South Lanarkshire College

Audit Committee (Board of Management)

Meeting to be held on
Monday 28th August 2017
at 17.30 hours in the Boardroom

AGENDA

1. Apologies.

2. Declaration of Members' Interest.

3. Minutes of Previous Meeting   15 May 2017

4. Matters Arising

5. Head of Finance Report

6. Internal Audit Reports   Messrs. Scott-Moncrieff
   - Business Continuity Planning   (Appendix 1)

7. Internal Audit Plan   2017/18   Messrs. Scott-Moncrieff
   - Draft   (Appendix 2)

8. Business Continuity Plan (BCP)   Head of Finance
   - InfoSec - Business Impact Assessment   (Appendix 3)
   - Draft Business Continuity Management Framework
                                                     (Appendix 4)

9. Risk Management   Head of Finance
   - College Risk Register as at 17 August 2017   (Appendix 5)
   - Risk Register Commentary   (Appendix 6)
   - Risk Register Summary   (Appendix 7)

10. External Audit – Year to 31st July 2017   Head of Finance
    - Update from Messrs Mazars   (Appendix 8)
    - Guidance letter from SFC   (Appendix 9)

11. Audit Scotland Technical Bulletin 2017 / 2   Head of Finance
    - April / June 2017   (Appendix 10)

12. Any Other Competent Business.

South Lanarkshire College
Audit Committee (Board of Management)
Held 28th August 2017

Present   Robert Ralston
Pauline Robertson

Apologies   Paul Hutchinson

In Attendance Stewart McKillop (Principal)
Angus Allan
Keith McAllister
Angela Martin

Chris Brown, Messrs Scott-Moncrieff
Cathie Wyllie, Messrs Scott-Moncrieff

1. Declarations of Members' Interests

Ms Robertson declared her interests as Contracts Manager for CITB and Mr McKillop declared his interest as a member of The Lanarkshire Board.

2. Minutes of the Previous Meeting

The Minute of the meeting held on 15th May 2017 had already been agreed by the Board of Management.

3. Matters Arising

Workforce Management – March 2017 – Mr Ralston enquired as to the status of this document. The Principal stated that it had been presented to and agreed by the Board of Management in May 2017.

Budget Setting – April 2017 – Mr Ralston asked if the procedures had been finalised. Mr Brown stated this had been addressed and the follow-up would be part of the normal audit cycle.

4. Internal Auditors – Messrs. Scott-Moncrieff

Internal Audit Report 2016/17 – Business Continuity Management Report (February 2017)
(this document had been distributed with the papers)

Mr Brown stated that the report was typical of its kind. The points raised were common to most organisations and it was the job of this audit to bring such issues to the forefront of the organisation's thinking. He added that he had already met with the Principal and Mr McAllister to discuss the findings and the College's proposed way forward. Indeed, this was done before the report was finalised the management team had reacted, putting actions in place.

Mr Ralston stated that he had found it an informative report and asked what the timescale for completion was. Mr McAllister replied that the target was the end of the year. He added that input was needed from across the College and the collation of this would be led by the Risk Management Group.

Members approved the report to go forward to the Board of Management.

Internal Audit Plan 2017-18 – Draft for Audit Committee Discussion (August 2017)
(this document had been distributed with the papers)

Mr Brown informed members that the draft Plan had been compiled drawn from legislative and risk needs and areas suggested by the management team of the College. Members noted that those areas highlighted amounted to 34 days and that this required to be narrowed down to 22 days.

Discussion took place regard the Audit Universe appendix and the proposals given. Mr Ralston stated that no concerns had been raised in the past and members agreed that they were happy for the management team to agree the final areas with the auditors for the year ahead, in line with the needs of the following two years.

5. **Report from the Head of Finance**

Business Continuity

The College has been working on expanding the scope of its existing Business Continuity Plan via the Risk Management Group for some time now. This focus has been sharpened due to the recent audit and the College Management felt that a third party perspective would be of assistance and has thus engaged the services of Universities and Colleges Shared Services (UCSS).

As part of the process, Mr McAllister met with Pauline Robertson of InfoSec and a Business Impact Assessment has been drawn up and adopted by the College. This addresses one of the main points raised in the internal audit review of business continuity.
 Ms Robertson of InfoSec will come in and speak to individual Heads of Department to discuss areas of risk specific to their area of responsibility.
Mr McAllister stated that the College has now produced a draft Business Continuity Framework (distributed with the papers). This document will continue to be developed via the Risk Management Group and progress will reported through the Audit Committee.

Mr Ralston asked Mr Brown if this was the way forward. Mr Brown stated that this was most certainly the way to progress in line with the framework.

Mr Allan informed members that work was also being done to in-bed this process within the operational planning system.

Discussion took place in regard to staff awareness. Members agreed that detail was required at College Management Team level and that it would be fed down to teams. Ms Robertson suggested a card be produced for staff of the top 5 things to do in the event of an emergency. **Action: the Principal stated that this would be taken forward.**

Risk Management

Mr McAllister drew members' attention to the Risk Register as at 17th August 2017 and the Commentary and Summary of Risks which had been distributed with the papers. The commentary details the changes and trends since the last review.

Members noted that the main changes were the incorporation of a stronger statement on Business Continuity; the inclusion of a specific mention of the new data protection regulations (GDPR) which comes into force in May 2018; and the decrease in risk in terms of short term funding as a result of the 2017/18 grant in aid settlement.

Bulletin from Audit Scotland

Members were issued with an extract from Technical Bulletin 2017/2 issued by Audit Scotland.

6. **Consolidated Accounts**

The Committee discussed the question of consolidated accounts and it was accepted that these would be required, especially given the sentiment expressed by Audit Scotland in their most recent review of Scotland's colleges. Whilst this was the responsibility of the Regional Board to take this forward, it was agreed that the format and content of Regional accounts did have an impact on South Lanarkshire College. It was the view of members of the Committee that South Lanarkshire College was not under the control of The Lanarkshire Board and, as such, consolidated accounts should not be prepared under the auspices of FRS 102 or the associated SORP. Mr Ralston agreed to contact the Chair of the Audit Committee of The Lanarkshire Board to discuss the matter.

There being no further competent business the Chair closed the meeting by thanking everyone for their attendance.

SOUTH LANARKSHIRE COLLEGE

AUDIT COMMITTEE MEETING
Monday 28th August 2017

REPORT FROM THE HEAD OF FINANCE

1   Purpose & Introduction

To inform the members of the Audit Committee of developments in the area of audit.

2   Executive Summary

o   **Internal Audit Reports**
  ▪ Scott-Moncrieff will present their report on their review of the College's business continuity arrangements, and this report is attached as **Appendix 1.**

    This was an in-depth, specialist and extensive review and a number of recommendations have been made. The College has taken these on board and have engaged the services of an external agency, University and Colleges Shared Services (UCSS), to guide the College through the process of moving to having a robust Business Continuity system in place. The internal audit report has thus been viewed as an indicator as to how the College should proceed and, as such, is an important part of the process.

o   **Internal Audit Appointment & Draft Plan**
    Messrs Scott-Moncrieff were appointed as internal audit service providers three years ago on the basis of a three-plus one or two year extension. They compiled a three year internal audit plan at that time, based on discussion between themselves, College management and the Audit Committee.

    On the premise that the Committee wish to extend the appointment, which this meeting should decide upon, the firm have prepared a draft three year plan to cover the period 2017/18 to 2019/20 inclusive; this is attached as **Appendix 2.** It should be noted that the suggested annual programmes of work comprise more audit days than the current agreement allows for (see the summary on page 10), so the Committee will have to prioritise as it sees fit.

o   **Business Continuity**
  • The College has been working on expanding the scope of its existing Business Continuity Plan via the Risk Management Group for some time. The internal audit report mentioned above has given the process a sharper focus and College management feel that a third party perspective is required, hence its engagement of UCSS.

    As part of the process, UCSS prepared a draft Business Impact Assessment. This document is attached as **Appendix 3** and its adoption by the College addresses one of the main points raised in the internal audit review of business continuity**.** The College has now drawn up a draft Business Continuity Management Framework document. This is attached as **Appendix 4**

SOUTH LANARKSHIRE COLLEGE

AUDIT COMMITTEE MEETING
Monday 28th August 2017

REPORT FROM THE HEAD OF FINANCE

- ○ **Business Continuity (continued)**
  The College will continue to develop its BCP policy via the Risk Management Group and the progress will be reported to the Audit Committee on a continuing basis at each Committee meeting. A timetable is being worked on with UCSS.

- ○ **Risk Management**
  - ▪ Attached as **Appendix 5** is the latest update of the College's Risk Register. **Appendix 6** is a commentary on the Register, with **Appendix 7** being the summary of risks, showing the trend since the last review.

    It should be noted that the main changes are the incorporation of a stronger statement on Business Continuity; the inclusion of a specific mention of the new data protection regulations (GSPR) which come into force in May 2018; and a decrease in risk in terms of short term funding as a result of the 2017/18 grant in aid settlement.

- ○ **External Audit**
  - • Attached as **Appendix 8** is a progress report from Messrs Mazars which members should note.

  - • The Funding Council (SFC) has issued their annual Accounts Direction notes. It was expected that there would include an update on regional accounts. Although these were mentioned, no action guidance was included in the document. A letter was subsequently received by the Chief Officer of the RSB from the Chief Operating Officer at SFC which, again, gave no specific guidance, but stated, "it would appear likely that consolidated financial statements may require to be prepared by New College Lanarkshire." The letter, which is attached as **Appendix 9**, goes on to state that the decision to prepare consolidated accounts is one to be made by RSB and its external auditors. In discussion with the external audit manager, Mazars have agreed with the view of SLC, that this is actually a decision for the RSB to make.

- ○ **Bulletin from Audit Scotland**
  - ▪ Attached as **Appendix 10** is an extract from Technical Bulletin 2017 / 2 issued by Audit Scotland. The header page details the issues raised therein that Audit Committee members should note, although there were no issues raised which are specific to the college education sector.

SOUTH LANARKSHIRE COLLEGE

AUDIT COMMITTEE MEETING
Monday 28ᵗʰ August 2017

REPORT FROM THE HEAD OF FINANCE

3   **Conclusions and Recommendations**

It is recommended that Members of the Audit Committee:

- Review and accept the internal audit report and approve the management responses as being acceptable. In this instance, the Committee should note the work being undertaken re the Business Continuity Plan with UCSS.
- Review the internal audit arrangements with a view to extending the current provision, and to what extent.
- Should the arrangement with Messrs Scott-Moncrieff be extended, the Committee should review the draft Internal Audit Plan with a view to prioritising the programme of work proposed.
- Note the work being undertaken by the College on developing its Business Continuity Plan and to note the involvement of external consultants.
- Note the update from the external audit providers.
- Note the Risk Register and approving the recent movements therein
- Note the contents of the *Technical Bulletin* issued by Audit Scotland.

South Lanarkshire College

Internal Audit Plan 2017-18
Draft for Audit Committee
Discussion

August 2017

Scott-Moncrieff
business advisers and accountants

South Lanarkshire College

Internal Audit Plan 2017/18

Introduction

Internal auditing is an independent and objective assurance and consulting activity designed to add value and improve the operations of South Lanarkshire College. It helps the College accomplish its objectives by evaluating the systems and processes in place, providing assurance that key risks are being managed effectively and value for money is being achieved and improving the effectiveness of risk management, control and governance processes.

The objective of internal audit planning is to focus audit resources on the systems and processes that manage the College's key risk areas.

Audit Committee Action

Our initial three-year internal audit strategy covering the period 2014 to 2017 is now complete. We now present the draft audit needs assessment and plan for the next three years 2017/18 to 2019/20 for discussion.

The time required for the potential areas identified for audit exceeds the available resource. Discussion of this draft plan with the Audit Committee will therefore include their views on prioritisation of which areas will be included in the final plan.

The Audit Committee may at any time decide to alter the direction of the plan to address any concerns which arise during the financial year. We would be fully flexible in accommodating any such revision.

Our internal audit approach

Assurance on organisation-wide risks

The internal audit plan is principally designed to provide assurance on the effective management of the College's key risks. This means that the plan covers the full range of systems within the College, not just the financial systems.

This will provide the Board of Management, through the Audit Committee, with the assurance it needs to prepare an annual Governance Statement that complies with best practice in corporate governance and directions from the Scottish Funding Council.

Risk based internal auditing

Our internal audit methodology links internal audit activity to the organisation's overall risk management framework. The main benefit to the College is a strategic, targeted internal audit function that focuses on the key risk areas and provides maximum value for money.

By focussing on the key risk areas, internal audit should be able to conclude that:

- Management has identified, assessed and responded to the College's key risks

- The responses to risks are effective but not excessive

- Where residual risk is unacceptably high, further action is being taken

- Risk management processes, including the effectiveness of responses, are being monitored by management to ensure they continue to operate effectively, and

- Risks, responses and actions are being properly classified and reported.

Audit needs assessment

Background and objective

Internal audit plans are based on an assessment of audit need. "Audit need" represents the assurance required by the Audit Committee from internal audit that the key control systems established to manage and mitigate the College's key risks are adequate and operating effectively.

Approach

Our audit needs assessment takes both a top-down and bottom-up approach followed by a reasonableness check. The top-down approach starts with the areas of highest inherent risk recorded in the risk register and then identifies the control systems in place to manage those risks. The bottom-up approach involves considering the College's audit universe (potential auditable areas) and linking this to the key inherent risks to establish which auditable areas represent the key control systems. The reasonableness check involves us using our experience of similar organisations to ensure that all key risk areas and systems have been considered and the resulting internal audit plan seems appropriate.

Our audit needs assessment involved the following activities:

- Reviewing the College's risk register

- Reviewing the College's strategic and operational plans and objectives

- Reviewing the results of internal audit work in prior years

- Reviewing external audit reports and plans

- Reviewing the College's website and policies and procedures

- Discussions with senior management and the Audit Committee, and

- Utilising our experience at similar organisations and our understanding of the FE sector.

We seek to complement the areas being covered by the College's external auditors, Mazars LLP. Following discussion of this plan at the Audit Committee, we will consult with the external auditors and incorporate the feedback received into the final version submitted for approval to the next Audit Committee meeting. This helps us to target our work in the most effective manner, avoiding duplication of effort and maximising the use of the total audit resource.

The audit needs assessment will be revised on an ongoing basis (at least annually) to take account of any changes in the College's risk profile. All changes to the internal audit plan will be approved by the Audit Committee.

Delivering our audit plans

Audit timetable 2017/18

We will schedule our work to deliver reports to each Audit Committee meeting during the year. We will agree the timing of each review with management to ensure we avoid particularly busy periods.

Appendix 3 provides the basis for agreeing a detailed timetable for the 2017/18 programme.

Assignment planning

Prior to each review commencing, we will finalise the assignment plan with relevant management. The assignment plan sets out the scope and objectives of the audit, along with an assessment of the key business risks relating to the area under review. This consultative approach ensures that the focus of each review is sensitive to the specific risks and context within which the College operates. This maximises the value of each review and reflects the risk-based assurance we offer.

Reporting our findings

During the course of each audit, we will discuss any audit findings with relevant management as they arise. This will ensure that our reports contain no surprises and our recommendations are accurate, practical and relevant.

The audit timetable in Appendix 3 will be based on delivering draft reports to management within three weeks of completion of fieldwork. The reports will include an overall opinion on the strength of controls within the area under review, together with an action plan detailing prioritised recommendations, responsible officers and implementation dates.

We will require management responses to our draft reports within two weeks. Subject to there being no major issues of contention or disagreement, we will produce final reports within one week of receiving management responses. These timings are reflected in the timetable in Appendix 3.

On completion of each year's audit programme, we will issue an annual report summarising our main findings for the year and giving an overall opinion on the College's internal control framework.

Internal Audit team – indicative staff mix

Grade	2017/18 Input (days)	Grade mix (%)
Partner	4	18%
Manager / Senior manager	5	23%
Specialist staff	4	18%
Auditors	9	41%
Total	**22**	**100%**

Specialist and audit staff input will be confirmed once the plan content is finalised. This is the mix from 2016/17.

Confirmation of independence

PSIAS require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that the staff members identified to complete the reviews in the annual plan for 2017/18 are independent and their objectivity has not been compromised.

Internal Audit Team Contacts

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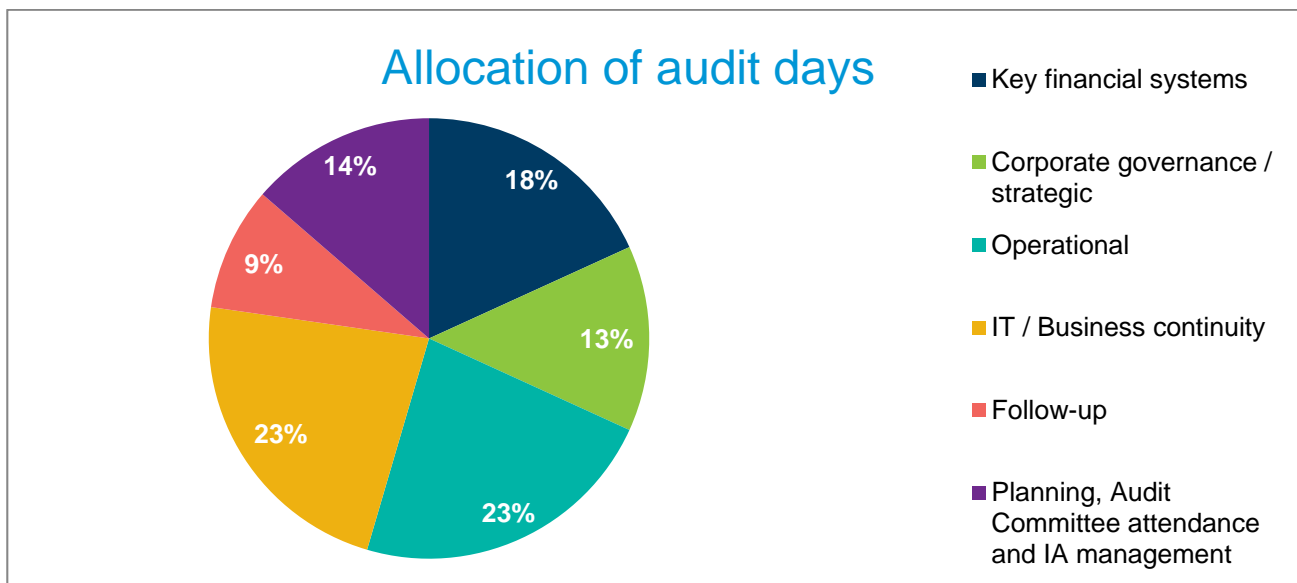
Proposed internal audit plan

The Internal Audit Plan will be updated annually for changes to the College's strategic risk register, corporate plans and through discussions with senior management and the Audit Committee.

Internal audit is only one source of assurance for the Audit Committee. Assurance on the management of risk is provided from a number of other sources, including the senior management team, external audit and the risk management framework itself.

Appendix 1 presents the potential areas proposed for review during 2017/18, in the context of a three year strategy. The potential areas currently require more resource than is available over the course of the three years and Audit Committee input is sought to prioritise which work should be undertaken, and consider alternative assurance mechanisms.

As our internal audit approach is based on risk, the proposed plan is also cross-referenced to the College risk register. This is included in Appendix 2 for information.

The table below demonstrates how the 22 internal audit days agreed for 2016/17 were allocated across each area of the audit universe: This will be updated for 2017/18 once the plan is finalised

Allocation of audit days

- Key financial systems — 18%
- Corporate governance / strategic — 13%
- Operational — 23%
- IT / Business continuity — 23%
- Follow-up — 9%
- Planning, Audit Committee attendance and IA management — 14%

Appendix 1 – Strategic Internal Audit Plan 2017- 2020

Audit area	2017/18 Plan days	2018/19 Plan days	2019/20 Plan days	Risk Reg Ref	Notes
A. Key Financial systems reviews					
A1. Budget setting and monitoring			5	1,2, 3, 7, 12 H/M	Review of overall budgeting framework, i.e how the budgets are initially generated, authorised and rolled out, how performance against budget is monitored and reported, how budget variances are dealt with, including clarity of budget holder responsibilities.
A2. Income and debtors	5			1, 2,3 H/M	Review of processes in place for identifying income, raising invoices and receiving/recording income and the approach to debtor management, including ensuring funds due are received and accounted for appropriately.
A3. Payroll and expenses			4	3 L	To evaluate and test the controls in place over payroll, including standing changes to payroll data. Will also include testing of expense claims.
A4. Procurement/tendering		4		6 L	To review procurement arrangements to confirm they comply with legislation, and best practice to maximise VFM in procurement.
TOTAL A – Key Financial Systems	**5**	**4**	**9**		
B. Corporate Governance / Strategic					
B1. Risk management			4	1, 2 H/M	Review of procedures for risk identification, assessment, mitigation and reporting across the College (strategic and operational).

Audit area	2017/18 Plan days	2018/19 Plan days	2019/20 Plan days	Risk Reg Ref	Notes
B2. Strategic and operational planning			4	1, 2,4, 7, 12 H/M	Including corporate/ strategic and department/ operational objective setting and planning, and the links between strategic and operational planning.
B3. Quality Framework self-evaluation	5			M/L	Review of arrangements to produce the self-evaluation, including planning, quality assurance and resulting action plan development
TOTAL B – Corporate Governance / Strategic	**5**		**8**		
C. Operational Reviews					
C1. Alternative funding sources		6		1, 2, 4, 7 H/M	To review the arrangements in place for identifying, maximising and realising alternative sources of funding.
C2. Sickness Absence			4	L	To review arrangements and available information for managing and reporting on sickness absence.
C3. Performance management and delivery of outcomes			5	4, 12 M	Evaluate performance management, including the timeliness and robustness of management information. To include consideration of outcome agreements and engagement with key partners.
C4. Internal communications		5		M	To review internal communications with staff and students in a college-wide environment. This will not cover communication with students relating to their course.
C5. External communications	5			16 M	To review communications with external stakeholders, to inform planning, engage with potential students, and manage public perceptions of the college. This review will not include communication with NCL.

Audit area	2017/18 Plan days	2018/19 Plan days	2019/20 Plan days	Risk Reg Ref	Notes
C8 Estates and asset management			6	L	To review asset management arrangements to confirm they support delivery of college objectives and safeguard assets for the future.
TOTAL C – Operational Systems Reviews	**5**	**11**	**15**		
D. IT / Business Continuity reviews					
D1. IT strategy		6		M	To review the IT strategy and ensure it supports achievement of college objectives through links to strategic, operational and financial plans.
D2. IT security	8			M	To review IT security arrangements for both staff and student systems, including protection from potential cyber crime and network management.
D3. Information governance and management	5			10 H/L	To review planning and preparation for new General Data Protection Regulation (GDPR) requirements from May 2018.
TOTAL D – IT / Business Continuity reviews	**13**	**6**	**-**		
E. Internal audit management					
E1. Follow-up of prior recommendations	2	2	2		To assess progress in implementing previous internal audit recommendations.
Audit management, Audit Committees, external audit liaison, annual planning, annual audit report	4	3	3		Includes initial planning meetings, documentation review and audit needs assessment in 2017/18.
Management support / contingency days	-	-	-		
TOTAL ANNUAL DAYS IN IA PLAN ABOVE *	**34**	**26**	**37**		

Audit area	2017/18 Plan days	2018/19 Plan days	2019/20 Plan days	Risk Reg Ref	Notes
OVER-ALLOCATED DAYS *	**12**	**4**	**15**		
TOTAL ANNUAL DAYS AVAILABLE	**22**	**22**	**22**		
F. Other audit work					
F1. SUMs Audit	5	5	5		
F2. Student Support Audit	3	3	3		
F3. Educational Maintenance Allowance	3	3	3		
	33	**33**	**33**		

*There are insufficient days available to cover all of the potential areas for review. The Audit Committee and senior management are therefore asked to consider the identified options and prioritise those for review.

Appendix 2 – Strategic Risk Register

No	Risk description	Risk Rating (L x I)	Key audits related to this risk
1	**College cannot maintain financial stability – long term**	**Initial: High (4x 4)** **Residual: High (3 x 4)**	• **Strategic and operational planning** • **Financial systems: budget setting & monitoring and income & debtors** • **Risk management** • **Alternative funding sources**
2	College cannot maintain financial stability – short term	Initial: High (4x 3) Residual: Medium (3 x 3)	• Strategic and operational planning • Financial systems: budget setting & monitoring and income & debtors • Risk management • Alternative funding sources
3	**Failure of financial controls.**	**Initial: Medium (2 x 3)** **Residual: Low (1 x 3)**	• **Financial systems reviews**
4	Failure to maximise allocated activity re Government training programmes / EU-funded courses; failure to retain major public / private contracts.	Initial: Medium (3 x 3) Residual: Medium (3 x 3)	• Strategic and operational planning • Performance management and delivery of outcomes • Alternative funding sources
5	**Loss of key staff; failure to recruit suitably qualified staff**	**Initial: Medium (3 x 3)** **Residual: Low (1 x 3)**	• **Workforce management**

No	Risk description	Risk Rating (L x I)	Key audits related to this risk
6	Breach of legislation & associated regulations	Initial: Medium (2 x 4) Residual: Low (1 x 4)	• Payroll • Procurement/tendering
7	**Insufficient funds for capital project and maintenance requirements**	**Initial: High (4 x 3)** **Residual: Medium (3 x 3)**	• **Strategic and operational planning** • **Financial systems: budget setting & monitoring** • **Alternative funding sources**
8	Health & Safety - Staff/ Students, Breach of laws & regulations	Initial: High (3 x 4) Residual: Low (1 x 4)	
9	**Severe disruption due to major disaster, such as fire or flood**	**Initial: High (3 x 4)** **Residual: Low (1 x 4)**	• **Business continuity and disaster recovery**
10	Theft of, or damage to, Management Information System	Initial: Low (1 x 4) Residual: Low (1 x 2)	• Business continuity and disaster recovery • IT security
11	**Cyber Crime**	**Initial: Medium (2 x 4)** **Residual: Low (1 x 4)**	• **Business continuity and disaster recovery** • **IT security**
12	Failure to meet Credit target/danger of overtrading (ie above ir below SFC-established tolerance levels; failure to retain major public and private contracts	Initial: Medium (3 x 3) Residual: Medium (2 x 3)	• Strategic and operational planning • Performance management and delivery of outcomes • Financial systems: budget setting & monitoring • Workforce management

No	Risk description	Risk Rating (L x I)	Key audits related to this risk
13	**Failure of College to evolve and develop new courses**	**Initial: Low (1 x 2)** **Residual: Low (1 x 2)**	
14	Learning & teaching quality not maintained / improved - poorly performing staff	Initial: Low (1 x 4) Residual: Low (1 x 4)	• Workforce management
15	**Inadequate learning support services**	**Initial: Low (1 x 3)** **Residual: Low (1 x 3)**	• **Student experience**
16	Severe adverse publicity	Initial: Medium (2 x 4) Residual: Medium (2 x 3)	• Internal communication • External communication
17	**Corporate Governance Issues - Board of Management**	**Initial: Low (1 x 3)** **Residual: Low (1 x 3)**	• **Corporate governance**

Appendix 3 – Audit timetable

<mark>Reviews to be added to final plan</mark>

Ref and name of report	Audit sponsor	Start audit	Complete fieldwork	Draft report	Mgmt resp	Final report	Audit C'ttee
1.							
2.							
3.							
E1. Follow-up review	Head of Finance	Jun 18	Jun 18	Jun 18	Jul 18	Jul 18	Sept 18
F1. SUMs / Student Support / Educational Maintenance Allowance	Head of Finance	Sept 17	Oct 17	Oct 17	Oct 17	Oct 17	Dec 17
Annual Report	Head of Finance	n/a	n/a	n/a	n/a	Aug 18	Sept 18

Appendix 4 – Audit Universe

Audit area	Delivered 2014/15	Delivered 2015/16	Delivered 2016/17	Proposed 2017/18	Proposed 2018/19	Proposed 2019/20	Risk Ref	Frequency
A. Key financial systems								
Financial reporting							L	Reviewed annually by external audit
Accounting policies							L	Reviewed annually by external audit
Financial ledger							L	Reviewed annually by external audit
Budget management			✔			✔	H/M	Included in risk register
Fixed assets							L	Low risk - not highlighted as an area of risk
Treasury and cash management			✔				L	Cyclical review - every 3 - 5 years (covered by budget setting and monitoring)
Income and receivables	✔			✔			H	Cyclical review - every 3 - 5 years
Payroll		✔				✔	L	Cyclical review - every 3 - 5 years
Travel and subsistence		✔				✔	L	Cyclical review - every 3 - 5 years
Expenditure and payables			✔				L	Cyclical review - every 3 - 5 years
Procurement / tendering					✔		L	Cyclical review - every 3 - 5 years (last done 2013/14)
B. Governance / Strategic								
Risk management	✔					✔	H	Cyclical review every 3 - 5 years, included in risk register
Corporate governance			✔				M	Cyclical review every 3 - 5 years, included in risk register
Strategic / operational planning	✔					✔	H	Cyclical review every 3 - 5 years, included in risk register
Fraud prevention arrangements							L	Low risk - not highlighted as an area of risk
Audit committee self-assessment and review of terms of reference							L	At Audit Committee's request
Governance Statement							L	At Audit Committee's request
C. Operational								
Workforce management			✔				L	Included in risk register

Audit area	Delivered 2014/15	Delivered 2015/16	Delivered 2016/17	Proposed 2017/18	Proposed 2018/19	Proposed 2019/20	Risk Ref	Frequency
Education Contracts	✔				✔		M	Included in risk register (Covered in alternative funding sources)
Commercial Courses	✔				✔		M	Included in risk register (Covered in alternative funding sources)
Succession planning			✔				L	Cyclical review every 3 - 5 years (Included in Workforce management)
Recruitment and retention							L	Cyclical review every 3 - 5 years (Covered by HR management 13/14)
Sickness absence						✔	L	Cyclical review every 3 - 5 years
Performance management		✔				✔	L	Cyclical review every 3 - 5 years
Internal communications				✔			M	Cyclical review every 3 - 5 years
External communications				✔			M	Cyclical review every 3 - 5 years, included in risk register
Student experience		✔					L	Cyclical review every 3 - 5 years
Change management				✔			M	Cyclical review every 3 - 5 years Covered by Quality Framework self-assessment review.
Quality strategy		✔				✔	M	Covered as part of performance management
Income generation	✔				✔		H	Identified in risk register (Covered in alternative funding sources)
Capital project management							M	Included in risk register
Estates & asset management					✔		L	Cyclical review every 3 - 5 years
Health and safety							L	Included in risk register
Business continuity planning			✔				L	Included in risk register
Incident management			✔				L	Included in risk register (covered by business continuity planning)
Emergency planning			✔				L	Included in risk register (covered by business continuity planning)
D. Information technology								
IT strategy					✔		M	Cyclical review every 3 - 5 years,
IT security				✔			M	Cyclical review every 3 - 5 years
Network management				✔			M	Cyclical review every 3 - 5 years
Information management				✔			H	Cyclical review every 3 - 5 years High risk due to GDPR due May 2018
Information governance				✔			H	Cyclical review every 3 - 5 years, High risk due to GDPR due may 2018

Audit area	Delivered 2014/15	Delivered 2015/16	Delivered 2016/17	Proposed 2017/18	Proposed 2018/19	Proposed 2019/20	Risk Ref	Frequency
Disaster recovery			✔				M	Cyclical review every 3 - 5 years, included in risk register (part of BCP review)
IT developments – projects							H	At Audit Committee's request

Appendix 5 - Internal Audit Charter

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the College.

It helps the College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Aim

The aim of this Charter is to set out the management by all parties of the internal audit process. The Charter sets out the context of the internal audit function, including the place of the Audit Committee, the key personnel, timescales and processes to be followed for each internal audit review.

Role

The internal audit activity is established by the Audit Committee on behalf of the Board of Management. The internal audit activity's responsibilities are defined by the Audit Committee as part of its oversight role.

Professionalism

The internal audit activity will adhere to mandatory guidance of The Chartered Institute of Internal Auditors (CIIA) including the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

The CIIA's Practice Advisories, Practice Guides and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to the College's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

Internal audit activity will also reflect relevant Scottish Funding Council directions, as appropriate to the College.

Authority

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free and unrestricted access to any and all of the College 's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Audit Committee.

Accountability

The Head of Internal Audit will be accountable to the Audit Committee and will report administratively to the Director of Finance.

The Audit Committee will approve all decisions regarding the performance evaluation, appointment, or removal of the Head of Internal Audit.

The Head of Internal Audit will communicate and interact directly with the Audit Committee, including between Audit Committee meetings as appropriate.

Independence and objectivity

The internal audit activity will remain free from interference by any element in the College, including matters of audit selection, scope, procedures, frequency, timing, or report content. This is essential in maintaining the internal auditors' independence and objectivity.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal audit's judgement.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

The Head of Internal Audit will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.

Scope and responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by internal audit include:

- Consistency of operations or programmes with established objectives and goals
- Effectiveness and efficiency of operations and use of resources
- Compliance with significant policies, plans, procedures, laws, and regulations
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information.
- Safeguarding of assets.

Internal Audit is responsible for evaluating all processes ('audit universe') of the College, including governance processes and risk management processes. In doing so, internal audit maintains a proper degree of coordination with external audit.

Internal audit may perform consulting and advisory services related to governance, risk management and control. It may also evaluate specific operations at the request of the Audit Committee or management, as appropriate.

Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the Audit Committee and to senior management, including fraud risks, governance issues, and other matters needed or requested by the College.

Annual internal audit plan

The audit year runs from 1 August to 31 July.

At least annually, the Head of Internal Audit will submit to the Audit Committee an internal audit plan for review and approval. The internal audit plan will detail, for each subject review area:

- The outline scope for the review;
- The number of days budgeted;
- The timing, including which the final report will go to Audit Committee and;
- The review sponsor.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management. Prior to submission to the Audit Committee for approval, the plan will be discussed with senior management. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

Assignment Planning and Conduct

An assignment plan will be drafted prior to the start of every assignment setting out the scope, objectives, timescales and key contacts for the assignment.

Specifically, the assignment plan will detail the timescales for carrying out the work, issuing the draft report, receiving management responses and issuing the final report. The assignment plan will also include the name of the staff member who will be responsible for the audit (review sponsor) and the name of any key staff members to be contacted during the review (key audit contact).

The assignment plan will be agreed with the review sponsor and the key audit contact (for timings) before the review starts.

Reporting and Monitoring

The internal auditor will discuss key issues arising from the audit as soon as reasonably practicable with the key contact and/or review sponsor, as appropriate.

A written report will be prepared and issued by the Head of Internal Audit or designee following the conclusion of each internal audit engagement and will be distributed to the review sponsor and key contacts identified in the assignment plan for management responses and comments.

Draft reports will be issued by email within 15 working days of fieldwork concluding. The covering email will specify the deadline for management responses, which will normally be within a further 15 days. The management comments and response to any report will be overseen by the review sponsor. Internal Audit will make time after issuing the draft report to discuss the report and if necessary, meet with the review sponsor and/or key contact to ensure the report is factually accurate and the agreed actions are clear, practical, achievable and valuable.

The internal auditors will issue the final report to the review sponsor and the Director of Finance. The final report will be issued within 10 working days of the management responses being received. Finalised internal audit reports will be presented to the Audit Committee. Finalised internal audit outputs must be in the hands of the committee secretary at least 5 working days before the date of each meeting

The working days set out above are maximum timescales and tighter timescales may be set out in the assignment plan.

The internal audit activity will follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

Audit Committee

The Audit Committee meets four times a year, normally in September, November, March and May. Dates for Audit Committee meetings will be provided to internal audit as soon as they are agreed. The Head of Internal Audit and/ or Internal Audit Manager will attend all meetings of the Audit Committee.

Internal audit will schedule its work so as to spread internal audit reports reasonably evenly over the Audit Committee meetings. The annual internal audit plan will detail the internal audit reports to be presented to each Audit Committee meeting.

The internal auditor will generally present specific reports to the committee as follows:

Output	Meeting
Audit needs assessment	May
Annual internal audit plan	May
Follow-up reports	September
Annual report	September

The Audit Committee will meet privately with the internal auditors at least once a year.

Periodic Assessment

The Head of Internal Audit is responsible for providing a periodic self-assessment on the internal audit activity as regards its consistency with the Audit Charter (purpose, authority, responsibility) and performance relative to its Plan.

In addition, the Head of Internal Audit will communicate to senior management and the Audit Committee on the internal audit activity's quality assurance and improvement programme, including results of ongoing internal assessments and external assessments conducted at least every five years in accordance with Public Sector Internal Audit Standards.

Review of Charter

This Charter will be reviewed by both parties each year and amended if appropriate.

Business Impact Assessment

August 2017

Contents

1. Introduction

The Business Impact Assessment (BIA) is a foundational piece to achieving a good information security program. The main objectives of the BIA are to support South Lanarkshire College in understanding their risks, impacts, risk tolerance and control effectiveness, which are all vital to achieve a good security program. South Lanarkshire College needs meaningful data to make successful risk decisions. Through the series of steps within the BIA meaningful data is formulated to support the college in making risk decisions that are aligned with the strategies and goals of South Lanarkshire College. The outputs from each step feeds into the next. Fig 1.1 contains a diagram outlining the series of steps within the BIA.

It is important to note that the BIA is a continuous iterative process to support the Risk Management of Information Security within South Lanarkshire College. This needs to be continuous to maintain alignment with South Lanarkshire College's Business Strategies. Additionally, the BIA needs to be iterative to combat with the dynamic nature of Information Security with its ever-increasing threats that are rapidly maturing against the increased vulnerabilities that transpose with information being everywhere and the challenges that this brings.
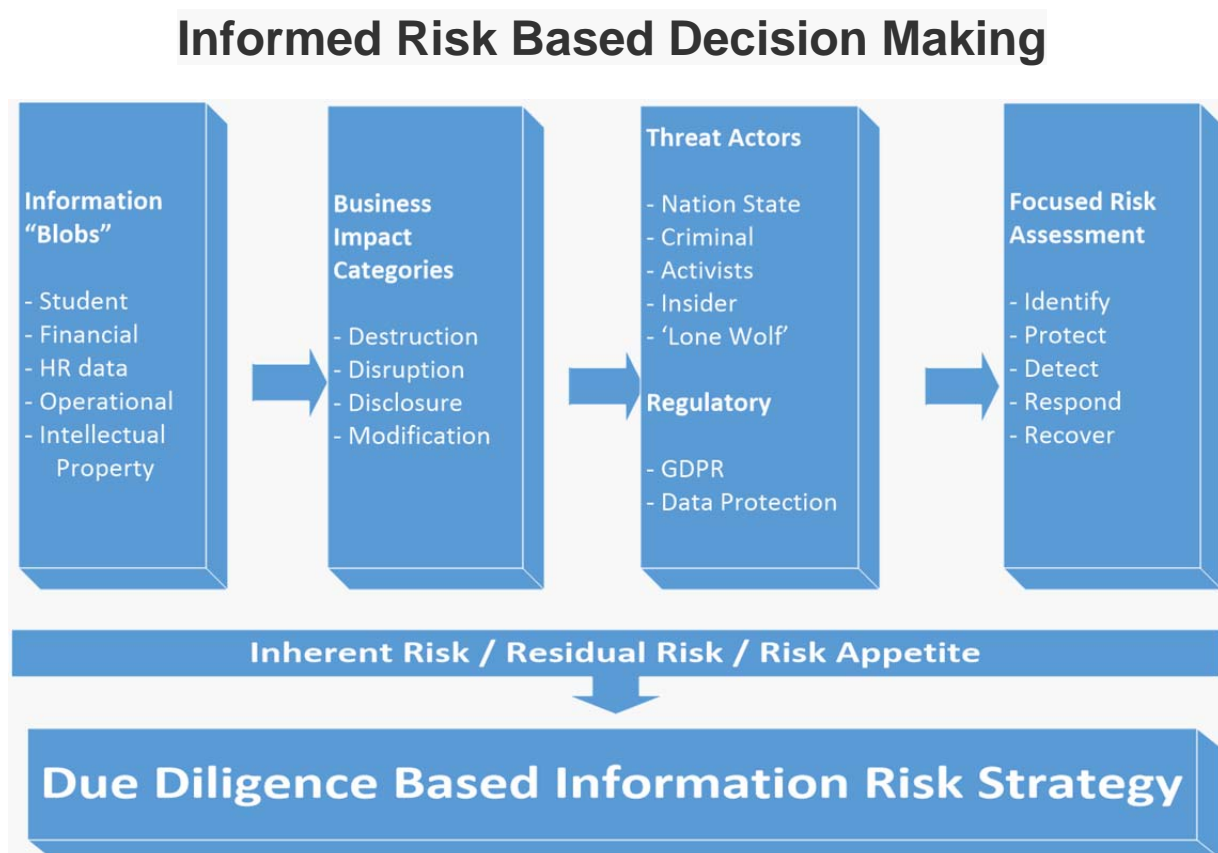

Fig 1.1 Business Impact Assessment Stages

2. **Steps of Business Impact Assessment**

This section provides a description of each of the steps within the BIA.

2.1   Step 1 – Information Blobs

The main outcome of Step 1 is to identify the information used by South Lanarkshire College as well as the Business Owners (Stake Holders) of that information. This is typically facilitated via a workshop with a small number of key staff who have a good understanding of the information used by the college as well as its various business activities. The workshop commences with an education/awareness piece centred on the current cyber threat landscape as well as outlining the series of steps within the BIA. This enables the attendees to understand why they are there and the importance of what they are participating in.

The identification of the information used by South Lanarkshire College is facilitated via a brainstorming session with each delegate contributing. This information is then streamlined into Information Blobs typically no more than ten in total. The term Information Blob is used as this has no significant meaning other than to help the delegates think of the information at a high level. At this stage detail is not important as the purpose of identifying the Information Blobs is to then identify the Business Owners of the Information Blobs. The Business Owners are an essential input into Step 2 – Business Impact Categories.

2.2 Step 2 – Business Impact Categories

The main objective of this step is to realise the impacts and outcomes of 'cyber attacks' that can be caused by the Destruction, Disruption, Modification and Disclosure of the data contained within the Information Blobs. This is done in collaboration with the Business Owners as they are best placed within the college to appreciate the impacts and outcomes that these types of events could cause in terms of student experience, financial, reputational, partner relationships, commercial activity etc. Use cases describing various scenarios ranging from catastrophic to minor incidents will be used to support this activity.

Through this step an understanding of the inherent risk to South Lanarkshire College is achieved as well as the identification of the risk tolerance that would be acceptable. During this step the effectiveness of current controls are not considered as the main objective of this step is to gain an understanding of the potential impacts/outcomes and risk appetite pertinent to South Lanarkshire College.

This activity will be delivered by the InfoSec Team in collaboration with the Business Owners of the various Information Blobs. This will be facilitated via meetings

scheduled around the Information Blobs with the associated Business Owner(s) in attendance each lasting approximately one hour and thirty minutes.

2.3 Step 3 – Threat Actors

The main objective of this step is to identify the threat actors and their motivation be it destruction, disruption, financial gain or ignorance etc. and to understand their capabilities and how they operationalise their attack. From basing this step on the college's inherent risks and risk tolerances identified in Step 2 this ensures that an informed assessment of the realistic threats to South Lanarkshire College are derived.

This step will predominantly be carried out by the InfoSec Team.

2.4 Step 4 – Focussed Risk Assessment

The main objective of Step 4 – Focussed Risk Assessment is to perform an assessment of the effectiveness of controls in place at South Lanarkshire College for protecting its information in line with the inherent risk and risk tolerances identified in Step 2 as well as the potential threats identified in Step 3. This is facilitated by mapping and assessing the current defensive capabilities of South Lanarkshire College against the attack methods. Focussing the assessment on South Lanarkshire College's ability to Identify, Protect, Detect, Respond and Recover from the cyber threats identified in Step 3.

This step will require the InfoSec Team having access to the college's ICT Team.

2.5 Step 5 – Risk Report (Inherent Risk / Residual Risk / Risk Appetite)

A Risk Report is formulated based on the outcomes of all the previous steps of the BIA. The Risk Report will make recommendations for mitigating the risks identified to support South Lanarkshire College in deciding on how they choose to handle those risks including mitigating the risk, transferring the risk, avoiding the risk, or accepting the risk.

This step will predominantly be carried out by the InfoSec Team with the support of the college's Executive Team to determine the Information Security risk appetite of South Lanarkshire College.

3. **Proposed Business Impact Assessment Timeline for South Lanarkshire College**

The diagram below contains the proposed timeline for the InfoSec Team to carry out the Business Impact Assessment within South Lanarkshire College.

**Step 1
Blobs**

Aug 2017

**Step 2
Impacts**

Complete
by Aug/Sept
2017

**Step 3
Threats**

Complete
by Sept
2017

**Step 4
Assessment**

Complete
by Sept/Oct
2017

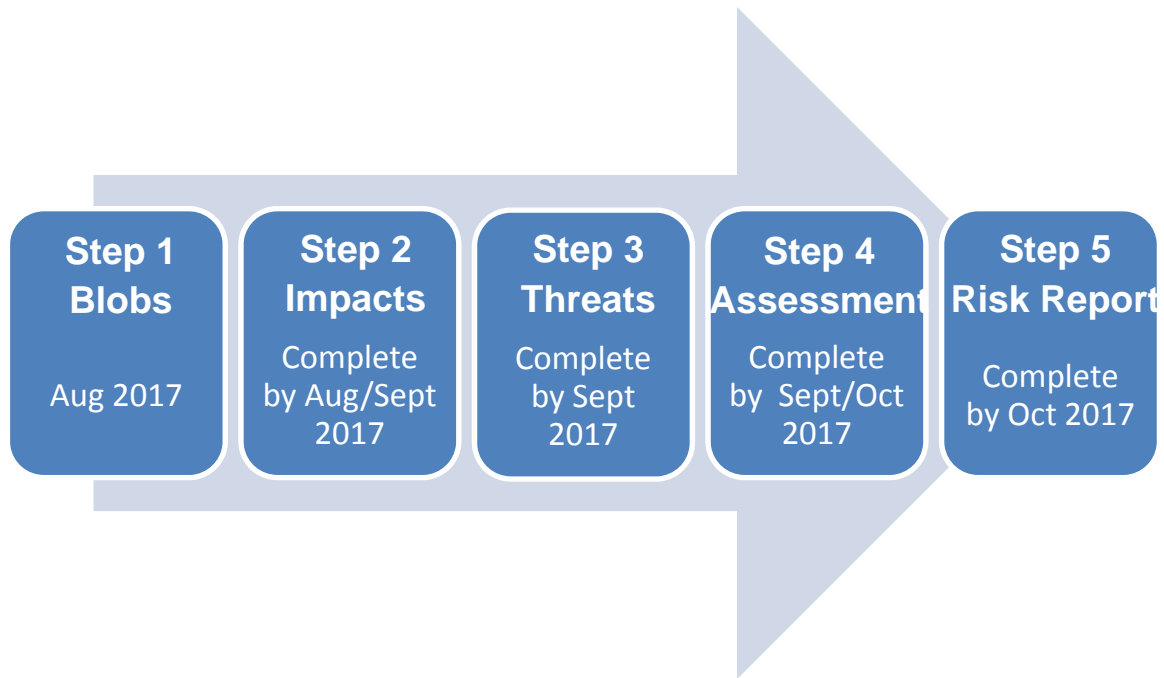**Step 5
Risk Report**

Complete
by Oct 2017

Fig 3.1 BIA Timeline for South Lanarkshire College

South Lanarkshire College
Business Continuity Management Framework

FRAMEWORK STATEMENT

Business Continuity Management (BCM) helps manage the risks to the smooth running of an organisation or delivery of a service both in the private and public sector, by ensuring that the business and the services it delivers can continue in the event of a disruption. The source of the disruption may be internal such as loss of key staff or a technological systems failure, or it might be an external influence such as a weather-related or utility-related incident or even the business failure of a key suppliers. BCM provides a framework for improving our resilience to interruption so that key business systems and processes can be recovered while at the same time ensuring we can provide business critical functions and vital services.

The BCM arrangements within the College are guided under the following principles:

- Each activity within the College is to be owned by the designated department/service. The Head of Department or Senior Manager will ensure that plans capable of maintaining a minimum acceptable standard of delivery are in place for each department with critical functions;

- Each department is responsible for the annual review of its business continuity plan. The department Critical Response Teams will monitor the review process, benchmark the results and provide support where necessary;

- Each department is required to undertake appropriate training and exercise on an annual basis to validate the business continuity plan;

- Departments must ensure that they have appropriate representation at any college business continuity events that have been organised by the Risk Management Group;

- All staff must be made aware of the plans that affect their departments and their role following activation.

This BCM Framework provides the basis or understanding for Business Continuity Plans to be developed, implemented, tested and reviewed and was approved by the Risk Management Group on 17th August 2017.

Whilst the College believe that all undertaken work is essential to the corporate objectives, if a disruption should occur, there is a need to prioritise the order in which we recover our services and use our resources to deliver critical activities.

Document Ownership : Risk Management Group
Version : 1.1 (draft- not agreed)
Created : 31st July 2017
Last Updated: 15th Aug 2017

Page **1** of **8**

BACKGROUND

Business Continuity Management (BCM) is a requirement under the Civil Contingencies Act (CCA) 2004 and is described by the British Standards Institute as:

"*A holistic management process that identifies potential threats to an organisation and the impacts to business operations that those threats, if realised, might cause, and which provides framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities*"

The College Management and Board of Management is committed to ensuring the continuity of essential services in the event of a business disruption.

OWNERSHIP

This Framework is owned by the Risk Management Group and overseen by the College Management Team and the Board of Management. (? or do we need to form a new team 'Crisis & Resilience Management Team' for example).

The < ??? > will be the professional lead for Business Continuity within the College and will:

• Review and develop the framework in line with industry best practice and the needs of the Council;
• Monitor standards and compliance with the framework;
• Provide support and guidance.

The Audit Committee of the Board will ensure the college has adequate arrangements in place for Business Continuity and will report back to the Board of Management.

SCOPE

The Framework applies to all parts of the College; however focus is given to essential services within Departments, as agreed by the respective Head and/or Senior Manager.

The College must remain cognisant of the responsibility to assure itself that its key suppliers and partners have effective BCM arrangements in place. The contractor shall have in place, and maintain for the period of the contract, robust Business Continuity Plans to ensure that the service to the college will be maintained, at the minimum level and timescale specified within this contract.

Such plans, subject to sanitisation to comply with the Data Protection Act, should be available to the college to inspect at any reasonable time.

Document Ownership : Risk Management Group
Version : 1.1 (draft- not agreed)
Created : 31st July 2017
Last Updated: 15th Aug 2017

Page **2** of **8**

The requirement to put in place arrangements applies to activities identified as critical through the College business continuity methodology or for which the Head of Department or Senior Manager, decides is service critical.

BENEFITS

The Framework provides a clear commitment to BCM. Effective business continuity will enable the College to:

- Continue to provide vital services in times of disruption;

- Make best use of personnel and other resources at times when both may be scarce;

- Reduce the period of disruption to the organisation and the communities we serve;

- Resume normal working more efficiently and effectively after a period of disruption;

- Comply with standards of corporate governance;

- Improve the resilience of the organisation's infrastructure to reduce the likelihood of disruption;

- Reduce the operational and financial impact of any disruption.

Document Ownership : Risk Management Group
Version : 1.1 (draft- not agreed)
Created : 31st July 2017
Last Updated: 15th Aug 2017

Page **3** of **8**

APPLICATION

The successful delivery of BCM is underpinned by the ability of the organisation to embed the concept in to the existing culture.
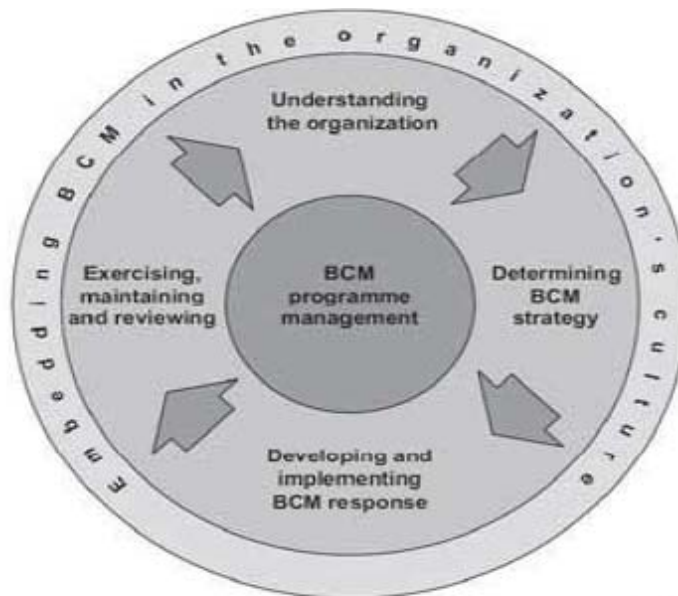
Business Continuity Management Cycle
BS 25999-1:2006 Business Continuity Management. Code of Practice

The College Business Continuity Framework provides a structure through which:

- Critical services and their supporting activities/resources can be identified;

- Plans will be developed to ensure continuity of critical service delivery following disruption, which may arise from loss of facilities, personnel, IT and/or communications or failure within the supply and support chains;

- Activation of business continuity plans throughout the College can be managed;

- Plans are subject to continuous review and validation through exercising and testing;

- Planning and management responsibilities are assigned to an appropriate member of staff.

Document Ownership : Risk Management Group
Version : 1.1 (draft- not agreed)
Created : 31st July 2017
Last Updated: 15th Aug 2017

Page **4** of **8**

DEFINITION OF CRITICAL SERVICES

A service is deemed critical if:

- The service underpins the capability to respond to emergency incidents and to take effective action to reduce, control or mitigate the effects of an emergency;

- The loss of the service would cause significant impact on human welfare;

- The loss of the service would cause significant impact on the environment;

- The service is legally mandated i.e. there is a statutory requirement to provide the service with the threat of litigation if the service is not delivered or delivered inadequately. This may also include services with a specific government target;

- The loss of the service would cause significant financial implications to the organisation in either loss of revenue or payment of compensation;

- The loss of the service would significant damage the reputation of the organisation.

PROCESS

The Business Continuity Program was developed to ensure the maximum input from Service Managers with minimum disruption. In order for this to be achieved the Risk Management Group developed a simple and standardised process.

Plan Construction

The plan construction is designed in such a way that should the organisation undergo a restructure, the plan can be updated with relative ease. The below diagram depicts by example how each section fits within the process:

Document Ownership : Risk Management Group
Version : 1.1 (draft- not agreed)
Created : 31st July 2017
Last Updated: 15th Aug 2017

Page **5** of **8**
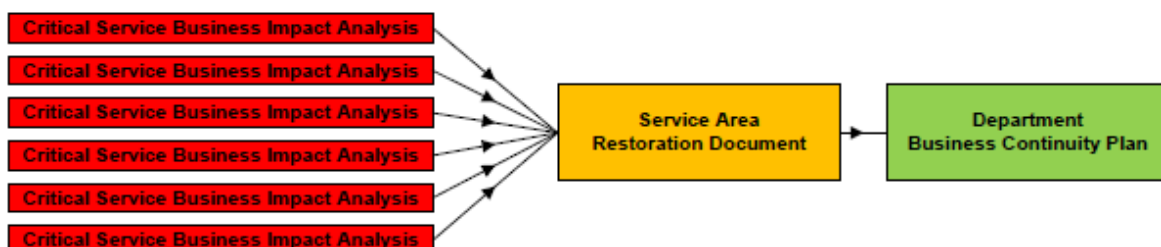
Business Impact Analysis (BIA)

The BIA document is a questionnaire based survey designed to clarify the criticality of functions.

A fully completed BIA is a comprehensive assessment of critical business functions. Department/service managers are requested to provide a broad indication of the possible impacts, associated timescales and subsequent resource requirements in the event of a business disruption.

The information provided is updated annually by the department/service managers in consultation with the Risk Management Group, the detail of which can be used to inform the wider planning arrangements. This includes the following.

Theme	Example
Critical Staffing	Pandemic Influenza Planning, Industrial Action, Sever Weather Planning, Fuel Shortage Planning
Critical IT Software	IT Disaster Recovery Arrangements
Specialist Equipment	Emergency Procurement, Supply Chain Resilience
Essential External Organisations	Business Continuity Assurance

Restoration Document

The Business Restoration Document (BRD) features as a pull-out chapter within the Business Continuity Plan (BCP).

It displays the collective information taken from the completed BIAs and is validated by the Senior Manager. This includes critical functions, associated timescales and the required resources for each service area.

The document can be taken from the plan during a business disruption and could be used to inform resource planning, priority management or decision making processes. The document may also be used in the event of a manager's absence to inform a new in post, or stand-in manager during a business disruption.

Document Ownership : Risk Management Group
Version : 1.1 (draft- not agreed)
Created : 31st July 2017
Last Updated: 15th Aug 2017

Page **6** of **8**

Business Continuity Plan

Code of Practice identifies the key characteristics within a typical plan. The below table illustrates how the standard template of the Business Continuity Plan.

Plan Requirements	College Business Continuity Plan Template Structure
Introduction, Purpose and Scope	**1. INTRODUCTION** 1.1 Background 1.2 Aims and Objectives
Roles and Responsibilities	**2. CO-ORDINATION & CONTROL** 2.1 Use of Operational Log Book & Incident Report Forms 2.2 Activating the Plan 2.3 Alerting & Mobilisation Procedures 2.4 Out of Hours Arrangements 2.5 Areas of Responsibility 2.6 Management Structure 2.7 Insurance 2.8 Public Information & Advice 2.9 Other Services **3. RECOVERY** 3.1 Staff Health Monitoring, Counselling and Support 3.2 Debriefing **4. RESPONSE & RESTORATION** 4.1 Response Arrangements 4.1.1 Loss of Premises 4.1.2 Loss of Key Staff 4.1.3 Loss of Key Staff (Industrial Action) 4.1.4 Loss of Systems **5. SERVICE RESTORATION DOCUMENT/S**
Plan Invocation	
Maintenance & Review	**APPENDICIES** MAINTENANCE - Records EXERCISING & TRAINING – Programme Records
Contact Details	**KEY CONTACTS DIRECTORY**

Training & Exercise

The Framework endorses the need for exercising and training of staff or other persons included within a plan. Any exercising or training may extend beyond those employed directly by the College and may include contractors and other organisations that may play a part in the college incident response or recovery.

These exercises have three main purposes:-

• To validate plans;

• To develop staff competencies and given them practice in carrying out their roles;

• To test procedures.

Exercise Type	Description	Frequency
Communications Cascade	Those listed within the contacts directory are to be contacted via the details provided.	6-Monthly
Tabletop Exercise	Scenario based. A walk through of the Services response to a disruption based on their BCP. E.g. Loss of Staff, Loss Systems and Loss of Premises	Annually
Bespoke Training	General Training on Incident Response, Tactical Decision Making, Log Keeping etc.	As Required

Document Ownership : Risk Management Group
Version : 1.1 (draft- not agreed)
Created : 31st July 2017
Last Updated: 15th Aug 2017

Page **8** of **8**

Date of review
17-Aug-17
Next review due
26-Oct-17

Appetite for Risk:
Risk appetite definition: The level of risk that an organisation is prepared to accept, before action is deemed necessary to reduce it.

Low	Risks which should be monitored by the Risk Management Group :	Scores 1 - 4
Medium	Risks to be brought to the attention of SMT and the Board of Management:	Scores 5 - 11
High	Risks to be reported to, and monitored by, Board of Management:	Scores 12 - 16

Willing to accept a residual risk score of 1 - 4	Low
Willing to accept a residual risk score of 5-11	Medium
Willing to accept a residual risk score of 12-16	High

RISK DEFINITION		RISK					RESIDUAL RISK					
Ref and link to Q. I.s and Strategic Plan (ref SP #)	Risk Description & Effect	Appetite for Risk	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Actions Planned / Movement in factors influencing scoring since previous review.	Deadline	Responsibility for Risk / Responsibility for Actions Planned
FINANCE												
1	**College cannot maintain financial stability - Long Term**											Head of Finance
Link to QIs - 1.1 / 1.3 / 2.4. **Link to SP 3**	* If cashflow is compromised, College could close; * Staff, students and other stakeholders lose confidence; * College experiences student retention problems; * Staff, students and other stakeholders lose confidence; * College experiences student retention problems; * Withdrawal from EU puts ESF / SFC funding at risk. * College not funded directly by SFC. * Uncertainty over central funding makes long-term financial planning problematic. * Regional issues impinge on College funding and / or financial stability.	Low	4	4	High	* Rigorous budget setting procedures; * Budget monitoring by senior management and Board of Management with corrective action taken where necessary; * Financial Regulations and associated internal controls; * Effective internal and external audit; * Arms-length trust set up. * Financial strategic plan now drawn up to cover 5 year period, plus system of regular review by Board of Management for submission to SFC. * Budgeting procedures now formalised. which gives colleges an elemnt of confidence in future funding and allows a degree of future planning. * Regional working group is looking to formalise the allocation of central funding within the	3	4	High	* College to lobby for additional SFC / ESF activity to be incorporated into core grant-in-aid allocation, and for value of both core and ESF credits to be increased.	Ongoing	Principal / Depute Principal / Board of Management
2	**College cannot maintain financial stability - Short Term**											Head of Finance
Link to QIs 1.1 / 1.3 / 2.4.**Link to SP 3**	* SFC financial year does not coincide with College financial year; pressure points at March and July; with no opportunity to borrow. * College has insufficient funds for recurring expense and equipment replacement; * Overspend of ring-fenced student support funds.	Low	4	3	High	*Monthly monitoring of student support funds spend; allocation for 2016/17 is adequate * Regional Outcome Agreement in place so that funding is known. * Cashflow is monitored on a daily basis to ensure that payments are not made at a time when the College's bank balance would be put into debit. * Budget planning takes account of cashflow re significant capital spends * The College's overdraft facility has been extended; new banking arrangements will allow this. * Overhaul of internal Budgeting arrangements will allow closer and more comprehensive scrutiny of both income and expenditure. * Region has been successful in winning additional grant to cover shortfall in unit rate funding for ESF / SFC funding. This covers 2016/17 and 2017/18.	3	3	Medium	* The central funding allocation for 2017/18 (issued on 5 May 2017 and as amended thereafter) allows for the College to prepare a financial forecast that should allow a balanced cash budget.		

South Lanarkshire College
Risk Register

Key:

Date of review
17-Aug-17
Next review due
26-Oct-17

Appetite for Risk:
Risk appetite definition: The level of risk that an organisation is prepared to accept, before action is deemed necessary to reduce it.

Low Risks which should be monitored by the Risk Management Group :	Scores 1 - 4
Medium Risks to be brought to the attention of SMT and the Board of Management:	Scores 5 - 11
High Risks to be reported to, and monitored by, Board of Management:	Scores 12 - 16

Willing to accept a residual risk score of 1 - 4	Low
Willing to accept a residual risk score of 5-11	Medium
Willing to accept a residual risk score of 12-16	High

RISK DEFINITION

			RISK				RESIDUAL RISK					
Ref and link to Q. I.s and Strategic Plan (ref SP #)	Risk Description & Effect	Appetite for Risk	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Actions Planned / Movement in factors influencing scoring since previous review.	Deadline	Responsibility for Risk / Responsibility for Actions Planned
3	**Failure of financial processes and controls.**											**Head of Finance**
Link to QIs - 1.1 / 1.3 / 2.4. Link to SP3	* Procedures and processes are not robust and / or staff do not follow procedures. * Student support funds not monitored adequately, resulting in these being overextended. **Effect:** * Staff and management do not make the correct decisions/ mismanagement occurs; * Failure to detect fraud; * College incurs liability through staff falling foul of Bribery Act; * College fails to adhere to ONS reclassification requirements. * Shortfall in student support funding - College has to utilise its own funds and / or some students disadvantaged as a result of inefficient distribution.	Low	2	3	Medium	* Evaluate effectiveness of controls through variance reporting; * Annual programme of internal and external audit, as determined by Board of Management and external bodies, with these being monitored by the Audit Committee; * System in place to analyse performance via Funding Strategy Group; * Constant review of student funding arrangements; * Student funds audited by internal & external auditors; * Annual guidance given by SAAS and Scottish Funding Council; * Anti-Bribery and Whistleblowing Policies in place; * Audit Committee membership comprised of non-College staff; * Low number of recommendations in internal audit reports; * Finance calendar incl. schedule of management meetings now drawn up; responsibilities now clarified. *Whistle-Blowing and Anti-Bribery Policies updated at Nov 2015 and approved by Board.	1	3	Low	• Review of Financial Regulations to be undertaken (note: work being undertaken by SFC on this); • Review of management reporting system to be undertaken. • Development of Regional accounts & financial reports; utilisation of Financial Accountant. Note - guidance still o/s re requirements.	* Dec 2017 * Oct 2017 * Dec 2017	Head of Finance
4	**Failure to maximise allocated activity re Government training programmes / EU-funded courses; failure to retain major public / private contracts.**											**Depute Principal / Head of Finance**
Link to QIs 1.1 / 1.3 / 1.4 / 2.4 / 2.6 **Link to SP 2 and 3**	* Loss of income where targets on start numbers, attendance, achievement and progression are not met; * Financial viability of the College threatened; * Potential loss of future activity awards where achievement / performance is below target, leading to lesser chance of winning future bids; * Drop in SDS-funded projects (e.g. Foundation App's); * Emp Fund activity no longer ring-fenced for colleges	Low	3	3	Medium	* Funding Strategy Group monitors income and delivery on a monthly basis; * SDS Working Group set up; * Programmes to be reported on as "separate line" in Management Accounts. * Monitoring of training agency income & achievement via "milestones" at Funding Strategy Group, SMT and CMT. * Remit and structure of Funding Strategy Group reviewed in 2016/17 with a view to improving focus and strategic drive. * Setting of income targets on a more strategic basis via the Funding Strategy Group, and via a new Financial Strategy that will be monitored by the Finance Committee.	3	3	Medium	* Continuing programme of staff development with academic CM's on sourcing new areas of income and on preparation of tenders to win new business ;	* Dec 2017	Head of Alternative Funding / Head of Finance

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	Next review due
	26-Oct-17

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HUMAN RESOURCES												
5	**Loss of key staff; failure to recruit suitably qualified staff**											Head of Human Resources
Link to QIs 1.1 / 1.3 / 1.4 / 2.4 / 2.6 **Link to SP 2 and 3**	* Undirected decision making; * Possible loss of staff confidence; * Resources (particularly management) not utilised in most effective way; * Low number of senior management positions means absences or departures may have proportionately greater effect.	Low	3	3	Medium	* 5-year workforce planning model now developed via Board of Management * Succession planning built into CPD process; * Provide CPD opportunities annually, with additional emphasis on middle management development; * Review structure and support periodically; * Staff satisfaction is monitored; * Pro-active use of occupational health service	1	3	Low	*Develop programme of key skills for middle management ;	Dec 2017 via staff devt days	
6	**Breach of legislation & associated regulations**											Head of Human Resources
Link to **QIs**: 2.1 / 2.3 / 2.5 / 2.6 / 3.1 / 3.2 **Link to SP 3**	* Legal action and associated costs; * Loss of staff morale; * Adverse publicity. * New legislation on Corporate Parenting & "Prevent" duty * Gender Action Plan being introduced	Low	2	4	Medium	* Ensure regular employment law updates are reviewed by Human Resources Dept.; * Review of regular reports from HR. * Distribution of updates to appropriate staff *Mandatory staff development sessions for all staff on PREVENT (ASIST) and equalities completed in Jan 2016. * Safeguarding Group now set up covering Corporate Parenting, PVG etc. Student Association represented on the Group. * College Inclusiveness Group and Gender Action Plan Group now set up. *Review of equalities outcomes now complete. *Equality Mainstream Report for both the College and the Region now developed and will be made public. *Equal Pay reporting arrangements now in place.	1	3	Low	* Review of GDPR arrangements (data protection) being undertaken to comply with new legislation. * Review of Freedom of Information arrangements being undertaken to comply with new legislation.	May 2018 Jan 2018	Head of HR Head of HR

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ESTATES												
7	**Insufficient funds for capital project and maintenance requirements**											**Head of Facilities**
Link to QIs - 1.1 / 1.3 / 2.4 **Link to SP 3**	* Reduction in student numbers due to poor facilities/environment; * Failure to attract new students; * Deterioration in infrastructure; * Potential health & safety risks * Decrease in SFC Capital Maintenance funding in 2016/17, although this was reversed by SFC albeit with restrictions.	Low	4	3	High	* Continual review of estates; * Estates Strategy document; * Monitor risk assessments; * College arranges third party monitoring for all major projects budgets set for all major projects and for programme of planned preventive maintenance; * Ensuring that all projects are "best value". * Emphasis now on use of internal resources for maintenance and minor repairs. I * Brief of Funding Strategy Group incorporates sponsorship opportunities (e.g. Community Benefit Fund).* Development of budgeting process to ensure that projects are targeted and ranked to make best use of funding. * Member of staff with specific responsibility for procurement leading on Best Value tendering & general improvement in purchasing * Inspection of cladding undertaken with no issues requiring attention; report has been sent to SFC.	3	3	Medium	* List of asset replacement to be drawn up and incorporated into updated Estates Strategy Plan.	Aug 2017	Head of Facilities
8	**Health & Safety - Staff/ Students, Breach of laws & regulations**											**Head of Facilities**
Link to QIs: 1.3,2.1,2.2 ,2.3, 2.4, 3.1,3.2 **Link to SP 1,2 and 3**	* Death or serious injury to staff and/or students; * Legal action and associated costs; * Potential closure of all/part of College; * Costs of complying with legislation (e.g. PUWER). * Procedures re bomb threats.	Low	3	4	High	* Monitor periodic Health & Safety reports; * Ensure H & S Committee meets regularly; * Receive reports from Facilities Committee; * Facilities Manager is holder of NEBOSH & IOSH professional qualifications; • Risk assessment training for all staff. Health & Safety a set agenda item for all College management & departmental / faculty meetings * Risk assessment, or a notice to say that an assessment is held centrally, displayed in all College rooms * Weekly Health & Safety Housekeeping inspections to identify issues which are reported upon and followed up formally • Reporting systems in place for H&S Issues • PUWER staff training sessions now delivered to all appropriate staff to ensure completeness and standardisation; • Formal training sessions now added to Staff Development days as required.	1	4	Low			

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9	Severe disruption due to major disaster												Head of Facilities
Link to QIs: 2.4, 3.1, 3.2 **Link to SP 3**	* Potential loss of life and/or complete destruction of College campus; * Cancellation of courses; * Staff redundancies; * Loss of market position. * Policy & procedures re bomb threats	Low	3	4	High	* Updated Business Continuity Plan in place; tested live twice in 2015 via incidents taking place . * Disaster management procedures in place via Business Continuity Plan; * Early warning systems (i.e. via alarms); * Adverse Weather Policy in place, incl. text triggers; * insurance arrangements (business interruption); * Housekeeping review to ensure that no foreseeable problems arise. * Testing of IT - related issues has already been incorporated into Staff development days - this will be documented.		2	4	Medium	* Consult another college re potential to share core IT services in ethe event of the breakdown in service * Development of Security Policy re (e.g.) bomb threats * College has engaged external consultants (UCSS) to lead on development of Business Continuity Plan	Sept 2017 Oct 2017 Nov 2017	Head of MIS Head of HR Head of MIS / Risk Management Group
IT													
10	Theft or failure of, or damage to, Management Information System												Head of Info Systems
Link to QIs: 2.4, 3.1, 3.2 **Link to SP 3**	* Loss of student and financial records; * Loss of income if unable to identify and recover debts; * Unable to produce evidence for grant claims; * Inability to process students results; * Unable to identify creditors due; * Air conditioning failure in Comms Room, particularly at a time when building is unoccupied; * Disruption of courses	Low	1	4	Low	* Disaster recovery arrangements in place, as incorporated in Incident Management Plan (MIS systems - software & hardware); * Established policy on use & access; * Detailed server & database backup procedures in place; * Daily back ups kept off site; * Business interruption insurance; * Server rooms in different areas throughout the building; * Controlled access procedures in place. * Arrangements now in place for making payments to staff, students & suppliers in case of loss of IT; * College has external lines from two separate suppliers, mitigating risk of all external lines being out of commission.		1	2	Low			
11	Threat to IT via Cyber Crime												
Link to QIs: 2.4, 3.1, 3.2 **Link to SP 3**	* Loss of student and financial records; * Loss of income if unable to identify and recover debts; * Unable to produce evidence for grant claims; * Inability to process students results; * Unable to identify creditors due; * Disruption of courses	Low	2	4	Medium	* Controls as per Risk No. 9. * Cyber crime now incorporated into Business Continuity Plan. * Updated firewall - Aug 2017 * College is proactive in monitoring threats; reports produced for senior management.		1	4	Low	* InfoSec now emgaged to lead College through development of Business Continuity Plan, with a large emphasis on IT. * College signing up to Government's good practice service.	Nov-17	Head of MIS

South Lanarkshire College
Risk Register

Key:

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	26-Oct-17

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ACAD. QUALITY & ACTIVITY

												AP for Construction (re Quality)
12	Activity above or below target with a resulting financial impact / not managing part time staffing budget.											
Link to QIs: 1.1, 1.3, 2.1, 2.3, 2.4, 2.5 **Link to SP 3**	* Income targets fall short of expectations; * Overtrading produces costs which are not funded by associated income and puts additional pressure on student support funds; * failure to meet targets may affect following year's offer of funding; * difficult to replace major contracts.	Low	3	3	Medium	* Agree internal planning targets via formal Operational Planning process; * Monthly review of activity at Senior Management team meeting * Robust student record and student attendance reporting systems; * Budgetary control to monitor enrolments for each course; * Course activity planned down to the level of individual students, allowing quick response to potential over or under delivery of targets; * Staffing costs monitored by SMT monthly. * Student uptake monitored weekly; * Income reviewed related to activity; * Demand at present outstrips supply; * In-year estimate of activity carried out; * Focussed Quality Unit audit for SDS activity introduced; * Monitoring of training agency income & achievement via "milestones" at Funding Strategy Group; * College has drawn up procedures and standard documentation for tendering, including follow up of unsuccessful bids. • College has addressed gaps in permanent staffing complement via making temporary posts permanent and this policy will continue. * Access and Inclusion Policy to be introduced in session 2017/18.	2	3	Medium	* Develop staffing budget by Faculty.	* Sept 2017	SMT / Head of Finance

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13	**Failure of College to evolve and develop new courses**											**Associate Principals via AP in Construction (re Quality)**
Link to QIs: 4.1, 4.2, 6.1, 6.2, 6.3, 6.4, 7.1, 7.3, 7.4, 7.5, 8.2, 9.1 **Link to SP 1 and 2**	* Student activity level decreases, resulting in corresponding reduction in income; * Potential staff reduction as student numbers fall; *Credit target not met; * Loss of confidence in the College; * Loss of income where College cannot respond promptly to requests for tender submissions which depend on an understanding of "real time" labour market.	Low	1	2	Low	* Monitor uptake and retention through Academic Board; * Improved market research input to curriculum planning; * Formal review of course provision via Operational Planning process. • Staff development opportunities throughout year to upskill staff; • Introductory teacher training delivered via in-house training sessions •Levering in funding to support new courses; •Upskilling & diversification via CPD *College has reviewed Wood Commission Report to be ready for developments in the sector (foundation apprenticeships, DYW etc.) * Following review, College has developed courses using new awarding bodies.	1	2	Low			
14	**Learning & teaching quality not maintained**											**AP for Construction (re Quality)**
Link to: 1.2, 1.3, 1.4, 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 3.1, 3.2 **Link to SP 1, 2 and 3**	* Reduced student and staff numbers; * Less income, including the element of Grant in Aid for achievement; * Staff reduction leading to low morale; * Reputation of College damaged; * Partnerships at risk (potentially reduced core & alternative income); * Industrial action affecting delivery and outcomes	Low	1	4	Low	* Well-embedded PDLT review & implementation system. * Monitoring of student satisfaction; * Monitoring of student achievement trends; * External audit (i.e. EV visits) ensure currency; * Capability procedure developed in conjunction with JNC; * Process of internal verification overseen by Quality Group; * Monitoring of student and staff satisfaction via course team reports. • PLSP for all Price Group 5 (Add'l support needs) students; • Development and introduction of Student Charter; • Revamp of customer comments procedure; • Career review system in place, plus guidance review meeting with every student; • Staff devt opportunities ongoing throughout year to cover upskilling; • Staff involved in developing action points from annual self evaluation; • Formal follow up of Educ. Scotland reviews; • Internal audit and online surveys; • Use of technical innovations (e.g. tablets and pads) * Plans developed to ensure College is kept open as far as possible during times of disruption including provision of first aid & fire warden arrangements.	1	4	Low			

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15	**Inadequate learning development services**											**AP for Construction (re Quality)**
Link to: 1.2, 1.3, 1.4, 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 3.1, 3.2 **Link to SP 1, 2 and 3**	* Student support needs not met; * Fall in student numbers; * Low student morale; * Adverse publicity	Low	1	3	Low	* Specific curricular area established (Learning Development Unit); * Student services policies reviewed annually; * Annual Student Services operational plan; * Specific learning support team in place; * College has a bespoke system of pre-assessment of students: * PLSP for each Price Group 5 student; * Support Plan for all Price Group 5 students; * Structured programme of guidance and tutoring; * Appointment of several learning support staff within department of Student Learning Support; * Services for students introduced at lunchtime and for "twilight" students * Lunchtime student support sessions now established and extending areas of coverage. * Video presentations now developed to promote improvment throughout the year.	1	3	Low			
GOVERNANCE												
16	**Severe adverse publicity**											**Depute Principal (re Governance)**
Link to QI: 1.1, 2.1, 3.1 **Link to SP 1, 2 and 3**	* Reduction in student numbers; * Low staff morale; * Funding Council investigation * Effects of centralised pay bargaining and potential strike action	Low	1	4	Low	* Public relations strategy involving local press has been developed via Marketing; * College is pro-active in its dealings with the media with all publicity managed in-house; * College has retainer service with its legal advisors and refers potentially problematic situation to them for comment as a matter of course. * Staff cultural surveys (linked to IIP, IID etc) and annual student surveys flag up potential problems; * Sabbatical student positions assist in identifying and addressing student-related issues.	1	3	Low			

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17	**Corporate Governance Issues - Board of Management**											**Depute Principal / Clerk to the Board**
Link to QI: 1.1, 2.5 **Link to SP 3**	* Conflict of interest; * Openness and clarity of decision making questioned; * Incorrect skills mix; * All the benefits of Regionalisation have not yet fully crystalised.	Low	1	3	Low	* Reiteration by SFC that SLC is responsible for its own governance; *College Board of Management refreshed over the summer of 2016. * Declaration of Members' Interests at each Board meeting; * Minutes and supporting papers avail. in library and on College intranet; with a linkl from Regional website to College website; * College has established Freedom of Information policy and set procedures and deadline dates for responses; * Board of Management CPD; * Board self-evaluation is undertaken annually; * Corporate governance issue covered by internal and external auditors annually; * Board appointment procedure transparent and appointments matched with defined skill set. * Revamped College website now has Governance section for general public use with separate Governance area for Board of Management. * Specific item on sector governance now on Board of Management training day agenda * All BoM members undergo PVG check. * Internal audits on Regional aspect of good practice etc now being covered by internal auditors of both NCL and SLC.	1	3	Low			

Risk Register as at 17th August 2017

Commentary

The Risk Management Group reviewed the College's Risk Register at its meeting on 17th August 2017 as part of its ongoing programme.

At the meeting, the main subject was the development of the Business Continuity Plan, particularly taken into context of the internal audit report prepared by Scott-Moncrieff. The Risk Register was duly amended although it was felt that the inherent risks had already been taken account of, and no changes in initial or residual risk were deemed necessary. The Register narrative was amended for the work being done by the external agency, UCSS, in conjunction with College staff on business continuity.

It was also noted that, as regards the short-term financial situation, this was marginally better than considered previously. However, the risks in that area had not been particularly diminished and the College will have to remain very proactive in controlling costs and generating additional income.

The Depute Principal asked the meeting to note that the College's credit target had been reached, thus giving the assurance that there would be no financial clawback from the Funding Council. The activity level reached also set the College in a comfortable position should an offer of additional activity be made for 2017/18. This was considered when reviewing the riak scoring, although no decrease in risk could be considered at this time.

As had been noted previously, all colleges now have to compile 5-year financial plans. The Head of Finance reported that the draft indicative financial forecast made in April / May had been reviewed and no changes would be proposed for the Finance Committee's consideration at their next meeting. The College was confident that a balanced budget would be the result of both the 2016/17 accounts and the 2017/18 forecast; this was duly reflected in the scores in the Risk register.

It had previously been noted that the College now has a formal budgeting policy with full supporting procedures. This would allow another member of staff to pick up the reins on budget preparation should the Head of finance not be in a position to complete the task. The procedures had now been reviewed by the College's internal audit providers who had declared themselves happy at the theory; they would undertake a check of the practice as part of their follow up review in 2017/18.

The Register links each risk to Education Scotland's Quality Indicators. The Indicators were refreshed in 2017 and the College's Register now reflects the new quality framework.

In terms of trends, one risk decreased slightly but this did not move it to a changed level of risk.