

## AUDIT & RISK ASSURANCE COMMITTEE

### AGENDA

A meeting of the Audit & Risk Assurance Committee will be held at 09:00 hours on Wednesday, 31 May 2017 in the Boardroom, Milton Road Campus.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
2	DECLARATIONS OF INTEREST	Chair	
3	<a href="#">MINUTES OF PREVIOUS MEETING</a> for approval	Chair	A
4	MATTERS ARISING	Chair	B
5	INTERNAL AUDIT		
	5.1 Summary of Audit Recommendations	A Williamson	C
	5.2 Internal Audit 2016/17 Progress Report	Scott-Moncrieff	D
	5.3 Priority Based Budget (Phase 2) Audit Report	Scott-Moncrieff	E
	5.4 Financial Management Audit Report	Scott-Moncrieff	F
	5.5 Draft Internal Audit Plan 2017/18	Scott-Moncrieff	G
	5.6 Evaluation of Internal Audit <b>attached</b>	A Williamson	H
<i>Item 5.3 and 5.4 are presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>			
<i>Item 5.5 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.</i>			
6	RISK ASSURANCE		
	6.1 Risk Management Summary Report	R Whetton	I
	6.2 UK Terror Threat Level Update	C McDougall	Verbal
	6.3 EU General Data Protection Update <b>attached</b>	R Whetton	J
	6.4 Complaints Activity Report <b>attached</b>	S-J Linton	K
7	ANY OTHER COMPETENT BUSINESS		
	7.1 Horizon Scanning Update	A Williamson	Verbal
	7.2 Review of Committee Operation 2016/17	Chair	L

*Item 7.2 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication*

8      DATE OF NEXT MEETING: 22 November 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.*

**AUDIT & RISK ASSURANCE COMMITTEE**  
**31 MAY 2017**  
**PAPER H**



FOR INFORMATION / DISCUSSION			
Meeting	Audit & Risk Assurance Committee 31.05.17		
Presented by	Alan Williamson		
Author/Contact	Alan Williamson	Department / Unit	Internal Audit
Date Created	24.05.17	Telephone	0141 567 4500
Appendices Attached	<i>Appendix 1: Evaluation of Internal Auditors – Audit Committee Institute (KPMG)</i>		
Disclosable under FOISA		Yes.	

**EVALUATION OF INTERNAL AUDITORS**

**1. PURPOSE**

To allow the Audit & Risk Assurance Committee the opportunity to consider a means by which to evaluate the internal audit function.

**2. BACKGROUND**

The Committee wishes to strengthen the systems it has in place to ensure that effective internal controls are in place.

**3. DETAIL**

The Committee are provided with a four-part checklist to consider as part of integrated framework for the assessment of the internal audit function (Appendix 1).

**4. BENEFITS AND OPPORTUNITIES**

Not applicable.

**5. STRATEGIC IMPLICATIONS**

The Audit & Risk Assurance Committee, on behalf of the Board, is required to ensure that effective internal controls are in place.

**6. RISK**

Not applicable.

**7. FINANCIAL IMPLICATIONS**

Not applicable.

**8. LEGAL IMPLICATIONS**

Not applicable.

**9. WORKFORCE IMPLICATIONS**

Not applicable.

**10. REPUTATIONAL IMPLICATIONS**

Not applicable.

**11. EQUALITIES IMPLICATIONS**

Not applicable.

**CONCLUSIONS/RECOMMENDATIONS**

The Committee are asked to NOTE the attached checklist and CONSIDER an appropriate mechanism by which to evaluate the internal audit function.

# Audit Committee Institute



## Evaluation of internal auditors

The current spate of restated financial statements, missed earnings projections, and high profile corporate failures has sent a brisk current of change sweeping through UK boardrooms aimed at strengthening the independence and effectiveness of audit committees.

In response, audit committee members have been more focused than ever on enhancing both the effectiveness and efficiency of their audit committees, including improving the interaction of the audit committee with management, internal audit, and the external auditors. Indeed, the importance of the relationship between audit committees and internal auditors is being increasingly recognised.

While the statutory auditor is responsible for auditing the company's financial statements and forming an opinion as to their truth and fairness; the internal auditor is responsible for providing objective assurance as to the adequacy and effectiveness of a company's risk management and control framework. Each has its own unique responsibilities, but the audit committee should determine that they complement each other, that their audit effort is coordinated, and that they communicate effectively.

The audit committee should evaluate internal audit based on its own experiences and ask management and external audit to provide their own assessments. Where the organisation has subsidiaries or distinct business units, it may be appropriate to request their management to complete a questionnaire. In addition to these assessments, the head of internal audit should be requested to self assess the department's performance. This process may identify other issues, including matters relating to the audit committee's own performance, the performance of management or the performance of external audit.

This paper provides a four-part checklist of questions to consider as part of an integrated framework for the assessment of the internal audit function that should be completed by the following:

- Audit committee (initial assessment)
- Management
- External auditor
- Head of internal audit

The audit committee should aim to ensure they have appropriately qualified resource to provide answers to these questions and to consider the implications of the findings.

A number of advisory firms, including KPMG who sponsor the Audit Committee Institute (ACI), have established methodologies that offer a means to assess the effectiveness of the internal audit function. These assess internal audit against best practice principles and provide recommendations to strategically reposition internal audit.



# Evaluation of internal auditors - Audit committee

*This checklist should be completed by the audit committee prior to feedback from other areas of the organisation*

## Understanding

	Strong	Adequate	Needs improvement
How well does internal audit demonstrate that it:			
■ Recognises its accountability to the audit committee;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Has a strong understanding of the responsibilities and operation of the audit committee;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Understands the expectations of the audit committee and the chairman;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Understands the organisation's business and risk environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Yes	No
Does internal audit consistently demonstrate a realistic and commercial view of the business?		<input type="checkbox"/>	<input type="checkbox"/>

## Comments

## Charter and structure

Do the terms of reference for internal audit define:	Yes	No
■ Roles and responsibilities, including those in relation to other internal functions;	<input type="checkbox"/>	<input type="checkbox"/>
■ Expectations of management;	<input type="checkbox"/>	<input type="checkbox"/>
■ Scope of internal audit work;	<input type="checkbox"/>	<input type="checkbox"/>
■ Minimum resources;	<input type="checkbox"/>	<input type="checkbox"/>
■ Access to information?	<input type="checkbox"/>	<input type="checkbox"/>
Has internal audit's terms of reference been reviewed within the last two years?	<input type="checkbox"/>	<input type="checkbox"/>

	Strong	Adequate	Needs improvement
Evaluate internal audit's terms of reference in light of the organisation's current needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evaluate internal audit's current terms of reference in light of the organisation's future needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Yes	No
Are internal audit's terms of reference visible to everyone in the organisation?		<input type="checkbox"/>	<input type="checkbox"/>
Does the structure of internal audit facilitate:			
■ Consistency in the quality of service to the organisation;		<input type="checkbox"/>	<input type="checkbox"/>
■ Understanding of the organisation's business issues;		<input type="checkbox"/>	<input type="checkbox"/>
■ The delivery of value to the organisation?		<input type="checkbox"/>	<input type="checkbox"/>

### Comments

### Skills and experiences

	Strong	Adequate	Needs improvement
How well does internal audit's staffing reflect its roles and responsibilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Yes	No
On the basis of the work performed by internal audit over the past 12 months, does internal audit appear to have the right staff mix and competencies in specialist areas such as IT and Treasury and the necessary geographical coverage?		<input type="checkbox"/>	<input type="checkbox"/>
Does the internal audit team have an appropriate programme of continuing education?		<input type="checkbox"/>	<input type="checkbox"/>
	Strong	Adequate	Needs improvement
Evaluate internal audit's independence from the activities it audits.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How would you assess the committee's confidence in internal audit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Comments

### Communication

		Yes	No
Has internal audit attended all the audit committee meetings it was scheduled to attend?		<input type="checkbox"/>	<input type="checkbox"/>
Has internal audit made itself available for consultation outside of audit committee meetings?		<input type="checkbox"/>	<input type="checkbox"/>
	Strong	Adequate	Needs improvement
Evaluate internal audit's responsiveness to requests from the audit committee, including requests for special investigations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evaluate internal audit's frankness and candour with the committee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evaluate internal audit's handling of difficult or contentious issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		Yes	No
Does internal audit determine that the chairman of the audit committee is fully briefed on significant findings or developments prior to audit committee meetings?		<input type="checkbox"/>	<input type="checkbox"/>
	Strong	Adequate	Needs improvement
Evaluate the usual level of preparation for audit committee meetings demonstrated by internal audit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evaluate the quality of internal audit reports and papers tabled with the audit committee. Consider their relevance and clarity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Yes	No
Have reports been received from internal audit on a sufficiently timely basis?		<input type="checkbox"/>	<input type="checkbox"/>
Does internal audit promptly advise the audit committee about significant issues and significant developments, including on special projects such as fraud investigations?		<input type="checkbox"/>	<input type="checkbox"/>
Does internal audit promptly advise the committee about significant changes to the internal audit plan?		<input type="checkbox"/>	<input type="checkbox"/>
	Strong	Adequate	Needs improvement
Evaluate the strength of internal audit's process to monitor the status of open matters/recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Yes	No
Does internal audit contribute to the committee's understanding of the overall assurance framework within the organisation and the role internal audit plays in this framework?		<input type="checkbox"/>	<input type="checkbox"/>
Does the internal audit function proactively share its knowledge widely with the business i.e. outside the strict reporting channels?		<input type="checkbox"/>	<input type="checkbox"/>

## Comments

## Performance

*This section should include questions that focus on the Key Performance Indicators (KPIs) for the internal audit team*

	Strong	Adequate	Needs improvement
Assess the quality of the internal audit plan in terms of:			
■ Comprehensiveness, clarity and timeliness;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Coverage of priority and high risk areas;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Focus on testing of the control framework.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Yes	No
Did the original internal audit plan leave any significant issues of concern to the audit committee unaddressed?		<input type="checkbox"/>	<input type="checkbox"/>
	Strong	Adequate	Needs improvement
What was your assessment of the scope of the internal audit as outlined in the plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



	Yes	No
Was it clear from its reporting to the committee that internal audit:		
■ Delivered the services outlined in the plan;	<input type="checkbox"/>	<input type="checkbox"/>
■ Were in accordance with the agreed timetable?	<input type="checkbox"/>	<input type="checkbox"/>
Is there evidence of effective coordination of internal and external audit work?	<input type="checkbox"/>	<input type="checkbox"/>
Are success measures used for evaluating the performance of the internal audit function?	<input type="checkbox"/>	<input type="checkbox"/>
Does the internal audit function offer adequate career progression opportunities for its employees?	<input type="checkbox"/>	<input type="checkbox"/>
Are there sufficient performance based reward mechanisms to motivate internal audit employees?	<input type="checkbox"/>	<input type="checkbox"/>
Do you consider that internal audit has added value to the organisation?	<input type="checkbox"/>	<input type="checkbox"/>
In what way has internal audit added value to the organisation?		

	Strong	Adequate	Needs improvement
How would you assess internal audit's overall performance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Overall comments

Name \_\_\_\_\_

Signed \_\_\_\_\_

Position \_\_\_\_\_

Date \_\_\_\_\_

(Audit Committee Chairman)

# Evaluation of internal auditors - Management

*This checklist should be completed by heads of major business units and the chief financial officer/finance director. Where significant subsidiaries or major business units are subject to internal audit, consider asking leaders of these businesses to complete the survey.*

## Planning

	Yes	No
Are internal audit's terms of reference sufficiently visible to everyone in your business?	<input type="checkbox"/>	<input type="checkbox"/>
Was there sufficient pre-planning and coordination by the internal auditors with the department before each phase of the internal audit or special project commenced?	<input type="checkbox"/>	<input type="checkbox"/>
Did internal audit discuss its approach and major areas of audit focus with you?	<input type="checkbox"/>	<input type="checkbox"/>
Did you raise any major areas of concern that were not reviewed by the internal audit team?	<input type="checkbox"/>	<input type="checkbox"/>

## Comments

## Skills and experience

	Yes	No	
Do you consider the internal audit team to have sufficient professional experience, project management, inter-personal skills and seniority to effectively carry out the work required?	<input type="checkbox"/>	<input type="checkbox"/>	
Do you consider the internal audit team have sufficient experience in the functional specialisations (e.g. IT, risk assessment, treasury) to effectively carry out the work that was required?	<input type="checkbox"/>	<input type="checkbox"/>	
	Strong	Adequate	Needs improvement
Assess the strength of internal audit's understanding of the organisation and the risk it faces.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How strongly did the senior members of the internal audit team demonstrate an appreciation of the issues key to your role and responsibilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	
Did members of the internal audit team consistently demonstrate independence in all their deliberations?	<input type="checkbox"/>	<input type="checkbox"/>	
In your view, does the way in which internal audit is funded impair its independence?	<input type="checkbox"/>	<input type="checkbox"/>	

	Yes	No
Do you believe the members of the internal audit team are independent of the activities they audit?	<input type="checkbox"/>	<input type="checkbox"/>
Were members of the internal audit team adequately supervised?	<input type="checkbox"/>	<input type="checkbox"/>

### Comments

### Work programme

	Yes	No
Was effective cooperation achieved between the internal auditors and your department, including the avoidance of undue disruption to normal activities?	<input type="checkbox"/>	<input type="checkbox"/>
Was there a formal process to determine that internal audit kept you up to date with audit/project progress?	<input type="checkbox"/>	<input type="checkbox"/>
Did internal audit provide early identification and advice of contentious issues, problem areas and delays?	<input type="checkbox"/>	<input type="checkbox"/>
Did internal audit suggest how such issues could be resolved?	<input type="checkbox"/>	<input type="checkbox"/>
Were suggestions realistic, robust and presented clearly and on a timely basis?	<input type="checkbox"/>	<input type="checkbox"/>
	Strong	Adequate
How responsive was internal audit to the business's needs, including requests for special investigations?	<input type="checkbox"/>	<input type="checkbox"/>
		Needs improvement
Were internal audit reports:	Yes	No
■ Relevant, clear and constructive;	<input type="checkbox"/>	<input type="checkbox"/>
■ Sufficiently detailed to enable effective management action;	<input type="checkbox"/>	<input type="checkbox"/>
■ Issued on a timely basis?	<input type="checkbox"/>	<input type="checkbox"/>
Were internal audit findings discussed with you prior to being tabled with the audit committee?	<input type="checkbox"/>	<input type="checkbox"/>
Did internal audit follow up recommendations to see whether they had been implemented?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have any major unresolved disagreements with internal audit?	<input type="checkbox"/>	<input type="checkbox"/>

### Overall performance

	Yes	No
Did internal audit add value to your business?	<input type="checkbox"/>	<input type="checkbox"/>
In what ways did internal audit add value to your business?		

### Overall comments

Name \_\_\_\_\_

Position \_\_\_\_\_

Signed \_\_\_\_\_

Date \_\_\_\_\_

# Evaluation of internal auditors - External auditors

*This checklist should be completed by the external auditor of the parent organisation and of subsidiaries, major business units or regions if appropriate.*

## Terms of reference

	Strong	Adequate	Needs improvement
Evaluate internal audit's current terms of reference given your understanding of the organisation's business, complexity, risk environment and the current developments in internal audit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Yes	No
From your knowledge of internal audit and industry best practice, do you consider internal audit's current terms of reference are of appropriate quality?		<input type="checkbox"/>	<input type="checkbox"/>

## Comments

## Skills and experience

Do you consider the internal audit team have the professional experience, technical skills, inter-personal skills and seniority to effectively carry out the internal audit work required?		Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
	Strong	Adequate	Needs improvement
Evaluate the senior members of the internal audit team's understanding of the organisation, its business and its risk environment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assess the internal audit team's experience in key functional specialisations, in the context of what is needed for the proper discharge of their roles and responsibilities:			
■ IT;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Risk management;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Treasury;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Accounting;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Tax;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Supply chain.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Other (specify)

From your dealings with members of the internal audit team and your knowledge of internal audit and industry best practice:

- Do you consider internal audit have sufficient resources to satisfy their terms of reference?
- Evaluate the sufficiency of internal audit's resources to adequately deliver the services outlined in its internal audit plan in the timeframes identified.

Does the structure of internal audit appear to facilitate a proper understanding of the organisation's business issues?

Does internal audit's staffing appear to adequately reflect its roles and responsibilities?

In your assessment, is the internal audit methodology robust and does it reflect the latest thinking in internal audit?

Yes

No

☐☐

Strong

Adequate

Needs improvement

☐☐☐

Yes

No

☐☐☐☐☐☐

### Comments

### Work programme

Are there regular discussions between internal and external audit on internal and external audit strategies, assessment of risks and the implications of audit findings/audit work?

Has progress against plan been monitored jointly by internal and external audit regularly throughout the year?

Did you receive copies of all relevant internal audit reports issued by internal audit?

Were copies of internal audit reports received on a timely basis?

Are internal audit reports of a standard comparable to best practice in other organisations?

To the best of your knowledge, are there any major areas of risk or concern that internal audit did not appear to cover?

Yes

No

☐☐☐☐☐☐☐☐☐☐☐☐

### Overall comments

Name

Signed

Position

Date

# Evaluation of internal auditors - Self assessment

*This checklist should be completed by the head of internal audit (self assessment).*

## Understanding

Evaluate internal audit's understanding of:

- The responsibilities and operation of the audit committee;
- The organisation's business;
- The organisation's risk environment;
- The organisation's control framework.

Strong      Adequate      Needs improvement

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Comments

## Charter and structure

Do the terms of reference for internal audit define in sufficient detail, for the purposes of directing internal audit:

- Roles and responsibilities, including those in relation to other internal functions;
- Expectations of management;
- Scope of internal audit work;
- Access to information?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

Strong      Adequate      Needs improvement

Evaluate internal audit's current terms of reference in light of the organisation's current needs.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Evaluate internal audit's current terms of reference in light of the organisation's future needs.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Assess the structure of internal audit in terms of enhancing its:

- Objectivity;
- Understanding of the organisation's business issues;
- Ability to respond to business needs.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Comments

## Skills and experience

	Strong	Adequate	Needs improvement
How well does internal audit's staffing reflect its roles and responsibilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assess the staff mix and competencies of the internal audit team.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evaluate internal audit's independence from the activities it audits.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Comments

## Communication

	Strong	Adequate	Needs improvement
Evaluate internal audit's responsiveness to requests from the audit committee, including requests for special investigations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evaluate internal audit's frankness and candour with the committee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evaluate internal audit's handling of difficult or contentious issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Over the last 12 months, has the chairman of the audit committee been fully briefed on significant findings or developments prior to audit committee meetings?		Yes <input type="checkbox"/>	No <input type="checkbox"/>
Evaluate internal audit's process to monitor the status of open matters/recommendations.	Strong <input type="checkbox"/>	Adequate <input type="checkbox"/>	Needs improvement <input type="checkbox"/>

### Comments

## Performance

*This section should be developed to focus on the Key Performance Indicators (KPIs) set for the internal audit team.*

In what way has internal audit added value to the organisation?

	Strong	Adequate	Needs improvement
How would you assess internal audit's overall performance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Overall comments

Name \_\_\_\_\_

Signed \_\_\_\_\_

Position \_\_\_\_\_

Date \_\_\_\_\_



If you would like further information on any of the matters discussed in this publication, please talk to your usual contact at KPMG UK or contact:

Timothy Copnell on 020 7694 8082  
[tim.copnell@kpmg.co.uk](mailto:tim.copnell@kpmg.co.uk)

Further material is available on the Audit Committee Institute website at  
[www.kpmg.co.uk/aci](http://www.kpmg.co.uk/aci)



<b>FOR DISCUSSION / INFORMATION</b>			
Meeting	Audit & Risk Assurance Committee 31.05.17		
Presented by	Richard Whetton		
Author/Contact	Richard Whetton	Department / Unit	Corporate Development
Date Created	16/05/2017	Telephone	07917 608262
Appendices Attached	None.		
Disclosable under FOISA		Yes.	

## **UPDATE ON PREPARATION FOR THE GENERAL DATA PROTECTION REGULATION**

### **1. PURPOSE**

This paper provides an update on Edinburgh College preparation for the new General Data Protection Regulation.

### **2. BACKGROUND**

The General Data Protection Regulation (GDPR) is a regulation by which the European Parliament, the Council of the European Union (EU) and the European Commission intend to strengthen and unify data protection for all individuals across the whole of the (EU).

The primary objectives of the GDPR are to give citizens and residents control of their personal data and to simplify the regulatory environment by unifying the regulation within the EU. The regulation was adopted on 27 April 2016 and it will apply from 25 May 2018.

### **3. DETAIL**

The main implications for Edinburgh College under the General Data Protection Regulation are as follows;

#### ***Privacy by Design***

Privacy by Design will require that data protection is designed into the development of all business processes for products and services. Data Controllers should also implement mechanisms to ensure that personal data is only processed when necessary for each specific purpose. This requires that privacy settings must be set at a high level and that technical and procedural measures should be taken care by the data controller in order to make sure that the processing, throughout the whole processing lifecycle, complies with the regulation.

#### ***Employing a dedicated Data Protection Officer***

Edinburgh College will be required to employ or employ the services of a dedicated Data Protection Officer (DPO). They need to be independent of the organisation that employs them, effectively working as an internal regulator. Where the processing is carried out by a public authority a

person with expert knowledge of data protection law and practices should assist the data controller or processor to monitor internal compliance with this new Regulation. The DPO should be similar but not the same as a Compliance Officer as they are also expected to be proficient at managing IT processes, data security (including dealing with cyber-attacks) and other critical business continuity issues around the holding and processing of personal and sensitive data.

### ***Consent***

Valid consent must be gained and be explicit for any personal data collected and for the purposes data is used. Consent for children must be given by the child's parent or custodian. Data controllers must be able to prove "consent" (a very clear opt-in) and consent may also be withdrawn by the individual.

### ***Responsibility and accountability***

Organisations must provide a clear retention time for personal data and contact information. In addition automated individual decision-making, (use of algorithms) is made contestable.

It is the responsibility and liability of the data controller to implement effective measures and be able to demonstrate the compliance of processing activities even if the processing is carried out by a data processor on behalf of the controller. Data Protection Impact Assessments will also have to be conducted when specific risks occur to the rights and freedoms of data subjects.

### ***The use of Pseudonymisation***

The GDPR refers to pseudonymisation as a process that transforms personal data in such a way that the resulting data cannot be attributed to a specific data subject without the use of additional information. An example of pseudonymisation is encryption, which renders the original data unintelligible and the process cannot be reversed without access to the right decryption key. The GDPR requires that this additional information (such as the decryption key) be kept separately from the pseudonymised data.

### ***Reporting Data breaches***

Under the GDPR, the Data Controller will be under a legal obligation to notify the Supervisory Authority without undue delay of any data breach. However, the data controller does not have to notify the data subjects if anonymized data is breached.

### ***Right to erasure***

A right to be forgotten was replaced by a more limited *right to erasure* in the version of the GDPR adopted by the European Parliament. This means that the data subject has the right to request erasure of any personal data related to them on a number of grounds including non-compliance.

### ***Data portability***

This will mean that any person will be able to transfer their personal data from one electronic processing system to and into another, without being prevented from doing so by the data controller. In addition, the data must be provided by the controller in a structured and commonly used format.

#### **4. OPPORTUNITIES**

In preparing for the GDPR Corporate Development is taking a broad improvement approach to Information management across the college. Work started in March 2017 with the formation of a dedicated Information Management Group (IMG) which will oversee all improvement activity regarding the management of information including the preparation for GDPR.

In line with other public sector organisations Edinburgh College will recruit a dedicated Information Manager (this will not fulfil the role of Data Protection Officer). The recruitment process is now open and will close on the 28<sup>th</sup> May 2017.

In addition, the technologies, outcomes and tools used by Universities and Colleges have a great deal of overlap and the opportunity to share “good/best practice” solutions created by a dedicated team aware of these sector-specific concerns seems self-evident. One related area is in employing Information Security experts through a shared service approach. Edinburgh College, through the Head of IT has secured 15 hours of consultancy which will include provision of briefings for senior staff on the implications of GDPR.

#### **5. STRATEGIC IMPLICATIONS**

In order to successfully meet the strategic objectives of the college establishing an improved approach to Information Management including the preparation for and compliance with GDPR is essential.

#### **6. RISK**

Failure to adhere to the GDPR and could potentially lead to significant sanctions and should be considered a risk at this time. It has been added to the Top Level Risk Register.

Potential sanctions include;

- a warning in writing in cases of first and non-intentional non-compliance
- regular periodic data protection audits
- a fine up to 10,000,000 EUR or up to 2% of the annual worldwide turnover of the preceding financial year in case of an enterprise, whichever is greater
- a fine up to 20,000,000 EUR or up to 4% of the annual worldwide turnover of the preceding financial year in case of an enterprise, whichever is greater.

#### **7. FINANCIAL IMPLICATIONS**

Immediate implications is the employment of dedicated Information Manager within Corporate Development. Further implications to be established as work progresses for example should the college have to recruit a dedicated Data Protection Officer.

#### **8. LEGAL IMPLICATIONS**

Alongside compliance with the GDPR from May 2018 the college must comply with the Data Protection Act 1998, the Freedom of Information Scotland Act 2002 and the Public Records Scotland Act 2011

#### **9. WORKFORCE IMPLICATIONS**

No specific financial implications

**10. REPUTATIONAL IMPLICATIONS**

The successful management of information is essential to maintaining the college reputation with legislators, staff, students and partners.

**11. EQUALITIES IMPLICATIONS**

No specific financial implications

**CONCLUSIONS/RECOMMENDATIONS**

The Committee are asked to NOTED AND DISCUSS the contents of this update.

FOR DISCUSSION / INFORMATION			
Meeting	Audit & Risk Assurance Committee 31.05.17		
Presented by	Sarah-Jane Linton		
Author/Contact	Sarah-Jane Linton / Jade Fitzpatrick	Department / Unit	Policy, Planning & Performance / Complaints
Date Created	17.05.17	Telephone	x77206
Appendices Attached	<i>Appendix 1:</i> Charts illustrating the percentages/categories of complaints received in 2015/16 and Q1&2 of 2016/17.		
Disclosable under FOISA		Yes.	

## COMPLAINTS ACTIVITY SUMMARY

### 1. PURPOSE

The paper provides a summary of complaints received by Edinburgh College from 01 August 2015 to 31 July 2016. Further to this, brief summary of the complaints received in Quarter 1 and 2 of this academic year (01 August 2016 to 31 January 2017).

For reference, the report also provides information on the Scottish Public Services Ombudsman (SPSO) complaint handling procedure for Further Education colleges.

The first section of the appendix on this paper provides a summary of complaints received by the college in Academic Year 15/16, and offers comparison to the same quarter from Academic Year 14/15.

### 2. BACKGROUND

The Scottish Parliament decided to legislate on how the public sector administer their complaints and the Public Service Reform (Scotland) Act 2010 was put in place. In light of this, the SPSO developed a model Complaints Handling Procedure for the public sector. The procedure focuses on quicker, simpler and more streamlined complaints handling with local, early resolution by empowered staff. Edinburgh College fully implemented this procedure on 1 August 2013. The procedure has two stages and it is required that the complaints of both stages are formally recorded, investigated and reported on. The SPSO advise that:

- Stage 1 complaints are to be responded to within 5 working days
- Stage 2 complaints are to be acknowledged within 3 working days, investigated by a senior member of staff and responded to within 20 working days.

### 3. DETAIL - KEY FACTS

There was a **16.6% reduction** of complaints closed by the college in 2015/16 (1 August 2015 to the 31 July 2016) to that closed at the same time period in 2014/15.

The college managed to **reduce the number of upheld complaints** in comparison to that upheld in 2014/15. Around half of stage 1 and stage 2 complaints have been upheld, whereas 65% of stage 2 and 57.7% of Stage 1 complaints were upheld in the academic year of 2014/15.

The college **has improved the 2014/15 response rates for responding to Stage 1 complaints within the 5 working day timescale, by 2.3%.**

The response rate for **responding to Stage 2 complaints within the relevant timescales has decreased since 2014/15 by 5.7%.**

### 3.1 Number of Complaints 2015/16

The majority of complaints received were regarding issues at the Sighthill Campus, as illustrated in the table below:

Campus	Complaints Raised	Complaints Upheld	Stage 1 Complaints Raised	Stage 1 Complaints Upheld	Stage2 Complaints Raised	Stage 2 Complaints Upheld
College	11	7	11	7	0	0
Granton	80	36	58	24	22	12
Midlothian	28	17	22	14	6	3
Milton Road	66	21	57	19	9	2
Sighthill	124	67	96	57	28	10
Outreach	1	0	1	0	0	0
Unknown	1	0	1	0	0	0

The SPSO published one decision report in the 2015/16 academic year, where they had partially upheld **only one** complaint relating to various issues including the lack of support a student received during her course. The SPSO provided the college with the following recommendations:

- take steps to ensure teaching staff are familiar with the requirements of the attendance procedures and the student disciplinary policy;
- take steps to ensure that staff comply with the specific requirements of personal learning support plans (PLSPs), or arrange for changes to the PLSP if this is not possible or practicable;
- review the process for student references, to ensure that any factual statements are based on clearly identified and accurate information;
- apologise to student for the failings our investigation found;
- Feedback SPSO findings to the teaching and complaints handling staff involved; and take steps to ensure that complaint investigations take account of all evidence and appropriate witnesses, and relevant college procedures.

### 3.2 Complaint Category 2015/16

The main causes of complaints received were:

- Course Related (41%); this category included complaints regarding teaching, issues with the resources provided on the course, how the course had been managed and also complaints regarding assessments and exams.
- Customer Care (26%); complaints in this category included, issues with Health & Safety, student conduct, with the majority of complaints relating to the conduct of staff. (63.2%)

- Services (19%); complaints in this category were mainly in relation to funding/bursary issues (74.1%). Where other complaints in this category related to learning technology and finance issues.
- Applications to Progression (13%); the majority (73.5%) of complaints in this category related to issues with applications, admissions, enrolments, interviews and inductions.

Please see *Appendix B* for a pie chart of the percentages and the categories of complaints received in 2015/16.

### 3.3 Quarter 1 & 2 2016/17 Summary

For Quarter 1 and 2 of the academic year (August 1- January 31 2017) we received a total of **126 complaints which is a decrease in the 194 complaints received in Q1&2 of 2015/16.**

The college have closed 73% complaints at Stage 1, which is a **decrease in comparison to those closed in Quarter 1&2 of 2015/16.**

With regards to outcomes, **over half of Stage 1 complaints** have been **upheld**, which is in an **increase** of those upheld in Q1&2 of 2015/16.

In terms of categories of complaints, the majority of complaints are regarding **course related matters** and there has been an **18% increase in these complaints**, in comparison to Q1&2 of 2015/16.

Further details regarding the categories and numbers of complaints we have received in Q1&2 can be found in form of a pie chart (*Appendix 1*).

### 3.4 Summary

*Course Related:* Most complaints received in this category related to the environment and issues with course resources. Following that, there were a large amount of complaints relating to learning and teaching. The majority of the upheld complaints were resolved with apologies and follow up action. It is evident that course related matters are still the most common cause for complaint, with 59% of complaints relating to this category in Q1&Q2 of 2016/17.

*Customer Care:* Staff Conduct again made up a large amount of the complaints received over the duration of 2015/16. As per the year to date report provided in April 2016, these complaints were generally resolved with apologies and coaching for staff.

*Applications to Progression:* The majority of complaints in this category related to issues with admissions, enrolments, interviews and inductions. Nearly all upheld complaints were resolved with an apology and follow up action.

*Services:* Funding issues were again prominent in this category. The majority of the upheld complaints were resolved with apologies and follow up action.

In addition to this, it was also acknowledged that **the amount of complaints logged at Stage 1 had decreased in the first 2 quarters of 2016/17.** With the SPSO encouraging colleges to attempt to resolve matters at frontline, should the decline continue, a review of the specific issues that are being raised at Stage 1 and Stage 2 should be undertaken to ensure that complaints are being dealt with in the most efficient way.

Overall, this report demonstrates a very positive improvement in our complaints handling at Edinburgh College since 2014 to the present academic year.

It is recommended that Heads of Faculty use their 2016/17 report to inform their operational planning for 2017/18 and ensure that actions are addressed by curriculum teams through self-evaluation. Further analysis will be supported by our Complaints Handler, Jade Fitzpatrick.

The final Annual Complaints Summary will be presented to SMG and our Board in August for final sign off for publishing and sharing with SPSO (Scottish Public Service Ombudsman).

**4. BENEFITS AND OPPORTUNITIES**

Establishing trends in complaints is essential for Edinburgh College to learn about systems/policies that are not working well and to utilise the feedback provided in a positive way to make necessary improvements. It is important that we analyse the complaint report information, along with SPSO recommendations, to ensure real organisational learning/change and in order to prevent repeat failings.

Incorporating complaint analysis findings into our daily activities ensures that the service we provide is high quality, efficient and responsive to our student's/customer's needs.

**5. STRATEGIC IMPLICATIONS**

The Senior Management Group has responsibility to ensure it monitors the frequency and outcomes of complaints and to ensure the College has taken appropriate corrective actions as part of any complaint resolution. The mainstay of our complaints relate directly to the learning experience, but support Heads have a small number of direct complaints to address and a key role in improving the learning experience. Solutions are a shared enterprise and all staff are invested in improving college life for all.

**6. RISK**

Failure to deal with complaints in an appropriate and timely manner may carry reputational and legal implications.

**7. FINANCIAL IMPLICATIONS**

Not applicable.

**8. LEGAL IMPLICATIONS**

The college must adhere to Scottish Government legislation relating to how public sector bodies administer their complaints and the Public Service Reform (Scotland) Act 2010.

**9. WORKFORCE IMPLICATIONS**

Complaints resolutions can lead to HR policy invocation around performance management and/or staff CPD.

**10. REPUTATIONAL IMPLICATIONS**

See Risk above.

**11. EQUALITIES IMPLICATIONS**

Not applicable.

**CONCLUSIONS/RECOMMENDATIONS**

The Committee are asked to NOTE the information provide on complaint activity.



CHART 1: Complaints Received by Category 2015/16

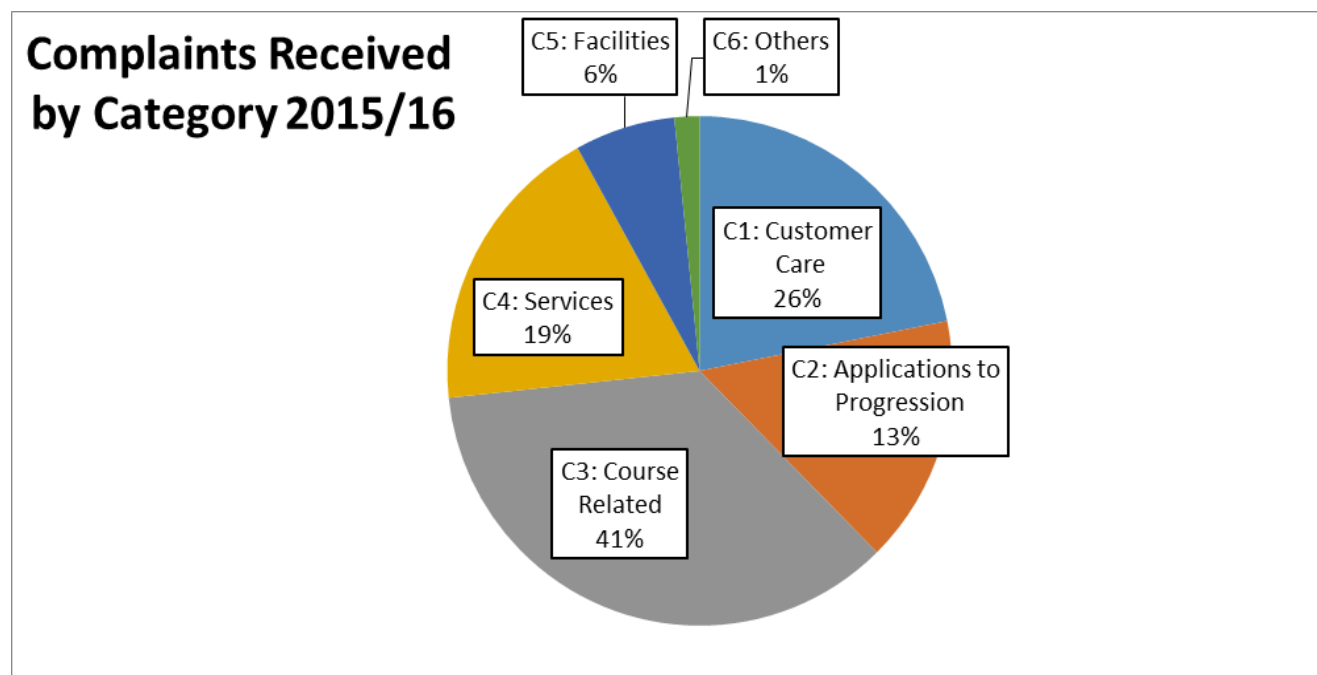


CHART 2: Complaints Received by Category Q1&amp;2 2016/17

