's relationship with the Board been effective in the past year, and are there any examples of where it could have been more effective?

*Yes, the relationship has been effective.*

11. Has the Committee's relationship with the Executive been effective in the past year, and are there any examples of where it could have been more effective?

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<sup>1</sup> This is a definition of effective decision-making given in the Code of Good Governance for Scotland's Colleges.

*Yes, the relationship has been effective.*

12. Has the boundary between governance and management been effective in practice in the past year or are there examples of where it could have been more effective?

*Yes. There has been an active relationship between the Committee and the Executive in, for example, reviewing audits and the top risk register on a regular basis and in setting the contents of both.*

***\*\*Relationship Response\*\****

*The Committee's relationship with the Board is defined by: the regular reporting of its minutes at each Board meeting, the annual report to the Board, the attendance of the Board Chairman and Principal at A&RA Committee meetings, the participation of members of the Committee in other Committees, (Nigel Paul – P&R Committee; Fiona Riddoch - Nominations Committee and the short-life Business Transformation Plan Working Group; Niki McKenzie – Commercial and International Sub-Group of the External Engagement Committee); private meetings with the Chief Operating Officer; meetings with the Principal and the Governance team, as well as inviting other members of the Executive team into A&RA committee meetings (a development over the past year).*

*Members of the Committee have also had the opportunity to discuss matters of concern amongst themselves outside formal meetings. This has provided an effective relationship between the Committee and the Board, and enabled the boundary between governance and management to operate effectively with members of the Committee able to challenge and advise executive colleagues as appropriate.*