South Lanarkshire College
East Kilbride

AUDIT & RISK COMMITTEE

NOTICE
There will be a meeting of the Audit & Risk Committee (ARC) at 17.30 on 15 February 2024 in the Boardroom and on Teams. Note: The Chair of the FRC should be in attendance at the ARC and the Chair of the ARC should be in attendance at the FRC.

Agenda Item	AGENDA	Paper	Lead
1	**Apologies for Absence**	N	GP
2	**Declaration of any potential Conflicts of Interest in relation to any Agenda items**	N	GP
3	**Minutes of Previous Meeting** 27 Nov 2023	Y	C-ARC
4	**Matters Arising from the Previous Meetings**	N	C-ARC
	Matters for Approval		
5	Risk Management – Risk Register 5.1 Commentary on SLC Strategic Risk Register 5.2 SLC Strategic Risk Register 5.3 Regional Strategic Risk Register	 Y Y Y	 VP-F VP-F VP-F
6	6.1 Rolling Audit Recommendation Commentary 6.2 Rolling Audit Recommendaiton Monitor	Y	VP-F
7	**Internal Audit** 7.1 Timetabled Audit Plan for 2024 7.2 Pension Contributions Audit 7.3 Pension Contributions Pension Plan	 Y Y	 VP-F HR
8	**External Audit** 8.1 Proposed Audit fees for 2023/24	Y	VP - F
9	**Governance update**	N	GP
	Matters for Information		
10	**Audit Scotland** 10.1 Extract from Technical Bulletin 2023/4 10.2 Audit Scotland Audit Fee Approach	Y	VP-F
11	**Summation of Actions and Dates of Next Meetings –** 09 May 2024 *(moved from 21 May 2024)* 27 August 2024	N	GP
12	**Any Other Business**	N	CB

Key:

C-ARC	Chair of the Audit & Risk Committee: Tom Feely
C-FRC	(Interim) Chair of the Finance & Resources Committee: Scott Coutts
C-BoM	Chair of the Board of Management: Paul Hutchinson
P	Principal: Stella McManus
GP	Governance Professional: Paul McGillvery

VP-F	Vice Principal – Finance, Resources and Sustainability: Elaine McKechnie
HR	Head of HR – Gary McIntosh

AUDIT & RISK COMMITTEE

MINUTES	
ARC Committee on 27 November 2023 at 1630 hours in the Board Room at South Lanarkshire College and on TEAMS	
Present Craig McLaughlin (Committee Chair) Tom Feely (part) Peter Sweeney Fiona Whittaker Anne Doherty Paul McGilvery, Governance Professional Vari Anderson, Minute Taker	**In Attendance** Elaine McKechnie, Head of Finance Scott Gray, TU Rep Andrew Kerr, Audit Scotland David Archibald, Internal Auditor Gordon McAllister, Audit Scotland Filip Grzybowski, Internal Auditor Peter Scott Chris Sumner Stella McManus, Principal Douglas Morrison (part) Scott Coutts (part)

AGENDA ITEM	
1	**Apologies for Absence** Yvonne Finlayson, Graeme Forrester
2	**Declaration of any potential Conflicts of Interest in relation to any Agenda items** None made.
3	**Minutes of Previous Meeting – 28 August 2023** Duly adopted.
4	**Matters Arising from the Previous Meeting** None.
5	**Matters for Approval**
6	**0.6.0A Proposed Annual Audit Report to the Board of Management and the Auditor General for Scotland;** The Committee noted and discussed the content of the report. It was noted by the Committee that the key messages are contained within the report and noted the significant challenges colleges across Scotland face both in the short and medium to longer term. It was further noted that although the figures contained in the disclosures and key areas within section 3 comply with guidance, work was required to bring this up to a minimum standard. The

	recommendation from the external auditor was that this area of work should be reviewed in next year's audit process. The external auditors advised that the fixed asset register should be considered and reviewed as instances of inaccurate records were identified and the current format makes it difficult to analyse. As an **action point**, College management have committed to a full review of this prior to next year's audit. The Committee raised a concern regarding the difficulty in the stability of the asset register as there are moving components and questioned whether much improvement was required. The auditors advised that some small adjustments would result in significant progress being made. The external auditors noted that they were satisfied with how the College accounted for the pension balance in the accounts. It was further noted that there were accounting adjustments identified from the audit of the Annual Report and Financial Statements which when adjusted contributed to the deficit in the Statement of Comprehensive Income increasing by £0.030 million with a corresponding decrease in the college's net assets. Appendix 1 of the report contains an Action plan for 2022/23, as an **action point,** College management have agreed to implement these recommendations. The external auditors gave their thanks to Stella McManus, Elaine McKechnie and Peter Scott for their co-operation and support throughout the audit process. The Committee were happy with the contents of the report and approved the narrative for consideration at the Finance and Resources Committee for approval to the Board. **0.6.0B Completion Letter with Proposed independent Auditor's Report and ISA 580** The letter was considered by the Committee and it was noted that it was anticipated that the unqualified audit opinions in the independent auditor's report would be signed on 5 December 2023 to complete the audit. In respect of point 7, the auditors do not foresee any issues arising. considered in conjunction with: **0.6.1 Commentary Draft Financial Statements for Year Ended 31 Jul 2023** The draft Financial Statements for the year ending 31st July 2023 were reviewed and approved by the Committee for final approval by the Board of Management. It was noted that management are committed to undertaking a strategic review of its operations during 2023/24 with a view to achieving greater efficiencies and exploring potential income initiatives following another yearly operating deficit. With no material change to operations during the year, the deficit (of £1,023k) was driven by various factors including reductions in fee income, additional provisions for salary increase settlements (pay award remains outstanding) and inflation costs. The Committee supported the decision to reinstate the lifespan of the Low Carbon House to 40 years from 10 years. The Committee supported the decision to incorporate an intangible assets policy and intangibles asset note, as advised by Audit Scotland.

	0.6.2 Draft Financial Statements for the year to 31st July 2023 Recognised. The draft financial statements and audit report were approved by FRC and received second approval from ARC with a joint recommendation made to the Board of Management to approve in full.
7	Risk Management – Risk Register **07.1 Commentary on SLC Strategic Risk Register Oct 2023** The Committee considered and approved the College's strategic risk analysis and noted the risks identified in the Regional Risk Register. The Committee noted that some risks have been upgraded, such as risks 5 and 14. Meanwhile some risks have been reduced, such as 4 and 9, which have and will continue to be well monitored. Concern was raised by the Committee regarding the increased risks in 5 and 14 in respect of whether the capital maintenance sum and reputational risk connected to Employment Tribunals is echoed in risk 1. It was suggested that defending such an action could lead to a large legal bill and press coverage. The Committee noted that following the Board of Management Meeting in August 2023, it was agreed that an additional risk would be added to the College's Risk Register to deal with the requirement to meet the Scottish Government's net zero targets. This was duly done on 26 October 2023. The Committee were advised that the main challenge the College continues to face is the central cash settlement, the most recent guidance from the Scottish Funding Council being that the funding stream will not increase over the short-term and allocations have been ring-fenced. An enquiry was also raised regarding whether a risk should be added relating to accountability to the regional risk officer however this is mitigated by attending regional risk committee meetings and regional board meetings through which we are transparent and can demonstrate effective governance arrangements and risk concerns and mitigations. **07.2 SLC Strategic Risk Register** Considered and noted. **07.3 SLC Strategic Risk Register in Detail** Considered and noted. **07.4 Regional Strategic Risk Register** The register was considered, and Committee members noted that the 'risk appetite paper' is difficult to understand and enquired as to whether the College's risk register could be reviewed and consideration given to following the same layout as the Regional Strategic Board's register. As an **action point,** management agreed to review the register. Further, in May 2022, David Archibald, Internal Auditor, conducted training sessions on risk management, since this date, there have been changes to the Board, as an **action point,** consideration is to be given as to whether a training day would be beneficial.
8	**08.0 Rolling Audit Recommendation Monitor** The paper was considered and discussed. The Committee noted the work that has been done to address the recommendations to date and noted that whilst two items are outstanding, these are partially completed and there is a timetable to address both.

	The College has made significant progress in addressing the recommendations made in previous audit assignments to which the report details. At present, there are 17 live recommendations on the monitor (8 related to cyber security, 3 for health and safety, 1 in risk management and 5 in staff recruitment and retention audit). Further, the Committee noted that completed recommendations have been moved to a separate tracker and will be subject to annual review, should they need to be revisited. In terms of Health and Safety, the Committee noted that three Health and Safety e-learning courses have been introduced for staff to complete. Further a master log is being updated and any outstanding items pursued to provide an update. It was noted that an annual report will be produced containing items which have been completed throughout the year and set out priorities and targets for the coming year. The Committee noted that in terms of Risk Management, an assurance mapping exercise is yet to be carried out following advice from Henderson Loggie. Once complete, this will feed directly into the register. In respect of Cyber Security, it was noted that a new framework template is being discussed with the HEFESTIS cyber security shared service and progress has been made to ensure risks are mitigated however progress has been slow due to an update from Scottish Government being awaited, which is now expected in December. It was agreed by the Committee that awareness and training with staff is of great importance and ensuring that staff are absorbing the information provided at the training. It was noted that cyber security e-learning has already been rolled out to which the statistics are awaited. As an **action point,** training will be scheduled in the new year including training SLT on the incident response process. The Committee agreed that overall the report was positive.
9	**Internal Audit** **09.1 Budgetary Control** The Committee agreed that although the level of assurance of the report is noted as 'Satisfactory' that the report was positive. The Committee noted that there are several areas of ongoing work around the revision of financial regulations however the budget setting process and monitoring of the budget throughout the year was a strength of the College. The Committee were advised that the weaknesses observed are set out on page 4 of the report. The Committee noted that the internal auditor had made recommendations which include the College developing enhanced real time financial information and dashboards which will allow Budget Holders to monitor actual income and expenditure against budget in real time. Leading on from this, the College should also develop a formal training programme for Budget Holders which they are required to complete before undertaking their budget monitoring role. As an **action point,** Elaine McKechnie has agreed to action all of the recommendations contained within the report. **09.2 Student activity (Credits)** It was noted by the Committee that there was a much-improved position in terms of process which was a big change from last year. A couple of recurring issues were raised by the auditor and recommendations have been made

	within the report however it was noted that overall, there are no particular issues. The Committee were advised that within Appendix 3, the credits against funded targets are holding up which is not being seen across the board. This was seen as a positive outcome for the College. The Committee and the Internal Auditors gave thanks to the wider team for their co-operation with the report. **09.3 Student Support** The Committee noted that the Auditors raised a reservation regarding an over-claim of £2,025 for 2022/23 from Education Maintenance Allowance. As this was a relatively small amount caused by a misinterpretation of SFC instructions (which were unclear) no recommendation was made. It was recommended in last year's report that the College should ensure that distribution lists identifying Bursary students in receipt of study materials was maintained for each purchase invoice charged to the Bursary fund, this was not maintained and the recommendation was made again. It was noted that the College should ensure that the planned study costs for each course reflects the specific items/materials required for the course and the current cost from suppliers. **09.4 Quality Assurance** The Committee were advised that this report was one of the most positive reports that the auditor has conducted. It was noted that no recommendations were made and that the College has a strong culture of continuous improvement in the quality of teaching provided to students. There is strong collaborating between the Quality Unit and CMs to ensure consistency across curriculum areas. It was also noted that colleagues from New College Lanarkshire attended a meeting today (27 November) for a best practice session. Again, thanks was given to the SLT. **09.5 SLC Internal Audit Progress Report 2022-23** It was noted by the Committee that the College has made good progress in implementing the recommendations followed-up as part of the review with 22 of 30 (70%) being categorised as 'fully implemented' (21) or 'no longer relevant' (1) and 8 recommendations (27%) assessed as 'partially implemented'. The 'partially implemented' recommendations have been deferred into next year. This includes the Governance Audit which will take place at the start of 2024. The Committee queried the number of days allocated to the Audit and whether this could be restricted in following years, the Auditors advised that the College is allocated an average number of days and that most College's are within the 40-50 day bracket. The number of days allocated is about finding the correct balance and is proportionate to the size of the college.
10	**10 Draft Report of the Audit and Risk Committee to the Board of Management** The Committee considered and approved the contents of the report for submission to the Board of Management. The Committee noted that the Chair is stepping down from duties, effective at the closure of the Audit and Risk Committee today (27 November 2023) and a new chair has been appointed in new Committee member, Mr Tom Feely. The Chair was thanked for his time and contributions to the College. The new chair, Tom Feely, was welcomed to his new role.

	It was confirmed that following the review of the Committee's remit in early 2023. The Committee Terms of Reference now have 'risk' as a standing item which helps inform the College as to emerging and ongoing risk factors. The Committee noted that the College continues to work well within its current remit and co-operates fully with Internal, External and non-financial audit findings and recommendations. As a result the External Financial Audit by Audit Scotland for the year ended 31 July 2023 has resulted in an earlier singing date for the accounts by 31 December 2023. The Committee and College are delighted with this positive update.
	Matters for Discussion
11	**11.0 Review of Draft Annual Workplan of the Committee** The Committee reviewed the workplan to ensure it was complete. Confirmed similar timeframes for scheduling of work for 2023/24 and instructed the College management to arrange for the appropriate supporting documents to be available in accordance with the timetable. It was noted that there are several items which have not yet been addressed in 2023, the Committee and the College management agreed to ensure that all items are covered in the workplan over the next 12 months. **11.1 ARC Activity Monitor**
	Matters for Information
12	The following were duly noted: **Audit Scotland** 12.1 Extract from Technical Bulletin 2023/3 **Scottish Funding Council** 12.2 Net Zero Framework **College Development Network/ESP/Colleges Scotland** 12.3 Scottish Colleges Statement of Commitment on the Climate Emergency
13	**Committee discussion with internal and external audit service providers** (Executive to leave) Such meetings are normally reserved matters but it would be fair to record that no significant issues were identified .
14	Summation of Actions and Dates of Next Meeting – The Clerk summarised the actions and decisions and the action points are as above minuted. The next scheduled Committee meeting was set for 20 February 2024.
	Any Other Business There being no other business the meeting was declared closed.

AUDIT AND RISK COMMITTEE

DATE	15 February 2024
TITLE OF REPORT	Risk Management – Risk Register Commentary
REFERENCE	05.1
AUTHOR AND CONTACT DETAILS	Elaine McKechnie Elaine.mckechnie@slc.ac.uk
PURPOSE:	To provide members with an update to the risk management arrangements of the College.
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to: • Note the movements in risk scores since the last Register review and, in particular, the increased risk re financial sustainability, failures in financial controls and failure to provide a robust learner experience as a result of bursary payment delays. • Note the reduction in risk scores in respect of credit target achievement and theft or damage to Management Information Systems.
RISK	• That College strategic risks are not identified, and mitigating actions are not taken
RELEVANT STRATEGIC AIM:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• Of the fifteen risks identified previously and of the post-mitigation risks contained in the attached register, three scores were increased while two scores were decreased. Inherent risks have remained consistent. • The main challenges for the College continues to financial sustainability as is echoed by the Scottish College sector in full, failure of financial controls in respect of a pension contribution error and failure to promote a robust learner experience as a result of bursary payment delays.

1. INTRODUCTION

1.1. This paper provides a commentary on the College's strategic risk register.
1.2. The risk register is an important document that demonstrates the College's commitment to the establishment and maintenance of effective governance and control arrangements.
1.3. The register is reviewed internally by the senior leadership team for updates on a quarterly basis. Inherent risk levels have been assessed at a similar level to the previous quarter however post-mitigation risks have been updated to reflect current information available as at January 2024.

2. RISK ONE - FINANCIAL SUSTAINABILITY

2.1 Post-mitigation risk has been increased from 12 to 16.
2.2 Against the backdrop of a £1M deficit result in the 2022/23 financial statements, reduction in Grant in Aid allocations across the region, impending salary settlements and a rising cost base came the recent Government preliminary budget announcement, in which it was suggested that there may be a further funding cut of circa 5% across the College Sector in 2024/25.
2.3 While College management is confident that the activity target for 2023/24 is achievable, the increase in activity does not translate into additional funding. Therefore, the College must undertake a strategic review of its operations to identify any efficiencies and put a plan in place to reduce its cost base and diversify income through full cost course offerings.
2.4 A financial modelling exercise is being undertaken to assess the potential impact of a funding cut on resource utilisation.
2.5 Additionally, work is on-going to embed regular monthly management reporting of results to better support decision making as part of the strategic review.

3. RISK TWO - FAILURE OF FINANCIAL CONTROLS

3.1. Post mitigation risk has again been increased from 6 to 9.
3.2. The College continues to be conscious of the added scrutiny on the organisation regarding financial controls and works closely with external and internal audit teams to identify risks and mitigate against them.
3.3. A recent investigation by internal audit into pension contributions payable from 2015 onwards has highlighted an operational failure to consistently apply revised pension contribution rates for a group of part time employees, primarily resulting in a number of overpayments into pension schemes and corresponding underpayments of PAYE.
3.4. The results and full scale of the investigation has not yet been concluded but Management have provided communications to stakeholders advising of concerns identified at regular points and staff have been given assurance that corrective action will be taken as soon as an independent payroll consultant has reperformed all calculations for affected individuals.
3.5. Lessons have been learned from the incident and processes have been changed to mitigate the risk of a subsequent financial control failure.

4. RISK THREE - CREDIT TARGET

4.1. The post mitigation risk has been reduced 9 to 6. Following January 2024 enrolments, the College is expected to meet its core credit target for 2023/24.

5. RISK FOUR – THERE IS A BREACH OF LEGISLATION AND ASSOCIATED REGULATIONS

5.1. The College continues to be confident that its arrangements for and in particular, GDPR, means that it can record a lower risk score. The latest review has not flagged any concerns or requirement to change this risk sore.

6. RISK FIVE - CAPITAL FUNDING REQUIREMENTS

6.1. There has been no change to risk scorings in January 2024 despite updates to commentary.

6.2. The recent preliminary budget announcement indicated that the College sector may receive a circa 3% increase in capital funding in 24/25. However, as the allocation of the increase across the College sector is currently unknown, no change is advised to the existing risk score.

6.3. The College has successfully achieved funding for pre-capital works which supports with the wider 'fabric first' approach the College intends to take to ensure air, wind and water tightness of the building.

6.4. However, despite a potential increase in capex funding for 24/25, it has been suggested that there may be further stipulations placed on Colleges from the SFC to utilise capital funding entirely on capital projects with no apportionment to generic maintenance and facility costs. Again, the absence of clarity over the apportionment of the funds across capital delivery and revenue delivery has led to no change to risk scores at this time.

6.5. In mitigation, the College is reducing its capex footprint where feasible, ensuring that only essential works are undertaken as a result of the Sector's financial situation. It has also commissioned a QS report on the fabric of the building which will assist in funds being directed to the most appropriate areas.

7. RISK SIX – THERE IS A BREACH OF LEGISLATION AND ASSOCIATED REGULATIONS

7.1. As per risk four, the College remains confident that its current arrangements mean it can record a risk score that is not of immediate concern. No change currently required.

8. RISK SEVEN – BUSINESS INTERRUPTION

8.1. The College is confident that its arrangements for business continuity, tested during lockdown, allows it to report an acceptable level of risk, although further training for both staff and Board members is required. No change to risk scores required as at January 2024.

9. RISK EIGHT - DAMAGE TO THE INTEGRITY OF MANAGEMENT INFORMATION SYSTEMS

9.1. The post mitigation risk has been lowered from 6 to 3 in January 2024.

9.2. Cyber essentials and cyber controls continue to be monitored and a review of policies and procedures needs to take place to maintain current levels of confidence. The impact remains high however the probability of risk has been lowered due to actions that were identified as part of the audit being closed down.

9.3. The College also reapplied for its annual Cyber Essentials Plus certification and successfully passed.

10. RISK NINE – FAILURE TO ACHIEVE ACCEPTABLY HIGH LEVELS OF LEARNING AND TEACHING

10.1. There has been no change to the risk scoring as at January 2024.
10.2. As highlighted in November 2023, the College's internal audit providers recently undertook a review of Quality Assurance and there were no recommendations in the draft report.
10.3. The ASOS action taken by lecturing staff resulted in a delay to results being recorded but this situation is being rectified and all results were logged by the first week in November.
10.4. There is a Care review and an HMIE visit planned for early 2024 through which the College will fully support enquires and seek to further demonstrate its commitment to achieving high levels of learning and teaching.

11. RISK TEN - THERE IS A FAILURE TO PROVIDE AN ENGAGING AND EFFECTIVE EMPLOYEE JOURNEY

11.1. There has been no change to this risk scoring at January 2024.
11.2. Post COVID and with the return to campus, it has been easier to deliver a more effective HR service, particularly with a new HR Strategy having been formulated, approved and in the process of being implemented.
11.3. HR have also bolstered the current payroll administration by training additional staff to become fully conversant with payroll operations and calculations. This also helps to ensure continuity of payroll services to employees in the event of payroll staff absence.
11.4. The purchase of a new HR system will support the delivery of the strategy and the project is continuing to progress well with implementation scheduled for Spring/Summer 2024.

12. RISK ELEVEN - THERE IS A FAILURE TO SAFEGUARD THE HEALTH AND WELLBEING OF STAFF AND STUDENTS

12.1. No change to risk scorings at January 2024.
12.2. The College is mindful of the particular strain on staff and students over COVID and the current challenges regarding cost of living crisis that will add to concerns. Additional resources have been brought in to assist both staff and students. As reported previously, the new HR management system, once implemented, will assist with the management of employee wellbeing and development.
12.3. As regards student welfare, the College applied to the Arms Length Foundation (ALF) for assistance in supporting the funding two additional Counsellor posts in 23/24 and was successful in its bid. The ALF continues to support subsidised food for students, whilst the clothing exchange "shop" set up by students is proving popular.
12.4. As previously advised, further funding of circa £31k was announced by SFC in September for the 2023/24 session to address Student Mental Health and Wellbeing and this will allow the College to enhance its service to students.

13. RISK TWELVE - THERE IS A FAILURE TO PROVIDE A ROBUST LEARNER EXPERIENCE TO SUPPORT ONWARD PROGRESSION

13.1. This risk has been increased from 6 to 9 from January 2024.
13.2. The delay in processing bursary payments has caused some level of student withdrawal as students could not afford to financially support their studies in the absence of bursaries.

13.3. The sector still has unresolved disputes with both the support and lecturing staff unions, but ASOS is no longer a component of the action being taken and 2022/23 results have now been submitted. Further industrial action is likely so 2023/24 results may be at risk.

13.4. Careers advice seminars have been introduced across the College whilst a core skills project was launched in August 2023 to enhance literacy and numeracy.

13.5. As a result of the delays in bursary processing, an internal review of the staffing levels within the bursary team is being undertaken with a view to identifying 'lessons learned' from the process to ensure greater efficiency in processing high volumes of bursary applications going forward.

14. RISK THIRTEEN - FAILURE OF CORPORATE GOVERNANCE

14.1. No further change to this risk as at January 2024.

14.2. The review of the enhancements in corporate governance has allowed the overall risk rating in this area to be downgraded over the year. As advised previously, this was supported by the internal audit provider review of the Governance Improvement Plan which was considered and approved by the Audit and Risk Committee at its November 2022 meeting. The report was rated "Good" in terms of level of assurance, this being the highest rating possible, with only two low level recommendations. It was subsequently decided that any outstanding items would be picked up in the rolling programme of Governance development. The review of Governance will be undertaken by the internal audit service providers in February 2024 and their report is expected in Spring/Summer 2024.

14.3. The recruitment of the new Governance Professional position and the reshaping of the Principalship function also better support Governance arrangements. The College is confident that this enhanced level of Governance can be maintained given appropriate and key staffing appointments are now in place.

15. RISK FOURTEEN – ADVERSE REPUTATIONAL RISK

15.1. There is no change to this risk scoring as as at January 2024. The College acknowledges that there are potential reputational issues that may adversely affect the standing of the College and / or its financial sustainability and actively engaged in mitigation.

15.2. A communication plan has been put in place in the event of an issue and an internal audit into publications and communication is scheduled for Apr/May 2024.

16. RISK FIFTEEN – THE MEETING OF NET ZERO TARGETS

16.1. The Scottish Government has set targets for public bodies with respect to meeting net zero targets. No change to this risk scoring has been identified at January 2024.

16.2. This progress to net zero will be monitored not only by senior management and the Board of Management, but also by the College's Sustainability Group.

16.3. The College has drafted a new Climate Change Emergency Action Plan and has set up a Climate Change Action Team in January 2024 which will continue to support the College in its environmentally sustainable pursuits. The Action Team is currently formulating a project plan and will initiative meetings with sub-groups to help meet its objectives in due course.

17. EQUALITIES

17.1. There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

18. RISK AND ASSURANCE

18.1. That College strategic risks are not identified, and mitigating actions are not taken.

19. RECOMMENDATIONS

19.1. Members are recommended to:

- Note the movements in risk scores since the last Register review and, in particular, the increased risk re financial sustainability, failures in financial controls and failure to provide a robust learner experience as a result of bursary payment delays.
- Note the reduction in risk scores in respect of credit target achievement and theft or damage to Management Information Systems.
- review and approve the strategic risk analysis contained in the College's Strategic Risk Register and the commentary therein.

APPENDICES

Document 05.2 **The College's Strategic Risk Register**

Document 05.3 **Regional Strategic Risk Report**

Strategic Risk Register

Dated reviewed by Risk Management Group	22 January 2024
Dated reviewed by SLT	16 January 2024
Next date of review	

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
1	26/04/2021	3.1, 3.5, 3.6	That the College cannot maintain financial stability	4	4	**16**	12	↓ 4	That the College would not be able to meet its financial obligations and /or that investment in student activity could not be maintained to an appropriate level.	Jan 2023 Awaiting indicative funding for the next academic year in March 2023. Indications are flat cash funding scenarios relating a real cut. Value for Money Group meeting on 25th January 2023. Apr 2023 Value for Money Group focus on staffing efficiencies and more robust Curriculum Planning model for 2023/24. Flat cash Grant in Aid settlement confirmed, but with additional cut in activity & funding for the Region. June 2023 "Flat cash" settlements for 2024/25 and 2025/26 copnfirmed by SFC. Board approved a deficit budget for 2023/24 only. Management working towards balanced budget. January 2024 Financial Modelling being undertaken, review of curriculum and ensuring areas that meet demand are promoted. Full cost targets increased.	4	4	**16**	12	↓ 4	January 2023 College has to continue working to make efficiencies and savings. April 2023 Interim budget to be drawn up for approval of the Board on 1st June 2023. Detailed budget to be prepared for additional meeting of the Finance and Resources Committee before completion of the SFC return (FFR). August 2023 Curriculum Planning model being used to monitor staffing. Improved and enhanced budget monitoring procedures being introduced for 2023/24. October 2023 On track to meet credit target for 2023-24. January 2024 Work on-going to embed regular monthly management reporting of results to highlight areas of financial concern.	January 2023 Await update from the Value Money group on 26 January 2023 April 2023 Indicative grant in aid allocation received; expectation of flat cash settlement confirmed. Budgeting exercise already commenced on this assumption. August 2023 Staffing budget linked to Curriculum Plan. which will incease efficiency and improve staff utilisation.
2	26/04/2021	3.1, 3.2 3.5, 3.6	That there is a failure of financial controls	4	2	**8**	6	↓ 2	Insufficient or incorrect information available to senior management and the Board of Management; potential for fraud.	August 2023 Finance Dept team enhanced with permanent appointment of Management and Financial Accountants. Additional support re Procurement from APUC until December 2023. Extensive work has been undertaken in conjunction with Governance Professional to update policies and procedures. Review of timetable of activities of the Audit and Risk Committee and Finance and Risk Committee now drawn up. Additional work has been undertaken by internal audit service on policies and prodcedures in 2022/23 and 2023/24.	3	3	**9**	6	↓ 3	Closer scrutiny of previous internal audit recommendations, both via senior management and the Audit and Risk Committee. Introduction of new approach to control, assurance and risk management arrangements. April 2023 Review of governance to be undertaken by internal auditors in summer of 2023 August 2023 Pay controls in place, not replacing staff who have left the organisation, allowed for curriculum adjustmnets to be made, curriculum staff redployed to other areas should there be overstaffing,. Consideration given when staff leave whether this replacement needs to be FT, PT or whether it is needed. Curriculum Plan is very tightly planned, with finance and curriculum teams working together to prepare budgets for the year. October 2023 Audit Scotland audit in progress currently with no concerns raised to date. January 2024 Internal audit in progress regarding pensions and payroll procedures.	Introduction of formal ARC monitoring on an ongoing basis. August 2023 Positive follow up Section 22 review by Scottish Parliament January 2024 Internal audit reviews of procurement and finance procedures scheduled for April 2024. An internal audit of pension and payroll has flagged an error in pension contributions for some staff members since 2015. Payroll consultant to be employed to review all affected employees and reperform calculations to correct the situation. HR reviewing internal payroll processes to mitigate further risks that might result in an incident of a similar nature.
3	26/04/2021	1.6, 2.2, 2.4	That there is failure to meet Credit target and /or failure to retain major public and private contracts.	4	3	**12**	12	→ 0	Clawback of SFC activity funding and shortfall in income. Failing to meet credit targets on a consistent basis may affect annual activity allocation. Failure to meet maintain ESF records to substantiate our claim is likely to affect income	Student activity is monitored on a weekly basis by senior management via the SLT meetings, with those weekly reports being made available to faculty and admissions staff; Additional enhanced reporting in use through Power BI to monitor real time information. Jan 2023 All credit activity to up on the by 27 January and checks to made on this. Plans are being put in place to meet the gap, such as the preparing to study courses. April 2023 Additional activity running and planned to meet credit target. August 2023 Region has a 10.7% decrease in activity taarget for 2023/24. Colleges now have a 2.0% leeway re meeting activity targets. January 2024 College highly likely to exceed credit target but will be confirmed following the completion of the January enrolment cycle by 31 January 2024.	3	2	**6**	9	↑ -3	October 2022 Scenario planning and forecasting under way for the 2022/23 academic year; New website being launched in November 2022 to support with recruitment and learner journey. April 2023 Progress being made, but dependent on planned activity. August 2023 2022/23 taget met; Curriculum Plan model now operational with all courses for 2023/24 incorporated; accurate monitoring now enhanced. October 2023 College on track to meet target for 2023-24. January 2024 College is on track to meet credit target.	August 2023 2022/23 credit target achieved. 10.0% sectoral decrease in credit target for 2023/24, plus additional 0.7% Regional decrease. 2.0% target achievement tolerance and positive change in retention tolerance announced for 2023/24. In addition only 80% clawback should there be an issue. January 2024 Successful internal reporting of credit activity through Power BI enables real-time assessment of actual credit target achievement.
4	26/04/2021	2.1, 2.5, 3.4, 3.6	That there is a breach of legislation and associated regulations (incl. GDPR)	2	3	**6**	6	→ 0	Breach or leak of sensitive data impacting on college reputation.	Data Protection Officer in place to advice on general Data Protection Regulation; Staff mandatory training and policies in place and actively marketed to heighten awareness; Compliance/audit checks in place; GDPR policies currently being updated as part of College-wide policy refresh exercise; Training planned for all staff on legislative and regulatory issues, including conflict of interest, bribery and corruption and security of assets. August 2022 A suite of new polices have been developed and/or updated; Multi factor authentication in train; Cyber security Essentials status obtained; Training completed on conflict of interest etc as above and data protection and GDPR. October 2022 Cybersecurity audit completed satisfactorily. College is now undertaking penetration testing; All staff conference in August; all staff completed mandatory training on GDPR; Data Protection portal is now live. April 2023 New retention policy has been agreed and published. Cyber Essentials plus was successfully completed in Feb October 2023 GDPR TES develop training issued to all staff, ICO framework and ROPA for each department currently being completed. Jan 2024 Work has begun on ROPA's (records of processing) and the ICO accountability framework has been completed giving SLC a confidence of data protection controls. Cyber security frameworks and changes continue to be reviewed and we are confident in the controls that are in place from the NCSC 10 things	2	2	**4**	4	→ 0	Apr 2023 Retention Documentation has been issued, further actions will be completed including communication of this guide for all managers to control the documentation Cyber risk framework is being updated in June this year to ratify the score in this sheet. (Cyber risk can be escalated if important issues arise in that review) Jan 2024 Complete ROPA's in all departments for understanding data management	Data protection team have worked through a number of ROPA with each area and are currently pulling together Info Asset Register. Records Retention Policy now complete and published, actions will follow this publication via communication of this policy to improve document governance.
5	26/04/2021	2.1, 2.2, 2.6, 3.5	That there are insufficient funds for capital project and maintenance requirements	4	2	**8**	8	→ 0	The College estate is of an age that requires constant monitoring and an appropriate level of funding to address major issues (e.g. building envlope, heating and cooling, lifts, security equipment, etc.)	SFC undertook a condition survey and has allocated funds over a five year period to address backlog maintenance and dilapidation works. The College appointed professional advisors to assist in the management of the projects which have been undertaken. College has enhanced its procurement arrangements to ensure that all major items of expenditure are reviewed by a senior management committee, thus ensuring value for money as well as an additional level of control over non salary spend. As part of our approach to the introduction of a Strategic Investment Plan, the College is currently considering introducing its own estate condition survey, given the age of the building and the number of significant repairs now being required. August 2023 CAPEX projects prioritised and completed within budget allowing for future works within remaining ringfenced funds. January 2024 CAPEX spend being closely scrutinised and only essential capital spend must be incurred as a result of financial situation facing the College Sector.	3	2	**6**	6	→ 0	Current planning is to utilise cash holding to fund an infrastructure investment programme; Additionally, the college is planning to undertake an estate condition survey to ensure that a clear plan for any additional work is captured.; The air conditioning units and the roof are all currently being replaced; Air Conditioning replacement completed. Roof project almost completed, snagging being undertaken. Building is weather proofed. Jan 2023 Update on capex progress to date at VfM group on 25th January 2023. April 2023 Funds have been committed to support the key changes to the building. August 2023 Following completion of CAPEX works, funding remains for future works October 2023 College has also submitted a funding application to the Scottish Government Energy Efficiency Grant scheme to support with building fabric first appeoaches, which would provide possible future cap ex funds for the estate.	Central funding received in 2020/21 and 2021/22 allowed the College to address major repairs and renewals sooner than originally planned. This includes a major upgrade to the fabric of the roof, which would be most vulnerable to possible issues associated with the natural lifespan of the building. August 2023 Various works completed over previous months within confines of funding whilst leaving sufficient amount for future required works. Cladding repairs are expected to be the next significant work. Additional funds have been allocated for next year. SFC capital funding allocation for 2023/24 should be sufficient for short term projects & maintenance January 2024 Funding received for Pre-capital works and looking at future funding initiatives for enhanced environmental sustainability of College estate. Initial budget announcements also suggest there may be a 3% increase in capital funding for Colleges in 24/25 but yet to be confirmed.
6	26/04/2021	1.1, 1.2, 1.3, 1.4, 2.1, 3.1, 3.3	That there is a failure to meet statutory and legislative health and safety as well as safeguarding requirements.	3	3	**9**	9	→ 0	Impacts on safety of all employees and students leading to serious injury or death. Unable to protect our most vulnerable students.	Health and Safety Committee meet regularly to monitor health and safety arrangements and any issues are raised. Staff induction in place on H&S; Separate COVID risk register in place to monitor operational arrangements; Facilities Teams and H&S Officer ensure all risk assessments are updated annually; Regular reporting on Health and Safety to HR Committee as part of their remit requirements; Full review of Health and Safety Policy and Procedures being undertaken; Lead Safeguarding Officers in place and appropriate training in place.; Safeguarding group meets regularly. August 2022 Robust HMI Safeguarding report received in April 2022; Refresher training and reissue of safeguarding cards; Expanded the network of safeguarding officers; Health and Safety audit completed, with no major recommendations; Refreshed health and safety policy will go to the Board in October 2022; Appointment of 2 permanent health and safety staff members. October 2022 Health and Safety Audit completed satisfactorily. Health and Safety Policy approved by the Board of Management. January 2023 Health and Safety Policy launched and names of those who have read it recorded. April 2023 Progress made against internal audit plan and Health and Safety Committee meets regularly to keep on top of action and key issues. Policy and procedures updated. Safeguarding Policy and Procedures updated and due to got to the Board for approval in June 2023. August 2023 H&S Policy reviewed and updated over summer break. Continued quarterly H&S committee meetings planned including representation of cross college departments for 2023/24	3	2	**6**	6	→ 0	October 2022 Health and Safety Policy Approved. First Aid Procedures renewed and due for sign off by SLT in October 2022. January 2023 Training sessions now being scheduled. April 2023 Significant progress made with policy and proceudures. August 2023 There is a new Safeguarding Policy and Fitness to Study Policy approved by the Board in June 2023. Training for Health and Safety and Safeguarding will be rolled out to all staff in August through the mandatory online modules. October 2023 Updated safeguarding processes to clarify roles and spread low level behaviourial issues to curriculum.	August 2023 Staff resource is working to capacity to get through policies and procedures updated as required.

Strategic Risk Register

Dated reviewed by Risk Management Group	22 January 2024
Dated reviewed by SLT	16 January 2024
Next date of review	

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
7	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is business interruption due to major disaster, IT failure etc	4	2	**8**	8	0	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Business Continuity Plan for College in place. Business interruption insurance in place. Member of HEFESTIS and benefit from shared intelligence. August 2022 Internal audit for cybersecurity completed. Updated Microsoft Licence of A5 allows for enhanced protection. October 2022 A5 licence in place and multi factor authentication in place. April 2023 Board briefing for cyber security due on the 2nd of May, satisfying cyber audit points. October 2023 Cyber Security information will be placed into the next risk about theft of major systems. This is business continuity updates, this will be worked on in the new year. Update for the next risk management meeting Jan 2024 Cyber security controls continue to be improved following the cyber risk framework. Work started on the BCP and incident response documentation as it needs revisited since it was published.	3	2	**6**	6	0	Existing business continuity arrangements being reviewed in light of recent events. Key estates risks now been identified and have been or are being resolved. Further training for incident response for board members needs to be considered and scheduled (Scenario training) Jan 2024 A review of BCDR documentation is to be completed in the next few months to update mitigation controls.	The College had a developed Business Continuity Plan embedded prior to the COVID pandemic and has built on that via infrastructure improvements and additions utilising additional SFC ring-fenced funding. August 2023 Update of Business Continuity Planning Documentation will be completed by December 2023.
8	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is a theft of, or damage to, Management Information System (incl. cyber-crime)	3	2	**6**	6	0	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Shared sector approach in place through HEFESTIS and advanced intelligence. Robust and regular testing of IT systems Business continuity plans in place for IT and MIS areas. Annual certification with Cyber Essentials Plus Incident response training Jan 2024 Cyber essentials and cyber controls continue to be monitored, a review on the policies and procedures needs to take place to maintain current levels of confidence. The score can be lower at this review due to the actions being closed down from the audit. Impact remains high, however the probability of the risk can be lowered	3	1	**3**	6	-3	Jan 2023 Cyber Essentials Basic has been complete and college is compliant. Cyber Essentials Plus to be completed FEB 2023 Close off from H&L Cyber audit actions by the summer, which should change the position of this task. April 2023 Cyber Essentials complete, Cyber training planned for the Board on the 2nd of May. Planned asset tracking update due in July 2023 to ratify the buildings equipment checks. October 2023 Another Cyber Essentials Achieved for another year. Going through a 0365 health check and reviewing the cyber risk framework for an update for progross. This risk will be driven through the cyber security aspects rather than business continuity Jan 2024 Review of documentation for IT and cyber will be completed over the next few months	College successfully completed its Dec 2022 Cyber security audit with no issues. Incident Response Policy Updated Pen testing to be reviewed and purchased in the next few months
9	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.3	That there is a failure to achieve high standards of learning and teaching.	4	2	**8**	8	0	Impacts on the student experience, the college's reputation and Education Scotland risk ratings. Impacts on student recruitment leading to financial risk.	January 2023 First self-evaluation cycles completed and progress reviews have taken place. Ongoing engagement and campus visits from HMI. Audit cycle in train. Robust learner voice processes which are acted on promptly. April 2023 Evaluation process updated and self evaluation progress occuring. HMIE Education Scotland visit took place in March 2023 which resulted in no main points for action. October 2023 Self Evaluation currently being written. January 2024 Care Review and HMIE Inspectorate visits planned for early 2024 to assess learning environment.	2	2	**4**	4	0	October 2022 Mitigating actions in place. External assessors being used to assess Construction MAs, now part of the Quality Audit process to provide assurance that work is of a high standard and does not impact on direct claims status. April 2023 Education Scotland annual engagement visit report received which did not contain any main points of action. August 2023 Current challenges with missing outcomes due to ASOS, as yet there is not a national approach to ASOS, and there has been no communication from the Scottish Funding Council. The impact of this may mean that results nationally will not be available in March 2024 October 2023 Care will be the subject of a national thematic review in early 2024 by Education Scotland.	Annual Engagement Visit from Education Scotland taking place Feb 2023. January 2024 HMIE Inspectorate visit planned for early 2024.
10	26/04/2021	2.1, 2.3, 2.6, 3.1, 3.3, 3.4	That there is a failure to provide an engaging and effective employee journey.	4	2	**8**	8	0	Impact on the employee experience and could result in high turnover, high absence rates, disengagement, poor employee relations and industrial relations matters, poor performance of employees and subsequently a poor experience for students and negative impact on college reputation.	October 2022 Accreditations achieved to date include: Disability Confident Employer and Leaders in Diversity. The re-accreditations of Investors in People and We Invest in Wellbeing are currently being progressed; Ongoing review of the employee journey, process optimisation and automation. Consideration for a new HR System; Refreshed policies and procedures include: Attendance Management and Support Procedure; Disciplinary Procedure; Grievance Procedure and the Public Interest Disclosure Policy and Procedure. January 2023 Employee Journey being mapped out and associated procedures being drafted, with a view of lean process management and consideration of both automation and employee experience. People Managers being trained on disciplinary, grievance and investigations by ACAS. Review of payroll and pensions process. April 2023 The College now has We Invest in Well Being Platinum. August 2023 New integrated HR & Payroll system on track to be implemented in 2023. Pension reporting streamlined. October 2023 More resilence in HR team with regards to learning how to do payroll. January 2024 Wider HR team now trained to administer payroll.	3	2	**6**	6	0	The College is working on the implementation of a new HR system that will enhance experience, automate manual tasks. April 2023 New HR system is in the process of implementation. January 2024 New HR system progressing.	College accreditations are being refreshed.
11	04/02/2022	2.1, 2.3, 2.5, 2.7, 3.1, 3.2, 3.4, 3.6 / Aim 1	That there is a failure to safeguard the health and wellbeing of staff and students.	3	3	**9**	9	0	Impacts on the health and wellbeing of staff and students. This could result in high absence, disengagement and higher withdrawal rates for students. Risk of serious harm to the individual if the appropriate safeguarding action is not taken. This would significantly impact the student and staff experience leading to potential risk of legal action, complaints and having a negative impact on the college reputation.	August 2022 Ongoing effective development of safeguarding and health and wellbeing support for staff and students. Safeguarding / GBV Prevention / Corporate Parenting / Carers Support policies and procedures in place. Specialised staff in Student Services and HR responding to concerns or issues. Criminal Convictions and PVG is undertaken as part of the employee recruitment process. Safeguarding, Prevent and Corporate Parenting training is mandatory as part of the staff induction process. Safeguarding including Prevent, Corporate Parenting, Mental Health & Wellbeing information and videos part of the Learner Induction process. College Safeguarding Group is a cross-college group which has both student and staff membership - this groups meets quarterly. GBV Prevention Strategy and Action Place / Corporate Parenting Plan in place which is monitored by the Safeguarding Group. Other mitigations include:- •Student Support email address. Same day response, including responses to financial and emotional crisis support. •Guidance and support staff available on campus for in person support on same day appointment basis. •Staff are trained in Mental Health First Aid and ASIST •Dissemination and attendance of external safeguarding training opportunities, such as those provided by CDN, •Counselling Service for staff and students. •Weekly Yoga and Mindfulness classes for staff and students •Online Togetherall resource for staff and students •Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. •Guidance and support / line management staff available on campus for in person support on same day appointment basis. •Annual safeguarding, health and wellbeing calendar of events •College Mental Health Group and LGBT Champion Group in place •Peer support groups for staff and students April 2023 The new Safeguarding Policy and Procdure for staff and students has been updated and will go to the main board in June 2023.	3	2	**6**	6	0	October 2022 Additional staff in Students Services to help support well-being. Student Support Strategy in progress. Remploy an organisation to facilitate staff return to work is now being used to support. "We invest in wellbeing" survey issued to staff as part of Investors in People application with action plan formulated to deal wityh results.. August 2023 Funding approved by the SLC Trust (ALF) for two posts to support student and staff health and wellbeing. This is for Guidance & Support and Counselling. Pending SFC Mental Health Funds to support student health and wellebing to be published for 2023-24. October 2023 ALF approved funding for soup and a sandwich., with a further bid being submitted to the October ALF meeting. Pop up second hand shop now open to support students. January 2024 A further bid has been approved by the ALF for soup and sandwich free breakfast and lunch initiatives, together with funding for a Hortocultural Garden space to promote both positive mental and physical health benefits for staff and students. Pop up second hand shop has been successful to date.	
12	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.5, 2.6, 2.7, 3.1, 3.3	That the College cannot provide a robust learner experience supporting them onto their final destinations.	4	2	**8**	8	0	Relates to application and recruitment experience, students not receiving the appropriate or accurate information or the necessary access to support such as financial or health and wellbeing. Recruitment impacted by outdated systems impacting the experience. Also any delays to bursaries, additional IT equipment and discretionary support may impact.	Applications are monitored by the Student Services Team, review of application and enrolment system in train. Financial and emotional support offered by the Team. Team undertake regular training to provide the best possible service and to keep up to date with changes. Power BI now being used for curriculum planning and to ensure a more efficient application process. Other mitigations include •Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. •Guidance and support staff available on campus for in person support on same day appointment basis. •Ongoing review of new Admissions electronic system to ensure smooth transition from application to enrolment. Additional work to be undertaken in this area via regular working group meetings. •Staff attendance at new Mental Health First Aid training, as provided by SLC. •Dissemination and attendance of external training opportunities, such as those provided by CDN, etc. •Review potential increase in counselling and guidance/support provision to ensure reduction in waiting times for emotional support. •Bursary software under review with developers. •Support being provided to SA including additional recruitment of new VP. •Provision of long term laptop loans via Library service to facilitate engagement in class and coursework. Reinforced links between the student association, class reps and quality team so directly links back to the learner More opportunities for students to undertake study skills in this academic year and it has now been introduced into twilight sessions. January 2023 Progressing students are due to be given a conditional offer in Feb 2023 for the first time. National Career Review may inform College's approach to IAG. Applications for 2023-24 due to open on 30th January 2023. August 2023 The vast majority of applications and students are progressed on a timely basis, however, further actions are being taken to ensure consistency across the college. Updated Student Association Student Mental Health Agreement (SMHA) produced. January 2024	3	3	**9**	6	3	Additional central funding has been received to allow additional resources to be brought in to address particular issues that may be exacerbated due to the COVID pandemic. Website refresh now out to tender. Power BI being used to for applications and curriculum planning. Review taking place regarding staffing resources to meet student needs of financial and emotional support. This includes reviewing the possibility of additional recruitment within student funding, guidance and support, etc, including student placements for counselling. May 2022 Current strike action by EIS is having a negative impact on the learning experience. EQA activity at risk due to lecturers potentially not engaging and resulting learners as well. August 2022 Mitigating actions have allowed this risk to be reduced due to the completion of the key system updates, removal of barriers to progress and clearer focus on supporting students to achieve their destinations. October 2022 Work in progress on reviewing business support functions supporting the learner recruitment journey. January 2023 Longer term review required. October 2023 CEIAG workshops being delivered across all areas of the curriculum and more sessions being delivered by SDS in the College. Core skills project launched in August 2023 to support FT FE students in particular achieve a standard of literacy and numeracy.	January 2024 Internal process has been reviewed for 'lessons learned' from the administration of student bursaries to ensure quick disemmination of funding going forward.

Strategic Risk Register

Dated reviewed by Risk Management Group	22 January 2024
Dated reviewed by SLT	16 January 2024
Next date of review	

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
13	26/04/2021	3.1, 3.2, 3.4, 3.5, 3.6	That there is a failure of Corporate Governance arrangements	4	2	**8**	12	↑ -4	That the College would fail in its duties as a public body and charity to adhere to statutory expectations. Risk to business delivery; risk to reputation; risk to effective relations between SLC and NCL e.g. given journey towards dissolution and risk of distraction or tension and ensuing impact on operational delivery.	Effective training and development for all staff, including in relation to compliance; Effective T&D for the Board, given 10 new members, building on the recommendations of the EER and including consideration of culture and values of Board. Advice sought from appropriate bodies (SFC, IA, Good Governance Steering Group). Planning for the transition to dissolution will be important to ensure that we have the right systems, processes and relationships in place to take up position as a Regional college. Work already in train to identify agreed actions; SFC has established a liaison group involving themselves, Scottish Government and the two colleges. The Audit and Risk Committee are overseeing a formal, quarterly review of all audit recommendations on a rolling basis to ensure that all actions agreed are completed appropriately and according to timetable. October 2022 Government Improvement Plan signed off by the Board of Management and agreed to incorporate this into the usual Board of Management Evaluation and Enhancement Plan. Strategy Day held with the Board of Management on Risk and Equality and Diversity held in Sept 2022 External Auditors content that regional board members and/ staff attend committee meetings. April 2023 The AAR report stated that the College was now fully compliant with the Code of Good Governance for Scotland's Colleges as at July 2022. August 2023 Staggered appointment of new board members. October 2023 Appointed a new permanent Governance Professional in September 2023.	3	2	**6**	6	→ 0	Awaiting finalisation of Board member induction programme; Board discussion on SFC report to progress recommendations; Awaiting clarification from SFC/SG on timeframe for dissolution to allow for planning. Jan 2022 Governance Improvement Plan established post the SFC Governance review as well as input from internal auditors is now being actioned. May 2022 Board members have been inducted; Key polices have been updated, financial regulations and bribery have all been updated and approved by Committee. Disciplinary, capability and grievance also due to be signed off at next HR Committee meetings; Governance Improvement plan shows progress against key actions. Board strategy day planned for 16 May 2022; Acting Principal now in place until investigation has been resolved; Risk now of reputational damage due to increase in press coverage.; Challenges in recruiting key staff and risks around staff being able to leave for additional positions. August 2022 Strategy Day planned for August 2022; Clerk to the Board reviewed key documentation; New staff and student members appointed through the Clerk's successful recruitment; Significant progress made on Government Improvement and Management Response Plans.; The College adheres strictly to the Code of Good Governance for Scottish Colleges. January 2023 To date corporate governance is robust, with no breach of the Code for the 2022-23 year. April 2023 AAR from external audit providers confirmed that College was compliant with the Code at July 2022 and at the date of signing of the accounts (April 2023) Audit of governance to be undertaken by Henderson Loggie in summer 2023 (postponed to early 2024). August 2023 5 new Board members appointed over the summer. Board Development day held in August to being strategic planning. October 2023 Appointed a permanent Governance Professional in September 2023 who has completed all CDN Induction training and is part of the Goverance Professionals Group	Acting Chair and Acting Principal in place. The latter of which has extensive experience of corporate governance and was part of the group responsible for the drafting and review of the Code of Good Governance for Scottish Colleges. Recommend decoupling corporate governance risk with the ongoing investigations. This would include: Reputational damage risk Financial Risk. Both the Clerk to the Board and the Chair of Audit and Risk Committee to be consulted. August 2023 Potential further organisational risk and adverse media due to activity following the investigation. Recruitment of senior roles within the college, provided feedback which demonstrated that candidates were not "put off" from working at the College.
14	24/01/2023	2.3, 3.2, 3.3	That there is a reputational risk to the College.	4	4	**16**	6	↓ 10	•That potential students, staff or Board members are deterred from enrolling / joining the College. •That the College suffers financial loss from a decrease in activity or loss of access to potential income streams.	• Staff development sessions on, for example, inclusiveness and diversity being part of mandatory training for staff; • Regular staff meetings including annual all-staff conference; • College has complaints procedure, clearly highlighted on website; • Extensive governance training for senior staff and Board members being delivered as part of a rolling programme of development	3	4	**12**	12	→ 0	• Strategy being delevoped to ensure that "good news" stories are gathered centrally and distributed accordingly, particularly via social media; • The implications of impending decrease in allocation of central funding or activity to be managed accordingly in terms of publicity and student / staff perception and morale; •Action plan being formulated to address issues raised in staff survey October 2023 College is aware of potential legal issues being raised which may impact on the reputation. Communication plan is being put in place to support.	October 2023 The new Marketing Manager starting in Nov 2023 will work on communication plan both internal and external.
15	26/10/2023	2.6, 2.7, 3.1, 3.2, 3.4, 3.5, 3.6	That the College is not on track to meet the Scottish Government net zero targets.	3	3	**9**	9	→ 0		College has drafted a new Climate Change Emergency Action Plan, based on the Further and Higher Education road map, which will go to the Finance and Resources Committee on 27 November 2023 College works very closely with the Energy Skills Partnership to deliver on national skills agendas. College submits the Public Body Climate Change report submitted annually and monitors data.	3	2	**6**	6	→ 0	LED lighting replacement programme. The replacement of 1900 lights to LED fittings. Additional Solar Panels fitted. The PV system comprise of 300 panels to give an additional output of 150kW. Scottish Green Public Sector Estate Decarbonisation Scheme. The College has engaged with Mott MacDonald regarding pre capital works to investigate the Central Government Energy Efficiency Capital Grant Fund 2023/2024 to support the College journey to NET Zero.	Note the College was not built with net zero in mind so the College is working on finding solutions through the funding being offered by the Scottish Government to support with a fabric first approach. January 2024 The College has also formed a Climate Change Action Team (CCAT) group to set out and deliver a project plan for further initiatives that will be undertaken to support the goal of net zero targets by 2040. This includes car charging ports, air tightness of the building, water conservation and aeration measures and further ground source heat pumps, to name but a few.

Risk Key		
	Low	1-4
	Medium	5-11
	High	12-16

Risk Key	
	1-4
	5-11
	12-16

Strategic Risk Register	Dated reviewed by Risk Management Group	16/01/2024
Summary Schedule	Dated reviewed by SLT	22/01/2024
	Next date of review	

Risk No.	Description	Link to College Strategic Objectives	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission
1	That the College cannot maintain financial stability	3	4	4	**16**	12	↓ 4	4	4	**16**	12	↓ 4
2	That there is a failure of financial controls	3	4	2	**8**	6	↓ 2	3	3	**9**	6	↓ 3
3	That there is failure to meet Credit target and /or failure to retain major public and private contracts.	1,3	4	3	**12**	12	→ 0	3	2	**6**	9	↑ -3
4	That there is a breach of legislation and associated regulations (incl. GDPR)	2,3	2	3	**6**	6	→ 0	2	2	**4**	4	→ 0
5	That there are insufficient funds for capital project and maintenance requirements	1,3	4	2	**8**	8	→ 0	3	2	**6**	6	→ 0
6	That there is a failure to meet statutory and legislative health and safety as well as safeguarding requirements.	2	3	3	**9**	9	→ 0	3	2	**6**	6	→ 0
7	That there is business interruption due to major disaster, IT failure etc	3	4	2	**8**	8	→ 0	3	2	**6**	6	→ 0
8	That there is a theft of, or damage to, Management Information System (incl. cyber-crime)	2,3	3	2	**6**	6	→ 0	3	1	**3**	6	↑ -3
9	That there is a failure to achieve high standards of learning and teaching.	1,2	4	2	**8**	8	→ 0	2	2	**4**	4	→ 0
10	That there is a failure to provide an engaging and effective employee journey.	1,2	4	2	**8**	8	→ 0	3	2	**6**	6	→ 0
11	That there is a failure to safeguard the health and wellbeing of staff and students.	1,2,3	3	3	**9**	9	→ 0	3	2	**6**	6	→ 0
12	That the College cannot provide a robust learner experience supporting them onto their final destinations.	1,2	4	2	**8**	8	→ 0	3	3	**9**	6	↓ 3
13	That there is a failure of Corporate Governance arrangements	2,3	4	2	**8**	12	↑ -4	3	2	**6**	6	→ 0
14	That there is a reputational risk to the College.	3	4	4	**16**	6	↓ 10	3	4	**12**	12	→ 0
15	That the College is not on track to meet the Scottish Government net zero targets.	3	3	3	**9**	9	→ 0	3	2	**6**	6	→ 0

College Strategic Objectives:	
1	**Successful students**
2	**Highest quality education and support**
3	**Sustainable behaviours**

Risk Key		
	Low	1-4
	Medium	5-11
	High	12-16

FOR INFORMATION		
Meeting	**Audit and Risk Committee**	
Title	**Regional Strategic Risk Report**	
Presented By	**Matthew Smith, Chief Transformation Officer**	
Author/Contact	**Matthew Smith, Chief Transformation Officer, New College Lanarkshire**	
Date Presented	**31 January 2024**	
Appendices Attached	**Regional Strategic Risk Report**	
Disclosable under FOISA		**No**

1. Purpose

To advise the Audit and Risk Committee of strategic risks in the Lanarkshire region.

2. Background

The Regional Strategic Risk Register is a matrix which lists and ranks all identified risks and the results of their analysis, evaluation and treatment. The Register is a live document that is regularly reviewed and updated to respond to changing strategic environments.

3. Detail

The attached report provides an assessment of the current regional stategic risks for the Lanarkshire region. The report also contains the Regional Business Plan Risk Register.

4. Benefits and Opportunities

The benefit of the report is that all staff will be aware of the regional strategic risks.

5. Strategic Implications

Risk is analysed as the risk to the achievement of regional strategic objectives or Regional Outcome Agreement Outcomes.

6. Risk

There is no risk applicable to this report.

7. Financial Implications

There are no financial implications.

8. Legal Implications

There are no legal implications.

9. Workforce Implications

There are no workforce implications.

10. Reputational Implications

There are no reputational implications.

11. Equalities Implications

There are no equalities implications to this report.

Conclusions/Recommendations

1. Note the information contained within the report.

Contents:

Notes:

1. There are a total of 20 Strategic Risks logged as at Regional Strategic Risk Management Group (RSRMG) on 22 January 2024.

2. Risk Movements.

There is no change to 18 risks. Risk P - "Loss of data or ICT service due to cyber attack" moves UP to a risk impact of 3 (from 2) following the JISC infrastructure review. Risk H - "Failure to deliver SFC Credit targets" moves DOWN to a likelihood score of 3 (from 5) and a residual score of 3 (from 4) due to the reduction in Credits target and change to the cut-off point for claiming Credits. All other risks remain the same as per November 2023.

3. Five risks are above the committee's threshold level and therefore are subject to Control Action Planning and there have been no changes here since November 2023. These are:

a) Financial : "A" Unable to maintain operating budget while delivering high quality, relevant and responsive education - very high (Above Amber [high] threshold

b) Financial: "D" Inability to secure appropriate levels of funding to respond to operational and strategic priorities - very high (Above Amber [high] threshold)

c) Productivity : "H" Unable to deliver SFC Credits Targets - high (Amber [high] threshold)

d) Student Experience : "L" Failure to improve student retention and achievement - medium (Yellow [medium] threshold)

f) Compliance : "V" Failure to hold and manage personal data appropriately in complaince with the requirements of the General Data Protection Regulations (GDPR) - low (Green [low] threshold

g) Governance : "J" Failure to establish and implement an effective regional governance model - CAP removed due to internal audit covering regional governance in their programme of work.

4. SLC Risk register is attached

a) There are a total of 15 risks logged - same as November 2023.

b) Three risks move UP - Risk 1- "That the College cannot maintain financial stability", Risk 2 - "That there is a failure of financial controls" and Risk 12 - "That the College cannot provide a robust learner experience supporting them to their final destinations".

c) Two risks move UP - Risk 3 - "That there is failure to meet Credit target and/or failure to retain major public and private contracts" and Risk 8 - "That there is theft of, or damage to, managemnet information systems (inc cyber crime)".

d) The remaining 10 risks remain the same as the November 2023 register.

5. Escalation of Risks

None

6. Under observation / analysis

a) Global Supply Chain Issues have improved over the past few months (including ICT equipment and components) but we will keep monitoring this risk. We are continuously monitoring of the costs of gas and electricity. We continue to work on our Carbon management and sustainability plan and the Sustainability and Cimate Change Committee will meet again soon.

b) For Risk S - while our ongoing costs are very much and will continue to be, legal ones, these costs equate to around 30% of our overall expenditure to date on the cladding system.

7. Regional Business Plan Risk Register

This risk register was updated in January 2024. The risk definitions, risk treatments and risk owners were updated to bring the plan up to date.

a) There are a total of 10 risks logged.

b) There are no risk movements although there have been amendments.

REGIONAL STRATEGIC RISK REGISTER SUMMARY

RISK DEFINITION				RISK			RESIDUAL RISK			APPETITE		
Originating Reference	Rank	Ref to Regional Strategy	Risk	L	I	Total	L	I	Total	Risk Appetite Threshold	Trend	Control Action Plan? (Y/N)
FINANCIAL												
A	1	2.6; 3.4; 4.2; 4.3	**Unable to maintain operating budget while delivering high quality, relevant and responsive education.**	5	5	25	4	5	20	10-19	=	Y
D	2	2.6; 3.4; 4.2; 4.3	**Inability to secure appropriate levels of funding to respond to operational & strategic priorities.**	5	5	25	5	4	20	10-19	=	Y
B	5	2.6; 3.4; 4.2; 4.3	**Failure to manage budgets, processes and controls appropriately.**	3	4	12	3	4	12	10-19	=	N
C	12	1.1; 1.6; 1.7; 3.3;	**Inability to secure sufficient student support funding.**	3	4	12	2	3	6	10-19	=	N
S	4	3.4; 4.5	**Failure of the external cladding system at the Motherwell Campus due to defects.**	4	5	20	3	5	15	10-19	=	N
W	6	3.4; 4.5	**Failure to adequately heat/light College buildings due to increase in energy costs.**	4	5	20	3	4	12	4-9	=	N
TECHNOLOGY												
P	7	4.6; 4.7	**Loss of data or ICT service due to cyber-attack.**	3	4	12	3	4	12	10-19	=	N
O	13	4.3; 4.6; 4.7	**Inability to invest in the development of management systems, technology and the necessary level of iCT support staff required to adequately support and maintain them Student expectations of technology are not met.**	5	4	20	3	3	9	10-19	=	N
CHANGE												
K	8	1.1; 3.1; 3.2	**Inability to maintain quality standards.**	2	4	8	3	4	12	10-19	=	N
F	9	1.3; 1.4; 2.4	**Local authority curriculum delivery variations with related funding/credit, structural and strategic implications.**	5	3	15	4	3	12	10-19	=	N
PRODUCTIVITY												
H	10	1.1; 3.1; 3.3; 4.3;	**Failure to deliver SFC Credit targets Loss of funding from public sources; Loss of reputation from customer, learner, stakeholder, partner perspective; Staff jobs at risk; Deterioration of staff morale and positive organisation culture; Deterioration of individual staff and team Performance.**	3	5	15	4	4	16	4-9	=	Y
N	14	2.3; 2.5; 2.6; 3.5	**Inability to invest in staff development to meet future strategic needs.**	4	3	12	2	3	6	4-9	=	N
ENVIRONMENTAL												
M	15	3.4; 4.5; 4.6; 4.7	**Catastrophic loss of building, infrastructure or utilities.**	3	5	15	2	3	6	4-9	=	N
T	20	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	**Disruption to College business due to Covid-19 pandemic.**	1	3	3	1	2	2	4-9		N
X	16	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	**Risk of power failure to College buildings; power failure to infrastucture supporting the College; power failure to student/staff homes.**	1	5	5	2	3	6	1-3		N
SOCIAL												
E	11	1.2; 1.3; 1.4; 2.4	**Breakdown in positive relationships with stakeholders.**	4	4	16	3	3	9	4-9	=	N
STUDENT EXPERIENCE												
L	3	1.1; 3.1; 3.2; 3.3; 4.2	**Failure to maintain and improve students retention and achievement.**	5	4	20	4	4	16	4-9	=	Y
COMPLIANCE												

RISK DEFINITION				RISK			RESIDUAL RISK			APPETITE		
Originating Reference	Rank	Ref to Regional Strategy	Risk	L	I	Total	L	I	Total	Risk Appetite Threshold	Trend	Control Action Plan? (Y/N)
G	18	2.6; 3.4; 4.2; 4.1; 4.3	**Failure of adherence to the Financial Memorandum and associated legislative requirements as Regional Strategic Body with Regional Fundable Status.**	3	3	9	1	3	3	4-9	=	
V	19	3.4; 2.6; 4.7	**Failure to hold and manage personal data appropriately in compliance with the requirements of the General Data Protection Regulations (GDPR).**	5	4	20	1	3	3	1-3	=	Y
GOVERNANCE												
J	17	3.1; 3.2; 3.4; 4.1	**Failure to establish and implement an effective regional governance model.**	3	4	12	2	3	6	1-3	=	Y

REGIONAL STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE	RISK SCORE			RISK TREATMENT	RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	**Rank**	**Ref to Regional Strategy**	**Risk Description & Effect**	**Associated Risk Categories**	**Risk Appetite / Tolerance**	**Likelihood**	**Impact**	**Risk Level**	**Controls, Risk Mitigation and Monitoring Arrangements in Place Currently**	**Likelihood**	**Impact**	**Risk Level**	**Control Action Planning**	**Deadline**	**Risk Owner CAP Owner Reporting**
FINANCIAL															
A	1	2.6; 3.4; 4.2; 4.3	**Unable to maintain operating budget while delivering high quality, relevant and responsive education.** SG and SFC Funding cuts; inflation; utilities costs, reducing student numbers. Change in the value of a credit / rurality allocation; Effect of national pay bargaining being contrary with Regional model / affordability ; Ongoing impacts of the failures of due diligence associated with the merger of Coatbridge College and NCL ; Exposure to unidentified liabilities resulting in financial /reputational loss; Unable to deliver planned level of efficient learner activity ; Customer / learner dissatisfaction ;	Productivity Student experience Reputational	**Rating:** Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. **Reporting:** Chair of the Regional Strategic Risk Management Group and Audit Committee.	5	5	25	Optimise Credit and income stream cost control delivery; Optimisation of staffing requirements in line with Strategic Aims and Operational Plans; Continuous dialogue between executive, staff and the student body; Establishment, implementation and monitoring of Regional Planning; Ongoing planning dialogue with SFC; Lobbying through Principals' and Chairs' Forums;	4	5	20	CAP required to reduce risk exposure from Red (Very High) to Amber (High). Executive Board meeting regularly to respond to the impact of the funding cuts, inflation and the pandemic and the financial implications particularly cash flow. Advice and guidance from various external bodies and agencies is considered and actions taken as appropriate. Revision of operational and financial outlook and implications. Emergency student assessment procedures developed. Sub-group of Executive Board set-up and active.	**CAP initiated now ongoing and overall reviewed by Executive Board**	**Risk Owner:** Chief Resources Officer (NCL) / Head of Finance (SLC) **CAP Owner:** Exec Board (NCL) **Reporting:** Principal (NCL); Chair (RSB).
D	2	2.6; 3.4; 4.2; 4.3	**Inability to secure appropriate levels of funding to respond to operational & strategic priorities.** Business interruption; Failure to invest in infrastructure & technology; Inability to implement a planned maintenance program; Inability to perform reactive maintenance; Unable to improve & increase access to High Quality L&T environments; Unable to provide fit for purpose environments; Learner & Staff dissatisfaction; Unable to fund increase or decrease in workforce to deliver operational and strategic priorities; Unable to achieve non-SFC income targets due to Covid-19 pandemic and recovery; Unable to secure replacement funding for Employability Fund from SFC post March 2022; Unable to realise savings from the 2022 VS scheme	Productivity Environment Student experience Technology		5	5	25	Prioritise available funding to tackle statutory & essential planned, preventative & back-log maintenance. Utilise Procurement & Budgeting policies to ensure sound financial planning, monitoring & control. Work with stakeholders to ensure effective & efficient targeting of investment in the built environment & infrastructure. Estates Strategy & Operational Planning. Scenario planning.	5	4	20	CAP required to reduce risk exposure from Red (Very High) to Amber (High) Advice and guidance from various external bodies and agencies is considered and actions taken as appropriate. Lobbying of SG and SFC .	**CAP initiated now ongoing and overall reviewed by Executive Board**	**Risk Owner:** Chief Resources Officer (NCL) / Head of Finance (SLC) **CAP Owner:** Exec Board (NCL) **Reporting:** Principal (NCL); Chair (RSB).
B	5	2.6; 3.4; 4.2; 4.3	**Failure to manage budgets, processes and controls appropriately.** Lack of robust financial control frameworks / systems; Lack of financial awareness amongst managers ; Inability to plan spending; Inability to maintain cash flow Inefficiency / degradation of service; Lack of resources to meet customer needs; Increased need for internal & external audits; Failure to comply with financial legislation and regulations for procurement.	Productivity Student experience Reputational Governance	**Rating:** Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. **Reporting:** Chair of the Regional Strategic Risk Management Group and Audit Committee.	3	4	12	Regional Financial Memorandum; Budget process; College process, systems, effective training and review etc.	3	4	12		N/A	**Risk Owner:** Chief Resources Officer (NCL) / Head of Finance (SLC) **CAP Owner:** N/A **Reporting:** N/A
C	12	1.1; 1.6; 1.7; 3.3;	**Inability to secure sufficient student support funding.** SFC student support grant is insufficient; Unable to deliver planned level of learner activity; Customer / learner dissatisfaction; Perceived reputational damage.	Student experience Reputational		3	4	12	Y 15/16 significant increase in initial student support allocation now consolidated; Close management of delivery to target; Continuous dialogue between executive, staff and the student body; Authorisation to access cash by operating in deficit through the treatment of depreciation. Working with the SFC to enable effective utilisation of funds through virement.	2	3	6	Not Required at this time although pressure on Discretionary Funding and pressure building on providing digital devices to students (lower student numbers, hybrid model reduced pressure on bursary and childcare)	N/A	**Risk Owner:** Chief Rescources Officer (NCL) / Head of Finance (SLC) **CAP Owner:** N/A **Reporting:** N/A

REGIONAL STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE	RISK SCORE			RISK TREATMENT	RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	**Rank**	**Ref to Regional Strategy**	**Risk Description & Effect**	**Associated Risk Categories**	**Risk Appetite / Tolerance**	**Likelihood**	**Impact**	**Risk Level**	**Controls, Risk Mitigation and Monitoring Arrangements in Place Currently**	**Likelihood**	**Impact**	**Risk Level**	**Control Action Planning**	**Deadline**	**Risk Owner CAP Owner Reporting**
S	4	3.4; 4.5	**Failure of the external cladding system at the Motherwell Campus due to defects.** NCL liable for costs of repair and all legal fees. Physical harm to building users. Partial or full closure of teaching & workshop blocks. Financial impact / loss. Compensation claims / litigation. Failure to prove defects liability sits wholly or partially with construction contractor. NCL liable in full or in part for financial cost of replacement/rectification. Failure to prove defects	Environmental Reputational Student experience Compliance Social		4	5	20	Install debris netting to safeguard buidling users. Regular inspection and testing of cladding system by specialist contractors to determine ongoing safety & integrity and take actions where necessary. Engaged with Legal representatives (Lawyers and QC) with expertise in the field of construction law together with appointing construction material expert witnesses to assess defect issues and provide guidance on NCL exposure with a view to taking any necessary legal actions to defend NCL's position/provide for a suitable outcome. Scaffolding removed from exit routes on recommendation of Scottish Fire & Rescue as durability and safety of netting is maintained. Main netting will require new ropes and anchors by summer 2024 and this is a normal replacement part of this temporary installation.	3	5	15	Not Required at this time in terms of making the building safe. Risk increasing of financial exposure as NCL continues to protect its exposure through legal means.	N/A	**Risk Owner:** Chief Financial Officer (NCL) / Chief Transformation Officer (CTO) **CAP Owner:** N/A **Reporting:** N/A
W	6	3.4; 4.5	**Failure to adequately heat/light College buildings due to increase in energy costs.** Potential increase of almost 250% in Gas prices and 42% increase in Electricity prices. Inability to provide heat and light in areas of the College. Inability to provide food/drinks for students.	Environmental Reputational Student experience Social		4	5	20	Approach SFC for additional funding to cover increased energy costs. Establish a SLWG to devise and implement an Energy Savings Plan for the College to reduce energy usage. Potential diversion of capital maintenance funding into revenue SLWG Energy Management meeting every two weeks during the winter months. Initiatives to reduce energy consumption developing with increased involvement and communications. Utility costs remain high, however, consumption is slightly lower and further rises in costs are not expected during the current year. Some lighting types are now discontinued and replacement with LED is being progressed.	3	4	12		N/A	**Risk Owner:** Chief Resourses Officer (NCL) / Head of Finance (SLC) **CAP Owner:** N/A **Reporting:** N/A
TECHNOLOGY															
P	7	4.6; 4.7	**Loss of data or ICT service due to cyber attack.** Limited or no access to ICT. Public facing website 'hijacked' and altered. Deletion of data. Data leak due to theft. Loss of trust with key stakeholders. Negative publicity.	Compliance Governance Reputational Productivity Environmental Social Student experience Financial International development Technology Change	**Rating:** Manageable level of risk which requires Risk Control	3	4	12	Data backup and recovery procedure. System mirroring, resilience and failover for critical internal systems. Hardware and software monitoring and filtering. ICT system controls for authorised access. Multi-Factor Authentication for Staff and Admin accounts. Location based access controls. Firewall traffic blocking based on geographic location. Microsoft Azure Password Protection. JANET network monitoring. Anti-Virus scanning and vulnerability scans. Monthly external penetration testing on key public facing systems. Externally hosted services. Proactive monitoring of potential threats. Staff phishing awareness and training campaign. ICT staff cyber-security CPD. Simulated breech attack testing. Cyber-security standards accreditation.	3	4	12		N/A	**Risk Owner:** Head of ICT Support Services (NCL) **CAP Owner:** N/A **Reporting:** N/A

REGIONAL STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE	RISK SCORE			RISK TREATMENT	RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	**Rank**	**Ref to Regional Strategy**	**Risk Description & Effect**	**Associated Risk Categories**	**Risk Appetite / Tolerance**	**Likelihood**	**Impact**	**Risk Level**	**Controls, Risk Mitigation and Monitoring Arrangements in Place Currently**	**Likelihood**	**Impact**	**Risk Level**	**Control Action Planning**	**Deadline**	**Risk Owner CAP Owner Reporting**
O	13	4.3; 4.6; 4.7	**Inability to invest in the development of management systems, technology and the necessary level of iCT support staff required to adequately support and maintain them** Student expectations of technology are not met. Service provision stagnates. Computer hardware / software not fit for purpose. Reliance on internal expertise to develop management systems. Inability to meet future reporting & monitoring requirements due to ageing technology. Inability to recover from a cyber-attack. Lack of capacity to deliver services. Insufficient capacity to deliver futre service improvement projects. Reliance on key personnel. Succession planning.	Financial Change Productivity Student experience Reputational Compliance Technology	Measures to be put in place to reduce exposure. Reporting: Chair of the Regional Strategic Risk Management Group and Audit Committee.	5	4	20	Upgrade the server, storage and backup infrastructure; Upgrade 55 x classroom audio visual display panels (2nd year of a 3 year programme); Implement Microsoft Teams telephony; Upgrade student computers in the open learning areas (200 x PCs); Upgrade College servers to Windows Server 2022; Provide hybrid teaching room and Clevertouch panek for staff development academy to facilitate staff training.	2	3	6		N/A	**Risk Owner:** Chief Transformation Officer & Head of ICT Support Services (NCL) **CAP Owner:** N/A **Reporting:** N/A
CHANGE															
K	8	1.1; 3.1; 3.2	**Inability to maintain quality standards.** Failure of External Audit/Inspection Inability to meet awarding body quality assurance requirements. Reduction in Learner Retention and Success indicators Learner dissatisfaction Decrease in morale and motivation	Student experience Reputational		2	4	8	Completed Review and updating of Quality Policies and Procedures. Policies and Procedures across the rest of the College are now mostly complete and on the Register. Audit scrutiny by Internal Audit Teams, Spotlight on Quality, Spotlight on Curriculum, Course Curriculum KPI meetings. Annual curriculum evaluation and quality Improvement planning processes. Monitoring of learner perceptions through surveys and focus groups. Embedding of Quality Officers with Departments. Highly successful SQA Systems Verification visit October 2024.	3	4	12		N/A	**Risk Owner:** Assistant Registrar (Quality) (NCL) **CAP Owner:** N/A **Reporting:** N/A
F	9	1.3; 1.4; 2.4	**Local authority curriculum delivery variations with related funding/credit, structural and strategic implications.** Loss of sources of funding; Inability to deliver schools and DYW objectives; Inability to deliver community projects in partnership. Reduction in demand for Foundation Apprenticeships. Reduction in the offering of schools activity from Local Authority impacts on College ability to deliver SFC Credit targets.	Financial Student experience Reputational	**Rating:** Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. **Reporting:** Chair of the Regional Strategic Risk Management Group and Audit Committee.	5	3	15	Changes to funding sources, No One Left Behind and UK Shared Prosperity Funds-allocation of funding is via a local commissioning and grant approach. NCL has secured £75k of NOLB funding under NLC's 23/24 fund with a further phase of funding currently open for application specifically to support parents into employment. SLC will put their NOLB funding opportunities out to procurement and we currently await further information. In AY22/23 we received £7k of funding to support delivery of activity under Multiply. A further £22k is forecast for AY23/24. The Deanfor Learning and Teaching is in continued discussions with NLC regarding additional funding under UKSPF to further progress the SMART Hub Lanarkshire initiative (estimated £300k). A further £40,911 of funding was secured under the AY22/23 FWDF with delivery continuing to December 2023. As the FWDF has ceased in 23/24, the local authority will no longer contribute as a levy payer. This may have an impact on the local authority using this resource to support staff development. There is a strong Schools College Partnership offering learning opportunities to circa 1000 school pupils in AY 23/24 from North and South Lanarkshire Council The newly approved Community Education Strategy and the Employer Engagement Strategy will inform how funds can be allocated to address employer and community needs NCL will continue to review its portfolio, offering to identify opportunities to support engagement with the Local Authority through the provision of short programmes.	4	3	12		N/A	**Risk Owner:** Assistant Principal (Education & Student Success) (NCL) / Head of Finance (SLC) **CAP Owner:** N/A **Reporting:** N/A
PRODUCTIVITY															
H	10	1.1; 3.1; 3.3; 4.3;	**Failure to deliver SFC Credit targets** Loss of funding from public sources; Loss of reputation from customer, learner, stakeholder, partner perspective; Staff jobs at risk; Deterioration of staff morale and positive organisation culture; Deterioration of individual staff and team Performance.	Financial Student experience Reputational Social	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control	3	5	15	Lanarkshire Regional Strategy; Regional Strategic Risk Management Strategy & Framework; Lanarkshire Regional Outcome Agreement; Fed-Online performance monitoring system; RSB Committee monitoring; College planning frameworks; College performance management frameworks. Increased winter student recruitment campaign; Work with partners across Lanarkshire to support staff training;	3	4	12	**CAP required to reduce risk exposure from Amber (High) to yellow (medium)** Direct engagement with SFC, and monitored regularly through ROA Manager. Alternative options for additional Credit delivery. Take advice from the SFC letters to Colleges in order to maximise Credit delivery. Establish Credit & Performance Monitoring Group	**CAP initiated now ongoing and reviewed quarterly by RSRMG**	**Risk Owner:** Chief Transformation Officer (NCL) / DP (SLC) **CAP Owner:** Chief Transformation Officer (NCL) **Reporting:** Principal (NCL); Chair (RSB).

REGIONAL STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE	RISK SCORE			RISK TREATMENT	RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	**Rank**	**Ref to Regional Strategy**	**Risk Description & Effect**	**Associated Risk Categories**	**Risk Appetite / Tolerance**	**Likelihood**	**Impact**	**Risk Level**	**Controls, Risk Mitigation and Monitoring Arrangements in Place Currently**	**Likelihood**	**Impact**	**Risk Level**	**Control Action Planning**	**Deadline**	**Risk Owner CAP Owner Reporting**
N	14	2.3; 2.5; 2.6; 3.5	**Inability to invest in staff development to meet future strategic needs.** Unable to achieve individual and institutional aspirations and success. Loss of reputation for having skilled staff. Decrease in morale and motivation. Inability to maintain and facilitate added value activities via teaching staff remission	Student experience Reputational Social	Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	4	3	12	We are reviewing the processes for evaluating professional learning requests – with a particular focus on external requests. This is aligned to improving clarity and ensuring best value. We continue to engage with stakeholders e.g. Trade Unions, EB, staff across the college on relation to all aspects of professional learning activity and infrastructure developments. We are working to enable the sharing of professional practice across the college and as part of this are currently focussed on developing leadership infrastructure. Ensuring effective and robust PDD process in place	2	3	6		N/A	**Risk Owner:** Dean for Staff Development Academy (NCL) **CAP Owner:** N/A **Reporting:** N/A
ENVIRONMENTAL															
M	15	3.4; 4.5; 4.6; 4.7	**Catastrophic loss of building, infrastructure or utilities.** Potential College shut down. Loss of access to key assets. Disatisfied Learners, customers, staff. Disruption to timetables and loss of continuity. Financial impact / loss. Compensation claims / litigation. Fines/penalties.	Financial Reputational Productivity Student experience Compliance Social Technology International development Change	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	3	5	15	There is an overall reduction in the COVID risk and both National and Regional level with COVID mitigation measures decreasing. The likelihood of another lockdown is now unlikely. Albeit we may experience small clusters across campuses were classes may be disrupted.Business Continuity Plans are in place. ICT provisions for remote working and delivery of teaching and learning. Health & Safety policy and procedures. Insurance. Risk management and risk assessments. Communications plan. Coronavirus Response Group. Statutory inspection and general maintenance of buildings. Scenario planning. UK Government and Scottish Government advice. Awarding body advice. Remote delivery of learning and teaching. Media reports on the likelihood of national grid blackouts in January and February, the risk is low, The National Grid have suggested this may be confined to between 4 and 7pm. Preparation is ongoing/heightened during the coldest days. Ongoing emergency procedure scenario planning (Evening Evacuation Drills). Coatbridge nursery closed in December 2023 and is currently being maintained as an empty building. Power and lighting are still connected and we maintain the building until a final decision is made on its future.	2	3	6		N/A	**Risk Owner:** Head of Estates (NCL) **CAP Owner:** N/A **Reporting:** N/A
T	20	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	**Disruption to College business due to Covid-19 pandemic.** Closure of campuses. National or regional 'lockdown' restriction measures. Disruption to learning and teaching. Disruption to student examinations. Possible loss of life. Inability to access on-site resources (e.g. ICT, student portfolios) Unable to fulfil activity targets (e.g. Credits, commercial, SDS) Loss of income. Disruption to student recruitment.	Financial Reputational Productivity Student experience Compliance Social Technology International development Change	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	1	3	3	All COVID restrictions have now been removed across Scotland. Although small clusters may be expected especially during the Winter months we have measures in place to ensure the effects of these on NCL business would be minimal.	1	2	2		N/A	**Risk Owner:** Assistant Registrar - Health, Safety & Wellbeing (NCL) **CAP Owner:** Exec Board (NCL) **Reporting:** Principal (NCL); Chair (RSB).
X	16	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	**Risk of power failure to College buildings; power failure to infrastucture supporting the College; power failure to student/staff homes.**	Financial Student experience Reputational Social Technology	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	1	5	5	Planned Maintenance Programme Statutory Fixed Wiring Testing (EICR) Authorised Access to equipment and switchgear Robust procurement and supply partnerships (Energy) On campus ancillary back up power for essential services Retained contractors for reactive and planned maintenance worksMotherwell and Cumbernauld have UPS batteries for the servers but these are only capable of providing power for 20 – 30 minutes. Motherwell and Coatbridge also have UPS units in place but again, these are only capable of sustaining power for around 15mins to half an hour and there main purpose is to protect the equipment from surges On-site technical support and management Regular planned contractor maintenance visits scheduling and monitoring BEMS (Building and Energy Management Systems) across all areas. Individual UPS back up on some systems (Fire, Intruder, Emergency Lights), which are for data loss protection and 30mins duration. Financial increases in energy unit price is expected to remain the same during 2024 and does pose additional risks. Financial increases in energy unit price is expected to remain the same during 2024 and does pose additional risks.	2	3	6			**Risk Owner:** Chief Transformation Officer, Head of ICT Support Services, Head of Estates (NCL) **CAP Owner:** Exec Board (NCL) **Reporting:** Principal (NCL); Chair (RSB).
SOCIAL															

REGIONAL STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE	RISK SCORE			RISK TREATMENT	RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	Rank	Ref to Regional Strategy	Risk Description & Effect	Associated Risk Categories	Risk Appetite / Tolerance	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Control Action Planning	Deadline	Risk Owner CAP Owner Reporting
E	11	1.2; 1.3; 1.4; 2.4	**Breakdown in positive relationships with stakeholders.** Loss of strong relationships with key stakeholders e.g. North Lanarkshire Council, East Dunbartonshire Council, Education Scotland, Scottish Funding Council; Reduction in Learner recruitment; Loss of commercial business; Loss of funding / financial income; Impact on individual staff and team perceptions caused by pressures associated with the implementation of change.	Financial Student experience Reputational Social	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Risk Management Group / Executive Board.	4	4	16	Implement effective Internal and External Communications Strategy; Use of MyNCL to provide good communication with students. Proactive monitoring of customer, learner, stakeholder, and partner perceptions; Utilisation of PR expertise; Regular meetings with trade unions; Currently there is a restructure of professional services, this includes a restructure of the Business Development Directorate which is complete. This Directorate has been rebranded as The Professional and Work Based Directorate. Within this Directorate, new job roles - Professional and Work Based Officers have been created which will maximize opportunities for employer engagement and ultimately work/placement experience for learners. The Board of Management has supported the employer engagement plan. Here, themed employer engagement events will commence in January 2023 and an Employer Board will be set up in the Spring of 2023.	3	3	9		N/A	**Risk Owner:** College Registrar (NCL) / DP (SLC) (SLC) **CAP Owner:** N/A **Reporting:** N/A
STUDENT EXPERIENCE															
L	3	1.1; 3.1; 3.2; 3.3; 4.2	**Failure to maintain and improve students retention and achievement.** Poor early retention resulting in low PIs and subsequent funding implications. Low Pi's impacting on reduced numbers of students progressing to next level of study and students progressing into employment Damage to reputation within the sector and industry. Deferral of students due to Covid-19 pandemic, results in a negative impact on student performance.	Financial Reputational Social	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	5	4	20	NCL can report an improvement in KPIs at FEFT, FEPT and HEFT programmes for AY 2022/23 this has been a result of the following measures to mitigate against withdrawal and attainment. An Education Strategy which provides a framework for staff to refresh their focus on transforming the curriculum. • Developed units which will be SCQF levelled to improve retention-Professional Practice and Unit Writing • A robust action plan to improve retention, attainment and progression • NCL has established a Retention and Attainment Group to focus on KIs • Invested in a different approach to student induction this includes team building exercises to enhance student engagement and provide a settling in period for students • Engaged in a spotlight on curriculum and spotlight on quality to improve quality enhancement and KPIs • An employer engagement strategy to increase placement experience for opportunities for students, staff and employer engagement in curriculum design • Has a revised its L&T group's terms of reference to include the use of evidence-based research to inform innovation in L&T, feedback and assessment. • Has revised the way in which it carries out course/curriculum review to support leadership for learning, action planning for improvement and an evidence base via you said we did opportunities • Provided opportunities for students to carry out end of unit evaluations to improve KPIs. The impact of student withdrawals hasa financial and reputational impact for NCL. Student recruitment and retention will remain a firm focus for NCL and supporting this is a myriad of strategies outlined in the revised recruitment and retention figures.	4	4	16	CAP required to reduce risk exposure from Amber (High) to yellow (medium) Establishment of Strategy Prioritisation group of the EB; A range of action plans being established at College and departmental level (NCL). Use of SFC Sustainability funding to ensure deferral activity is minimised. Heads of Department and Heads of Professional Services have completed their self-evaluation, and operational plans focusing on strategy 2025 An action plan is in place to address areas for improvement- this will be presented to Education Scotland at the Progress review visit in December 22.	CAP initiated now ongoing and reviewed quarterly by RSRMG	**Risk Owner:** Assistant Principal (Education & Student Success) (NCL) **CAP Owner:** Assistant Principal (Education & Student Success) (NCL) **Reporting:** Principal (NCL); Chair (RSB).
COMPLIANCE															
G	18	2.6; 3.4; 4.2; 4.1; 4.3	**Failure of adherence to the Financial Memorandum and associated legislative requirements as Regional Strategic Body with Regional Fundable Status.** Scottish Government / SFC pressure Breach of the Lanarkshire Order. Failure of adherence to the Financial Memorandum Additional compliance burdens placed upon Lanarkshire Board / SLC BoM. Additional compliance burdens placed upon Regional College staff. Damaged relationship between Regional College and Assigned College. Loss of reputation.	Productivity Reputational Governance	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group Risk Management Group / Executive Board.	3	3	9	Financial Memorandum between the RSB and SL College. Presentation of SLC Board papers to the RSB. Alignment of key strategies and policies - Regional College and Assigned College. Lanarkshire Board / SLC BoM and Committees' Terms of Reference; Audit and Risk Committee and Finance Committee monitoring; Independent, internal audit; SFC Review; Processes around distribution of cash between Regional College and Assigned College fully embedded. Internal auditors have a brief to undertake a specific internal audit review of Regional Governance	1	3	3		N/A	**Risk Owner:** Chief Financial Officer (NCL) / Head of Finance (SLC) **Reporting:** Principal (NCL); Principal (SLC); Chair (RSB).
V	19	3.4; 2.6; 4.7	**Failure to hold and manage personal data appropriately in compliance with the requirements of the UK General Data Protection Regulations (UKGDPR).**	Financial Reputational Compliance	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group Risk Management Group / Executive Board.	5	4	20	In response to the Audit by Wylie & Bisset (of Feb 2022), 5 out of the 8 recommendations have now been completed and confirmed by the Auditors as requiring no further action, as part of the Follow-up audit carried out in August 2023. The Information Governance Group has been in place for over a year, with regular reporting to the R&GP committee, ensuring a constant level of senior oversight on compliance activities.	1	3	3	CAP required to ensure the recommendations are addressed. These are (HIGH) policies and procedures, data sharing agreements and data cleansing exercise. MEDIUM risks are: UKGDPR management oversight and board reporting, data subject rights, ICO accountability tracker, privacy notices and training. Progress on the CAP will be reported on quarterly.	**CAP initiated now ongoing and reviewed quarterly**	**Risk Owner:** College Registrar; **CAP Owner:** College Registrar; **Reporting:** College Registrar

REGIONAL STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE	RISK SCORE			RISK TREATMENT	RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	Rank	Ref to Regional Strategy	Risk Description & Effect	Associated Risk Categories	Risk Appetite / Tolerance	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Control Action Planning	Deadline	Risk Owner CAP Owner Reporting
GOVERNANCE															
J	**17**	3.1; 3.2; 3.4; 4.1	**Failure to establish and implement an effective regional governance model.** Failure to meet SFC's expectations expressed in their "Governance checklist"; Failure of due diligence by the RSB / failure of good governance;	Financial Reputational Compliance	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group Risk Management Group / Executive Board.	3	4	12	Lanarkshire Board action plan in response to SFC's requirements for RSBs; Access to CPD for regional board members; Lanarkshire Regional Board's Committee monitoring and support framework. SLC Goverance Improvement Plan 2021 -22	2	3	6	**Commissioned internal audit providers to cover Regional governance annually in their programme of work.**	**CAP initiated now ongoing and reviewed quarterly**	**Risk Owner:** Deputy Principal (Students and Curricuculum) (NCL) / DP (SLC) **CAP Owner:** Chief Financial Officer (NCL) / Hof Finance (SLC) **Reporting:** Principal (NCL); Principal (SLC); Chair (RSB).

REGIONAL STRATEGIC RISK APPETITE

	Low	Medium	High	Very High
	1 2 3	4 5 6 7 8 9	10 11 12 13 14 15 16 17 18 19	20 21 22 23 24 25
Compliance				
Governance				
	Rating: Acceptable level of risk subject to regular Routine Monitoring. **Reporting**: Regional Strategic Risk Management Group / Senior Management Team.	**Rating**: Unacceptable level of risk exposure defined as an **extreme impact ris**k that requires immediate **Additional Mitigation** to include a **Control Action Plan** as well as Risk Control Measures to be applied. **Reporting:** To Principals and RSB.	**Rating:** Unacceptable level of risk exposure defined as an **extreme impact risk** that requires immediate **Additional Mitigation** to include an **Control Action Plan** as well as Risk Control Measures to be applied. **Reporting:** To Principals and RSB.	**Rating:** Unacceptable level of risk exposure defined as an **extreme impact risk** that requires immediate Additional Mitigation to include an **Control Action Plan** as well as Risk Control Measures to be applied. **Reporting:** To Principals and RSB.
Reputational				
Productivity				
Environmental				
Social				
Student experience				
	Rating: Acceptable level of risk subject to regular Routine Monitoring. **Reporting**: Regional Strategic Risk Management Group / Senior Management Team.	**Rating:** Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring **Reporting:** Regional Strategic Risk Management Group / Senior Management Team.	**Rating:** Unacceptable level of risk exposure defined as an **extreme impact risk** that requires immediate **Additional Mitigation** to include an **Control Action Plan** as well as Risk Control Measures to be applied. **Reporting:** To Principals and RSB.	**Rating:** Unacceptable level of risk exposure defined as an **extreme impact risk** that requires immediate Additional Mitigation to include a **Control Action Plan** as well as Risk Control Measures to be applied. **Reporting:** To Principals and RSB.
Financial				
International development				
Technology				

Change				
	Rating: Acceptable level of risk subject to regular Routine Monitoring. **Reporting: Regional Strategic** Risk Management Group / Senior Management Team.	**Rating:** Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring **Reporting:** Regional Strategic Risk Management Group / Senior Management Team.	**Rating:** Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. **Reporting:** Chair of Risk Management Group and Audit Committee of the BoM.	**Rating:** Unacceptable level of risk exposure defined as an **extreme impact risk** that requires immediate Additional Mitigation to include a **Control Action Plan** as well as Risk Control Measures to be applied. **Reporting:** To Principals and RSB.

REGIONAL STRATEGIC RISK PROFILE & SCORING

Likelihood		Risk Profile				
Very high (76% or more chance of occurring within the next 12 months)	5	5	10	T 15	T D 20	25
High (51-75% chance of occurring within the next 12 months)	4	4	8	F 12	16 H	A 20
Likely (26-50% chance of this occurring within the next 12 months or is likely to occur at least once every 1 to 3 years)	3	3	6	C 9 E	B 12 P	15
Possible (6-25% chance of this occurring within the next 12 months or is likely to occur at least once within the next 3 to 10 years)	2	2	N 4	C 6 J O	M 8	S 10
Remote (1-5% chance f occurring within the next 12 months or may occur in at least 10 years time	1	1	2	U 3 J G	4	5
Multiplier		1	2	3	4	5
Impact on achieving objectives		Negligible Impact	Minor impact	Moderate impact	Major impact	Catastrophic impact.

Assessing Overall Risk And Risk Threshold

Risk Level	Score	Risk Level Description
Very High	20-25	**Rating:** Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include a Control Action Plan as well as Risk Control Measures to be applied.
High	10-19	**Rating:** Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. **Reporting:** Chair of the Regional Strategic Risk Management Group and Audit Committee.
Medium	4-9	**Rating**: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring **Reporting:** Regional Strategic Risk Management Group / Senior Management Team.
Low	1-3	**Rating:** Acceptable level of risk subject to regular Routine Monitoring. **Reporting:** Regional Strategy Risk Management Group Risk Management Group / Senior Management Team.

	Negligible Impact	Minor impact	Moderate impact	Major impact	Catastrophic impact.
Finance	e.g. Loss of income inc. associated costs of up to £100,000	e.g. Loss of income inc. associated costs of between £100,000 and £500,000	e.g. Loss of income inc. associated costs of between £500,000 and £1,000,000	e.g. Loss of income inc. associated costs of between £1,000,000 and £2,000,000	e.g. Loss of income inc. associated costs of more than £2,000,000
Staff	e.g. limited staff lost, on-going absenteeism	e.g. loss of a number of key staff, health / illness, shrinking skilled labour market	e.g. significant loss of key staff, defection to competitor, strike action, drop in morale due to new delivery issues	e.g. loss of key staff, mass defection to competitor, lengthy strike action, drop in morale due to loss of key staff	e.g. loss of large numbers of key staff due to severe epidemic ; very long strike action
Service	e.g. small fall in service levels, some minor quality standards are not met	e.g. moderate fall in service levels, major partner relationships strained	e.g. significant fall in service levels, serious strain on learner relationship	e.g. significant fall in service levels, deterioration in academic standards, learner dissatisfaction	e.g. catastrophic fall in service levels, significant loss of learner nos, failure of academic standards

Stakeholder		e.g. Affects only one group of stakeholders with minimum impact on performance	e.g. Affects more than one group of stakeholders but only short-term impact on reputation	e.g. Affects more than one group of stakeholders with widespread medium-term impact on reputation	e.g. Affects a significant number of major stakeholders with long-term impact on impact on reputation	e.g. Affects all major stakeholders with long-term impact on public memory causing damage to reputation

REGIONAL BUSINESS PLAN RISK REGISTER - UPDATED INTERIM May 2023

REFERENCE			RISK DEFINITION		RISK SCORE			RISK TREATMENT	RESIDUAL			OWNER	OWNER	Trend	Strategic Risk
Originating Reference	Rank	Business Plan Objective	Category	Risk Description & Effect	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Risk Admin	Risk Owners		Reference to Strategic Risk Register
A	1	Ensure efficient workforce deployment	Financial	Inability to achieve staff reduction targets.	5	5	25	SFC Cashflow Support Staff consultation process. Staff communications strategy. Continuing dialogue with SFC colleagues. Staff severance strategy. Monitoring of temporary staff contracts through TLAs now in place. BoM sub-committee monitoring and review.	5	4	20	Chief Resources Officer/ College Budget Committee	Executive Board; Deans; College Registrar; Project leads; BoM Sub-com Chairs.	=	Risk D
B	2	Ensure efficient workforce deployment	Financial	Inability to achieve required levels of learner early retention.	5	4	20	SFC Cashflow Support Pre-enrolment programme. Retention & Attainment Group activity Credit & Performance Monitoring Group activity PDSA activity	4	4	16	AP : ESS	Executive Board; Deans; Chair of CSAO sub-com.	=	Risk L
C	3	Deliver a high quality relevant curriculum with high levels of outcomes for	Learner experience	Inability to deliver SG targets and objectives including SIMD10 targets Delivery to priority industries; STEM; schools activity.	4	4	16	Curriculum delivery planning process Learner retention & outcomes Quality of learning and teaching Course Review Process	3	4	12	AP : ESS	Executive Board; Deans; Chair of CSAO sub-com.	=	Risks F, H & L
D	4	Deliver a high quality relevant curriculum with high levels of outcomes for students	Learner experience	Delivery standards fall as a result of industrial unrest and a deterioration of positive staff - learner interaction resulting in poor learner retention and achievement.	4	4	16	Staff consultation process. Curriculum delivery planning process Learner retention & outcomes Quality of learning and teaching BoM subcommittee monitoring and review.	3	4	12	AP : ESS	Executive Board; Deans; Chair of CSAO sub-com.	=	Risks L & E
E	5	Ensure efficient workforce deployment	Productivity: Social;	Deterioration of industrial relations and staff morale resulting in actions including strike	4	4	16	Staff consultation process. BoM subcommittee monitoring and review.	3	4	12	College Registrar	Principal; Executive Board; HR Man;	=	Risk E
F	6	Ensure efficient workforce deployment	Financial	Inability to achieve required average class group size.	4	4	16	Curriculum delivery planning process Learner retention & outcomes Quality of learning and teaching Pre-enrolment programme. Retention & Achievement Group activity, PDSA activity, Credit Performance & Monitoring Group activity Operational plan priorities & monitoring.	3	4	12	AP : ESS	Executive Board; Deans; Chair of CSAO sub-com.	=	Risk A
H	7	Provide financial sustainability	Financial	Unable to maintain sufficient cash flow resulting in inability to deliver projects.	5	4	20	SFC cash flow support. Financial analysis and planning activity.	5	3	15	Chief Resources Officer	Executive Board; Chair of Finance sub-com.	=	Risk A
G	8	Deliver a high quality relevant curriculum with high levels of outcomes for students	Learner experience	Learner satisfaction falls as a result of industrial unrest and a deterioration of positive staff - learner interaction	3	4	12	Student association engagement. Initial Perception Study SFC Student Satisfaction and Engagement Survey to monitor satisfaction levels.	1	4	4	AP : ESS	Executive Board; Chair of CSAO sub-com.	=	Risk E
I	9	Provide financial sustainability	Financial	Unable to achieve sufficient surplus position within the FFR period resulting in inability to payback any funding advance.	5	4	20	Senior Budget Monitoring Group Executive Board oversight Financial Modelling project group	3	4	12	Chief Resources Officer	Executive Board; Chair of Finance sub-com.	=	
J	10	Achieve required levels of productivity (Credit delivery)	Social	Reduced activity within targeted curriculum areas as a result of inability to operate at required efficiency levels.	2	3	6	Recruitment & enrolment activity Curriculum delivery planning process and tools Learner retention & outcomes Retention & Attainment Group activity PDSA Activity Credit & Performance Monitoring Group activity	1	3	3	DP : PS	Executive Board; Chief Transformation Officer; Chair of CSAO sub-com.	=	Risk H

REGIONAL BUSINESS PLAN RISK PROFILE & SCORING

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Likely (26-50% chance of this occurring within the next 12 months or is likely to occur at least once every 1 to 3 years)	3	3	6	9	A C 12 D E H	15
Possible (6-25% chance of this occurring within the next 12 months or is likely to occur at least once within the next 3 to 10 years)	2	2	4	6	G 8 F	10
Remote (1-5% chance f occurring within the next 12 months or may occur in at least 10 years time	1	1	2	I J 3	4	5
Multiplier		1	2	3	4	5
Impact on achieving objectives		Negligible Impact	Minor impact	Moderate impact	Major impact	Catastrophic impact.

Assessing Overall Risk And Risk Threshold

Risk Level	**Score**	**Risk Level Description**
Very High	20-25	**Rating:** Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include a Control Action Plan as well as Risk Control Measures to be applied.
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Low	1-3	**Rating:** Acceptable level of risk subject to regular Routine Monitoring. **Reporting:** Regional Strategy Risk Management Group Risk Management Group / Senior Management Team.

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Stakeholder	e.g. Affects only one group of stakeholders with minimum impact on performance	e.g. Affects more than one group of stakeholders but only short-term impact on reputation	e.g. Affects more than one group of stakeholders with widespread medium-term impact on reputation	e.g. Affects a significant number of major stakeholders with long-term impact on impact on reputation	e.g. Affects all major stakeholders with long-term impact on public memory causing damage to reputation

Strategic Risk Register

Dated reviewed by Risk Management Group	22 January 2024
Dated reviewed by SLT	16 January 2024
Next date of review	

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
1	26/04/2021	3.1, 3.5, 3.6	That the College cannot maintain financial stability	4	4	16	12	4	That the College would not be able to meet its financial obligations and /or that investment in student activity could not be maintained to an appropriate level.	Jan 2023 Awaiting indicative funding for the next academic year in March 2023. Indications are flat cash funding scenarios relating a real cut. Value for Money Group meeting on 25th January 2023. Apr 2023 Value for Money Group focus on staffing efficiencies and more robust Curriculum Planning model for 2023/24. Flat cash Grant in Aid settlement confirmed, but with additional cut in activity & funding for the Region. June 2023 "Flat cash" settlements for 2024/25 and 2025/26 copnfirmed by SFC. Board approved a deficit budget for 2023/24 only. Management working towards balanced budget. January 2024 Financial Modelling being undertaken, review of curriculum and ensuring areas that meet demand are promoted. Full cost targets increased.	4	4	16	12	4	January 2023 College has to continue working to make efficiencies and savings. April 2023 Interim budget to be drawn up for approval of the Board on 1st June 2023. Detailed budget to be prepared for additional meeting of the Finance and Resources Committee before completion of the SFC return (FFR). August 2023 Curriculum Planning model being used to monitor staffing. Improved and enhanced budget monitoring procedures being introduced for 2023/24. October 2023 On track to meet credit target for 2023-24. January 2024 Work on-going to embed regular monthly management reporting of results to highlight areas of financial concern.	January 2023 Await update from the Value Money group on 26 January 2023 April 2023 Indicative grant in aid allocation received; expectation of flat cash settlement confirmed. Budgeting exercise already commenced on this assumption. August 2023 Staffing budget linked to Curriculum Plan. which will incease efficiency and improve staff utilisation.
2	26/04/2021	3.1, 3.2 3.5, 3.6	That there is a failure of financial controls	4	2	8	6	2	Insufficient or incorrect information available to senior management and the Board of Management; potential for fraud.	August 2023 Finance Dept team enhanced with permanent appointment of Management and Financial Accountants. Additional support re Procurement from APUC until December 2023. Extensive work has been undertaken in conjunction with Governance Professional to update policies and procedures. Review of timetable of activities of the Audit and Risk Committee and Finance and Risk Committee now drawn up. Additional work has been undertaken by internal audit service on policies and prodcedures in 2022/23 and 2023/24.	3	3	9	6	3	Closer scrutiny of previous internal audit recommendations, both via senior management and the Audit and Risk Committee. Introduction of new approach to control, assurance and risk management arrangements. April 2023 Review of governance to be undertaken by internal auditors in summer of 2023 August 2023 Pay controls in place, not replacing staff who have left the organisation, allowed for curriculum adjustmnets to be made, curriculum staff redployed to other areas should there be overstaffing,. Consideration given when staff leave whether this replacement needs to be FT, PT or whether it is needed. Curriculum Plan is very tightly planned, with finance and curriculum teams working together to prepare budgets for the year. October 2023 Audit Scotland audit in progress currently with no concerns raised to date. January 2024 Internal audit in progress regarding pensions and payroll procedures.	Introduction of formal ARC monitoring on an ongoing basis. August 2023 Positive follow up Section 22 review by Scottish Parliament January 2024 Internal audit reviews of procurement and finance procedures scheduled for April 2024. An internal audit of pension and payroll has flagged an error in pension contributions for some staff members since 2015. Payroll consultant to be employed to review all affected employees and reperform calculations to correct the situation. HR reviewing internal payroll processes to mitigate further risks that might result in an incident of a similar nature.
3	26/04/2021	1.6, 2.2, 2.4	That there is failure to meet Credit target and /or failure to retain major public and private contracts.	4	3	12	12	0	Clawback of SFC activity funding and shortfall in income. Failing to meet credit targets on a consistent basis may affect annual activity allocation. Failure to meet maintain ESF records to substantiate our claim is likely to affect income	Student activity is monitored on a weekly basis by senior management via the SLT meetings, with those weekly reports being made available to faculty and admissions staff; Additional enhanced reporting in use through Power BI to monitor real time information. Jan 2023 All credit activity to up on the by 27 January and checks to made on this. Plans are being put in place to meet the gap, such as the preparing to study courses. April 2023 Additional activity running and planned to meet credit target. August 2023 Region has a 10.7% decrease in activity taarget for 2023/24. Colleges now have a 2.0% leeway re meeting activity targets. January 2024 College highly likely to exceed credit target but will be confirmed following the completion of the January enrolment cycle by 31 January 2024.	3	2	6	9	-3	October 2022 Scenario planning and forecasting under way for the 2022/23 academic year; New website being launched in November 2022 to support with recruitment and learner journey. April 2023 Progress being made, but dependent on planned activity. August 2023 2022/23 taget met; Curriculum Plan model now operational with all courses for 2023/24 incorporated; accurate monitoring now enhanced. October 2023 College on track to meet target for 2023-24. January 2024 College is on track to meet credit target.	August 2023 2022/23 credit target achieved. 10.0% sectoral decrease in credit target for 2023/24, plus additional 0.7% Regional decrease. 2.0% target achievement tolerance and positive change in retention tolerance announced for 2023/24. In addition only 80% clawback should there be an issue. January 2024 Successful internal reporting of credit activity through Power BI enables real-time assessment of actual credit target achievement.
4	26/04/2021	2.1, 2.5, 3.4, 3.6	That there is a breach of legislation and associated regulations (incl. GDPR)	2	3	6	6	0	Breach or leak of sensitive data impacting on college reputation.	Data Protection Officer in place to advice on general Data Protection Regulation; Staff mandatory training and policies in place and actively marketed to heighten awareness; Compliance/audit checks in place; GDPR policies currently being updated as part of College-wide policy refresh exercise; Training planned for all staff on legislative and regulatory issues, including conflict of interest, bribery and corruption and security of assets. August 2022 A suite of new polices have been developed and/or updated; Multi factor authentication in train; Cyber security Essentials status obtained; Training completed on conflict of interest etc as above and data protection and GDPR. October 2022 Cybersecurity audit completed satisfactorily. College is now undertaking penetration testing; All staff conference in August; all staff completed mandatory training on GDPR; Data Protection portal is now live. April 2023 New retention policy has been agreed and published. Cyber Essentials plus was successfully completed in Feb October 2023 GDPR TES develop training issued to all staff, ICO framework and ROPA for each department currently being completed. Jan 2024 Work has begun on ROPA's (records of processing) and the ICO accountability framework has been completed giving SLC a confidence of data protection controls. Cyber security frameworks and changes continue to be reviewed and we are confident in the controls that are in place from the NCSC 10 things	2	2	4	4	0	Apr 2023 Retention Documentation has been issued, further actions will be completed including communication of this guide for all managers to control the documentation Cyber risk framework is being updated in June this year to ratify the score in this sheet. (Cyber risk can be escalated if important issues arise in that review) Jan 2024 Complete ROPA's in all departments for understanding data management	Data protection team have worked through a number of ROPA with each area and are currently pulling together Info Asset Register. Records Retention Policy now complete and published, actions will follow this publication via communication of this policy to improve document governance.
5	26/04/2021	2.1, 2.2, 2.6, 3.5	That there are insufficient funds for capital project and maintenance requirements	4	2	8	8	0	The College estate is of an age that requires constant monitoring and an appropriate level of funding to address major issues (e.g. building envlope, heating and cooling, lifts, security equipment, etc.)	SFC undertook a condition survey and has allocated funds over a five year period to address backlog maintenance and dilapidation works. The College appointed professional advisors to assist in the management of the projects which have been undertaken. College has enhanced its procurement arrangements to ensure that all major items of expenditure are reviewed by a senior management committee, thus ensuring value for money as well as an additional level of control over non salary spend. As part of our approach to the introduction of a Strategic Investment Plan, the College is currently considering introducing its own estate condition survey, given the age of the building and the number of significant repairs now being required. August 2023 CAPEX projects prioritised and completed within budget allowing for future works within remaining ringfenced funds. January 2024 CAPEX spend being closely scrutinised and only essential capital spend must be incurred as a result of financial situation facing the College Sector.	3	2	6	6	0	Current planning is to utilise cash holding to fund an infrastructure investment programme; Additionally, the college is planning to undertake an estate condition survey to ensure that a clear plan for any additional work is captured.; The air conditioning units and the roof are all currently being replaced; Air Conditioning replacement completed. Roof project almost completed, snagging being undertaken. Building is weather proofed. Jan 2023 Update on capex progress to date at VfM group on 25th January 2023. April 2023 Funds have been committed to support the key changes to the building. August 2023 Following completion of CAPEX works, funding remains for future works October 2023 College has also submitted a funding application to the Scottish Government Energy Efficiency Grant scheme to support with building fabric first appeoaches, which would provide possible future cap ex funds for the estate.	Central funding received in 2020/21 and 2021/22 allowed the College to address major repairs and renewals sooner than originally planned. This includes a major upgrade to the fabric of the roof, which would be most vulnerable to possible issues associated with the natural lifespan of the building. August 2023 Various works completed over previous months within confines of funding whilst leaving sufficient amount for future required works. Cladding repairs are expected to be the next significant work. Additional funds have been allocated for next year. SFC capital funding allocation for 2023/24 should be sufficient for short term projects & maintenance January 2024 Funding received for Pre-capital works and looking at future funding initiatives for enhanced environmental sustainability of College estate. Initial budget announcements also suggest there may be a 3% increase in capital funding for Colleges in 24/25 but yet to be confirmed.
6	26/04/2021	1.1, 1.2, 1.3, 1.4, 2.1, 3.1, 3.3	That there is a failure to meet statutory and legislative health and safety as well as safeguarding requirements.	3	3	9	9	0	Impacts on safety of all employees and students leading to serious injury or death. Unable to protect our most vulnerable students.	Health and Safety Committee meet regularly to monitor health and safety arrangements and any issues are raised. Staff induction in place on H&S; Separate COVID risk register in place to monitor operational arrangements; Facilities Teams and H&S Officer ensure all risk assessments are updated annually; Regular reporting on Health and Safety to HR Committee as part of their remit requirements; Full review of Health and Safety Policy and Procedures being undertaken; Lead Safeguarding Officers in place and appropriate training in place.; Safeguarding group meets regularly. August 2022 Robust HMI Safeguarding report received in April 2022; Refresher training and reissue of safeguarding cards; Expanded the network of safeguarding officers; Health and Safety audit completed, with no major recommendations; Refreshed health and safety policy will go to the Board in October 2022; Appointment of 2 permanent health and safety staff members. October 2022 Health and Safety Audit completed satisfactorily. Health and Safety Policy approved by the Board of Management. January 2023 Health and Safety Policy launched and names of those who have read it recorded. April 2023 Progress made against internal audit plan and Health and Safety Committee meets regularly to keep on top of action and key issues. Policy and procedures updated. Safeguarding Policy and Procedures updated and due to got to the Board for approval in June 2023. August 2023 H&S Policy reviewed and updated over summer break. Continued quarterly H&S committee meetings planned including representation of cross college departments for 2023/24	3	2	6	6	0	October 2022 Health and Safety Policy Approved. First Aid Procedures renewed and due for sign off by SLT in October 2022. January 2023 Training sessions now being scheduled. April 2023 Significant progress made with policy and proceudures. August 2023 There is a new Safeguarding Policy and Fitness to Study Policy approved by the Board in June 2023. Training for Health and Safety and Safeguarding will be rolled out to all staff in August through the mandatory online modules. October 2023 Updated safeguarding processes to clarify roles and spread low level behaviourial issues to curriculum.	August 2023 Staff resource is working to capacity to get through policies and procedures updated as required.

Strategic Risk Register

Dated reviewed by Risk Management Group	22 January 2024
Dated reviewed by SLT	16 January 2024
Next date of review	

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7	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is business interruption due to major disaster, IT failure etc	4	2	**8**	8	0	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Business Continuity Plan for College in place. Business interruption insurance in place. Member of HEFESTIS and benefit from shared intelligence. August 2022 Internal audit for cybersecurity completed. Updated Microsoft Licence of A5 allows for enhanced protection. October 2022 A5 licence in place and multi factor authentication in place. April 2023 Board briefing for cyber security due on the 2nd of May, satisfying cyber audit points. October 2023 Cyber Security information will be placed into the next risk about theft of major systems. This is business continuity updates, this will be worked on in the new year. Update for the next risk management meeting Jan 2024 Cyber security controls continue to be improved following the cyber risk framework. Work started on the BCP and incident response documentation as it needs revisited since it was published.	3	2	**6**	6	0	Existing business continuity arrangements being reviewed in light of recent events. Key estates risks now been identified and have been or are being resolved. Further training for incident response for board members needs to be considered and scheduled (Scenario training) Jan 2024 A review of BCDR documentation is to be completed in the next few months to update mitigation controls.	The College had a developed Business Continuity Plan embedded prior to the COVID pandemic and has built on that via infrastructure improvements and additions utilising additional SFC ring-fenced funding. August 2023 Update of Business Continuity Planning Documentation will be completed by December 2023.
8	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is a theft of, or damage to, Management Information System (incl. cyber-crime)	3	2	**6**	6	0	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Shared sector approach in place through HEFESTIS and advanced intelligence. Robust and regular testing of IT systems Business continuity plans in place for IT and MIS areas. Annual certification with Cyber Essentials Plus Incident response training Jan 2024 Cyber essentials and cyber controls continue to be monitored, a review on the policies and procedures needs to take place to maintain current levels of confidence. The score can be lower at this review due to the actions being closed down from the audit. Impact remains high, however the probability of the risk can be lowered	3	1	**3**	6	-3	Jan 2023 Cyber Essentials Basic has been complete and college is compliant. Cyber Essentials Plus to be completed FEB 2023 Close off from H&L Cyber audit actions by the summer, which should change the position of this task. April 2023 Cyber Essentials complete, Cyber training planned for the Board on the 2nd of May. Planned asset tracking update due in July 2023 to ratify the buildings equipment checks. October 2023 Another Cyber Essentials Achieved for another year. Going through a 0365 health check and reviewing the cyber risk framework for an update for progross. This risk will be driven through the cyber security aspects rather than business continuity Jan 2024 Review of documentation for IT and cyber will be completed over the next few months	College successfully completed its Dec 2022 Cyber security audit with no issues. Incident Response Policy Updated Pen testing to be reviewed and purchased in the next few months
9	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.3	That there is a failure to achieve high standards of learning and teaching.	4	2	**8**	8	0	Impacts on the student experience, the college's reputation and Education Scotland risk ratings. Impacts on student recruitment leading to financial risk.	January 2023 First self-evaluation cycles completed and progress reviews have taken place. Ongoing engagement and campus visits from HMI. Audit cycle in train. Robust learner voice processes which are acted on promptly. April 2023 Evaluation process updated and self evaluation progress occuring. HMIE Education Scotland visit took place in March 2023 which resulted in no main points for action. October 2023 Self Evaluation currently being written. January 2024 Care Review and HMIE Inspectorate visits planned for early 2024 to assess learning environment.	2	2	**4**	4	0	October 2022 Mitigating actions in place. External assessors being used to assess Construction MAs, now part of the Quality Audit process to provide assurance that work is of a high standard and does not impact on direct claims status. April 2023 Education Scotland annual engagement visit report received which did not contain any main points of action. August 2023 Current challenges with missing outcomes due to ASOS, as yet there is not a national approach to ASOS, and there has been no communication from the Scottish Funding Council. The impact of this may mean that results nationally will not be available in March 2024 October 2023 Care will be the subject of a national thematic review in early 2024 by Education Scotland.	Annual Engagement Visit from Education Scotland taking place Feb 2023. January 2024 HMIE Inspectorate visit planned for early 2024.
10	26/04/2021	2.1, 2.3, 2.6, 3.1, 3.3, 3.4	That there is a failure to provide an engaging and effective employee journey.	4	2	**8**	8	0	Impact on the employee experience and could result in high turnover, high absence rates, disengagement, poor employee relations and industrial relations matters, poor performance of employees and subsequently a poor experience for students and negative impact on college reputation.	October 2022 Accreditations achieved to date include: Disability Confident Employer and Leaders in Diversity. The re-accreditations of Investors in People and We Invest in Wellbeing are currently being progressed; Ongoing review of the employee journey, process optimisation and automation. Consideration for a new HR System; Refreshed policies and procedures include: Attendance Management and Support Procedure; Disciplinary Procedure; Grievance Procedure and the Public Interest Disclosure Policy and Procedure. January 2023 Employee Journey being mapped out and associated procedures being drafted, with a view of lean process management and consideration of both automation and employee experience. People Managers being trained on disciplinary, grievance and investigations by ACAS. Review of payroll and pensions process. April 2023 The College now has We Invest in Well Being Platinum. August 2023 New integrated HR & Payroll system on track to be implemented in 2023. Pension reporting streamlined. October 2023 More resilence in HR team with regards to learning how to do payroll. January 2024 Wider HR team now trained to administer payroll.	3	2	**6**	6	0	The College is working on the implementation of a new HR system that will enhance experience, automate manual tasks. April 2023 New HR system is in the process of implementation. January 2024 New HR system progressing.	College accreditations are being refreshed.
11	04/02/2022	2.1, 2.3, 2.5, 2.7, 3.1, 3.2, 3.4, 3.6 / Aim 1	That there is a failure to safeguard the health and wellbeing of staff and students.	3	3	**9**	9	0	Impacts on the health and wellbeing of staff and students. This could result in high absence, disengagement and higher withdrawal rates for students. Risk of serious harm to the individual if the appropriate safeguarding action is not taken. This would significantly impact the student and staff experience leading to potential risk of legal action, complaints and having a negative impact on the college reputation.	August 2022 Ongoing effective development of safeguarding and health and wellbeing support for staff and students. Safeguarding / GBV Prevention / Corporate Parenting / Carers Support policies and procedures in place. Specialised staff in Student Services and HR responding to concerns or issues. Criminal Convictions and PVG is undertaken as part of the employee recruitment process. Safeguarding, Prevent and Corporate Parenting training is mandatory as part of the staff induction process. Safeguarding including Prevent, Corporate Parenting, Mental Health & Wellbeing information and videos part of the Learner Induction process. College Safeguarding Group is a cross-college group which has both student and staff membership - this groups meets quarterly. GBV Prevention Strategy and Action Place / Corporate Parenting Plan in place which is monitored by the Safeguarding Group. Other mitigations include:- •Student Support email address. Same day response, including responses to financial and emotional crisis support. •Guidance and support staff available on campus for in person support on same day appointment basis. •Staff are trained in Mental Health First Aid and ASIST •Dissemination and attendance of external safeguarding training opportunities, such as those provided by CDN, •Counselling Service for staff and students. •Weekly Yoga and Mindfulness classes for staff and students •Online Togetherall resource for staff and students •Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. •Guidance and support / line management staff available on campus for in person support on same day appointment basis. •Annual safeguarding, health and wellbeing calendar of events •College Mental Health Group and LGBT Champion Group in place •Peer support groups for staff and students April 2023 The new Safeguarding Policy and Procdure for staff and students has been updated and will go to the main board in June 2023.	3	2	**6**	6	0	October 2022 Additional staff in Students Services to help support well-being. Student Support Strategy in progress. Remploy an organisation to facilitate staff return to work is now being used to support. "We invest in wellbeing" survey issued to staff as part of Investors in People application with action plan formulated to deal wityh results.. August 2023 Funding approved by the SLC Trust (ALF) for two posts to support student and staff health and wellbeing. This is for Guidance & Support and Counselling. Pending SFC Mental Health Funds to support student health and wellebing to be published for 2023-24. October 2023 ALF approved funding for soup and a sandwich., with a further bid being submitted to the October ALF meeting. Pop up second hand shop now open to support students. January 2024 A further bid has been approved by the ALF for soup and sandwich free breakfast and lunch initiatives, together with funding for a Hortocultural Garden space to promote both positive mental and physical health benefits for staff and students. Pop up second hand shop has been successful to date.	

Strategic Risk Register

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12	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.5, 2.6, 2.7, 3.1, 3.3	That the College cannot provide a robust learner experience supporting them onto their final destinations.	4	2	**8**	8	0	Relates to application and recruitment experience, students not receiving the appropriate or accurate information or the necessary access to support such as financial or health and wellbeing. Recruitment impacted by outdated systems impacting the experience. Also any delays to bursaries, additional IT equipment and discretionary support may impact.	Applications are monitored by the Student Services Team, review of application and enrolment system in train. Financial and emotional support offered by the Team. Team undertake regular training to provide the best possible service and to keep up to date with changes. Power BI now being used for curriculum planning and to ensure a more efficient application process. Other mitigations include •Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. •Guidance and support staff available on campus for in person support on same day appointment basis. •Ongoing review of new Admissions electronic system to ensure smooth transition from application to enrolment. Additional work to be undertaken in this area via regular working group meetings. •Staff attendance at new Mental Health First Aid training, as provided by SLC. •Dissemination and attendance of external training opportunities, such as those provided by CDN, etc. •Review potential increase in counselling and guidance/support provision to ensure reduction in waiting times for emotional support. •Bursary software under review with developers. •Support being provided to SA including additional recruitment of new VP. •Provision of long term laptop loans via Library service to facilitate engagement in class and coursework. Reinforced links between the student association, class reps and quality team so directly links back to the learner More opportunities for students to undertake study skills in this academic year and it has now been introduced into twilight sessions. January 2023 Progressing students are due to be given a conditional offer in Feb 2023 for the first time. National Career Review may inform College's approach to IAG. Applications for 2023-24 due to open on 30th January 2023. August 2023 The vast majority of applications and students are progressed on a timely basis, however, further actions are being taken to ensure consistency across the college. Updated Student Association Student Mental Health Agreement (SMHA) produced. January 2024	3	3	**9**	6	3	Additional central funding has been received to allow additional resources to be brought in to address particular issues that may be exacerbated due to the COVID pandemic. Website refresh now out to tender. Power BI being used to for applications and curriculum planning. Review taking place regarding staffing resources to meet student needs of financial and emotional support. This includes reviewing the possibility of additional recruitment within student funding, guidance and support, etc, including student placements for counselling. May 2022 Current strike action by EIS is having a negative impact on the learning experience. EQA activity at risk due to lecturers potentially not engaging and resulting learners as well. August 2022 Mitigating actions have allowed this risk to be reduced due to the completion of the key system updates, removal of barriers to progress and clearer focus on supporting students to achieve their destinations. October 2022 Work in progress on reviewing business support functions supporting the learner recruitment journey. January 2023 Longer term review required. October 2023 CEIAG workshops being delivered across all areas of the curriculum and more sessions being delivered by SDS in the College. Core skills project launched in August 2023 to support FT FE students in particular achieve a standard of literacy and numeracy.	January 2024 Internal process has been reviewed for 'lessons learned' from the administration of student bursaries to ensure quick disemmination of funding going forward.
13	26/04/2021	3.1, 3.2, 3.4, 3.5, 3.6	That there is a failure of Corporate Governance arrangements	4	2	**8**	12	-4	That the College would fail in its duties as a public body and charity to adhere to statutory expectations. Risk to business delivery; risk to reputation; risk to effective relations between SLC and NCL e.g. given journey towards dissolution and risk of distraction or tension and ensuing impact on operational delivery.	Effective training and development for all staff, including in relation to compliance; Effective T&D for the Board, given 10 new members, building on the recommendations of the EER and including consideration of culture and values of Board. Advice sought from appropriate bodies (SFC, IA, Good Governance Steering Group). Planning for the transition to dissolution will be important to ensure that we have the right systems, processes and relationships in place to take up position as a Regional college. Work already in train to identify agreed actions; SFC has established a liaison group involving themselves, Scottish Government and the two colleges. The Audit and Risk Committee are overseeing a formal, quarterly review of all audit recommendations on a rolling basis to ensure that all actions agreed are completed appropriately and according to timetable. October 2022 Government Improvement Plan signed off by the Board of Management and agreed to incorporate this into the usual Board of Management Evaluation and Enhancement Plan. Strategy Day held with the Board of Management on Risk and Equality and Diversity held in Sept 2022 External Auditors content that regional board members and/ staff attend committee meetings. April 2023 The AAR report stated that the College was now fully compliant with the Code of Good Governance for Scotland's Colleges as at July 2022. August 2023 Staggered appointment of new board members. October 2023 Appointed a new permanent Governance Professional in September 2023.	3	2	**6**	6	0	Awaiting finalisation of Board member induction programme; Board discussion on SFC report to progress recommendations; Awaiting clarification from SFC/SG on timeframe for dissolution to allow for planning. Jan 2022 Governance Improvement Plan established post the SFC Governance review as well as input from internal auditors is now being actioned. May 2022 Board members have been inducted; Key polices have been updated, financial regulations and bribery have all been updated and approved by Committee. Disciplinary, capability and grievance also due to be signed off at next HR Committee meetings; Governance Improvement plan shows progress against key actions. Board strategy day planned for 16 May 2022; Acting Principal now in place until investigation has been resolved; Risk now of reputational damage due to increase in press coverage.; Challenges in recruiting key staff and risks around staff being able to leave for additional positions. August 2022 Strategy Day planned for August 2022; Clerk to the Board reviewed key documentation; New staff and student members appointed through the Clerk's successful recruitment; Significant progress made on Government Improvement and Management Response Plans.; The College adheres strictly to the Code of Good Governance for Scottish Colleges. January 2023 To date corporate governance is robust, with no breach of the Code for the 2022-23 year. April 2023 AAR from external audit providers confirmed that College was compliant with the Code at July 2022 and at the date of signing of the accounts (April 2023) Audit of governance to be undertaken by Henderson Loggie in summer 2023 (postponed to early 2024). August 2023 5 new Board members appointed over the summer. Board Development day held in August to being strategic planning. October 2023 Appointed a permanent Governance Professional in September 2023 who has completed all CDN Induction training and is part of the Goverance Professionals	Acting Chair and Acting Principal in place. The latter of which has extensive experience of corporate governance and was part of the group responsible for the drafting and review of the Code of Good Governance for Scottish Colleges. Recommend decoupling corporate governance risk with the ongoing investigations. This would include: Reputational damage risk Financial Risk. Both the Clerk to the Board and the Chair of Audit and Risk Committee to be consulted. August 2023 Potential further organisational risk and adverse media due to activity following the investigation. Recruitment of senior roles within the college, provided feedback which demonstrated that candidates were not "put off" from working at the College.
14	24/01/2023	2.3, 3.2, 3.3	That there is a reputational risk to the College.	4	4	**16**	6	10	•That potential students, staff or Board members are deterred from enrolling / joining the College. •That the College suffers financial loss from a decrease in activity or loss of access to potential income streams.	• Staff development sessions on, for example, inclusiveness and diversity being part of mandatory training for staff; • Regular staff meetings including annual all-staff conference; • College has complaints procedure, clearly highlighted on website; • Extensive governance training for senior staff and Board members being delivered as part of a rolling programme of development	3	4	**12**	12	0	• Strategy being delevoped to ensure that "good news" stories are gathered centrally and distributed accordingly, particularly via social media; • The implications of impending decrease in allocation of central funding or activity to be managed accordingly in terms of publicity and student / staff perception and morale; •Action plan being formulated to address issues raised in staff survey October 2023 College is aware of potential legal issues being raised which may impact on the reputation. Communication plan is being put in place to support.	October 2023 The new Marketing Manager starting in Nov 2023 will work on communication plan both internal and external.
15	26/10/2023	2.6, 2.7, 3.1, 3.2, 3.4, 3.5, 3.6	That the College is not on track to meet the Scottish Government net zero targets.	3	3	**9**	9	0		College has drafted a new Climate Change Emergency Action Plan, based on the Further and Higher Education road map, which will go to the Finance and Resources Committee on 27 November 2023 College works very closely with the Energy Skills Partnership to deliver on national skills agendas. College submits the Public Body Climate Change report submitted annually and monitors data.	3	2	**6**	6	0	LED lighting replacement programme. The replacement of 1900 lights to LED fittings. Additional Solar Panels fitted. The PV system comprise of 300 panels to give an additional output of 150kW. Scottish Green Public Sector Estate Decarbonisation Scheme. The College has engaged with Mott MacDonald regarding pre capital works to investigate the Central Government Energy Efficiency Capital Grant Fund 2023/2024 to support the College journey to NET Zero.	Note the College was not built with net zero in mind so the College is working on finding solutions through the funding being offered by the Scottish Government to support with a fabric first approach. January 2024 The College has also formed a Climate Change Action Team (CCAT) group to set out and deliver a project plan for further initiatives that will be undertaken to support the goal of net zero targets by 2040. This includes car charging ports, air tightness of the building, water conservation and aeration measures and further ground source heat pumps, to name but a few.

Risk Key		
	Low	1-4
	Medium	5-11
	High	12-16

Risk Key	
	1-4
	5-11
	12-16

Strategic Risk Register
Summary Schedule

Dated reviewed by Risk Management Group	16/01/2024
Dated reviewed by SLT	22/01/2024
Next date of review	

A

Risk No.	Description	Link to College Strategic Objectives	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission
1	That the College cannot maintain financial stability	3	4	4	16	12	4	4	4	16	12	4
2	That there is a failure of financial controls	3	4	2	8	6	2	3	3	9	6	3
3	That there is failure to meet Credit target and /or failure to retain major public and private contracts.	1,3	4	3	12	12	0	3	2	6	9	-3
4	That there is a breach of legislation and associated regulations (incl. GDPR)	2,3	2	3	6	6	0	2	2	4	4	0
5	That there are insufficient funds for capital project and maintenance requirements	1,3	4	2	8	8	0	3	2	6	6	0
6	That there is a failure to meet statutory and legislative health and safety as well as safeguarding requirements.	2	3	3	9	9	0	3	2	6	6	0
7	That there is business interruption due to major disaster, IT failure etc	3	4	2	8	8	0	3	2	6	6	0
8	That there is a theft of, or damage to, Management Information System (incl. cyber-crime)	2,3	3	2	6	6	0	3	1	3	6	-3
9	That there is a failure to achieve high standards of learning and teaching.	1,2	4	2	8	8	0	2	2	4	4	0
10	That there is a failure to provide an engaging and effective employee journey.	1,2	4	2	8	8	0	3	2	6	6	0
11	That there is a failure to safeguard the health and wellbeing of staff and students.	1,2,3	3	3	9	9	0	3	2	6	6	0
12	That the College cannot provide a robust learner experience supporting them onto their final destinations.	1,2	4	2	8	8	0	3	3	9	6	3
13	That there is a failure of Corporate Governance arrangements	2,3	4	2	8	12	-4	3	2	6	6	0
14	That there is a reputational risk to the College.	3	4	4	16	6	10	3	4	12	12	0
15	That the College is not on track to meet the Scottish Government net zero targets.	3	3	3	9	9	0	3	2	6	6	0

College Strategic Objectives:

1	**Successful students**
2	**Highest quality education and support**
3	**Sustainable behaviours**

Risk Key

Low	1-4
Medium	5-11
High	12-16

Risk Score Reference Grid

Score	Risk Le	
1	Low	Green
2	Low	Green
3	Low	Green
4	Low	Green
5	Mediun	Amber
6	Mediun	Amber
7	Mediun	Amber
8	Mediun	Amber
9	Mediun	Amber
10	Mediun	Amber
11	Mediun	Amber
12	High	Red
13	High	Red
14	High	Red
15	High	Red
16	High	Red

1			
1	**A**		
2	**B**		
3	**C**		
4	**D**		
5	**E**		
6	**F**		
7	**G**		
8	**H**	Removed	04-Aug-20
9	**I**	Removed	13-Nov-17
10	**J**		
11	**K**		
12	**L**		
13	**M**		
14	**N**		
15	**O**		
16	**P**		
17	**Q**	**Removed**	**04-Aug-20**
18	**R**		
19	**S**	Added	09-Dec-19
20	**T**	Added	Mar-20
21	**U**	Removed	07/02/2023
22	**V**	Added	09/03/2022
23	**W**	Added	25/04/2022
24	**X**	Added	21/11/2022
25	**Y**	Added	07/02/2023
26	**Z**		
27	**AA**		
28	**AB**		
29	**AC**		
30	**AD**		
31	**AE**		
32	**Y**	Removed	24/11/2023

LANARKSHIRE STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE	RISK SCORE			RISK TREATMENT	RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	Rank	Ref to Regional Strategy	Risk Description & Effect	Associated Risk Categories	Risk Appetite / Tolerance	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Control Action Planning	Deadline	Risk Owner CAP Owner Reporting
FINANCIAL															
A	#N/A				**Rating:** Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. **Reporting:** Chair of the Regional Strategic Risk Management Group and Audit Committee.										
D	#N/A														
B	#N/A				**Rating:** Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. **Reporting:** Chair of the Regional Strategic Risk Management Group and Audit Committee.										
C	#N/A														
TECHNOLOGY															
P	#N/A														
O	#N/A				**Rating:** Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. **Repor**ting: Chair of the Regional Strategic Risk Management Group and Audit Committee.										
CHANGE															
K	#N/A				**Rating:** Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. **Repor**ting: Chair of the Regional Strategic Risk Management Group and Audit Committee.										
F	#N/A														
PRODUCTIVITY															
N	#N/A														
H	**1**	2.1; 2.8; 3.6; 3.7; 3.8; 3.9; 3.10	**Region fails to deliver ESF funding target.** Loss of funding from public sources; Loss of reputation from customer, learner, stakeholder, partner perspective; Staff jobs at risk; Deterioration of staff morale and positive organisation culture; Deterioration of individual staff and team Performance.	Financial Student experience Reputational Social	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Senior Management Team.	5	**3**	15	ESF delivery plan agreed with SFC; Lanarkshire Regional Strategy; Regional Strategic Risk Management Strategy & Framework; Lanarkshire Regional Outcome Agreement; Fed on-line performance monitoring system; RSB Committee monitoring; College planning frameworks; College performance management frameworks.	3	**2**	6	Not Required at this time.	N/A	**Risk Owner:** VP CPP (NCL) / DP (SLC) **CAP Owner:** N/A) **Reporting:** NA
R	**2**	3.3; 3.5; 3.9	**Staff attendance / absence rates affect ability to maintain required levels of productivity.** Increased staff costs. Reduction in levels of learner satisfaction. Negative affect on Staff morale. Covid-19 related absences, including self-isolation.	Financial Student experience Social		3	3	9	Development of new staff attendance policy and procedure providing an improved balance between challenge and support. Improved reporting. Improved monitoring via dashboards. Remote delivery of the curriculum.	3	2	6	Not Required at this time.	N/A	**Risk Owner:** AP OD (NCL) / **CAP Owner:** N/A **Reporting:** N/A
ENVIRONMENTAL															
M	#N/A				**Rating:** Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring **Reporting:** Regional Strategy Risk Management Group / Senior Management Team.										
S	#N/A				**Rating:** Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring **Reporting:** Regional Strategy Risk Management Group / Senior Management Team.										
T	#N/A				**Rating:** Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring **Reporting:** Regional Strategy Risk Management Group / Senior Management Team.										
SOCIAL															
E					**Rating:** Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring **Reporting:** Risk Management Group / Senior Management Team.										
STUDENT EXPERIENCE															
L	#N/A				**Rating:** Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring **Reporting:** Regional Strategy Risk Management Group / Senior Management Team.										
COMPLIANCE															
Q	**3**	1.1; 1.4.	**Failure to comply with new General Data Protection Regulation (GDPR).** Significant financial penalties for non-compliance; Potential data loss or breach due to lack of clear internal CPD and Guidance;	Reputational Governance Financial	**Rating:** Acceptable level of risk subject to regular Routine Monitoring. **Reporting:** Regional Strategy Risk Management Group Risk Management Group / Senior Management Team.	**3**	4	12	Appointment of Data Protection Officer; Staff CPD sessions for GDPR; College community working groups via CDN and APUC; Policy and procedures; Measures to identify occurrence of data breach/loss; Register of subject data held within systems; Data impact assessments;	**1**	3	3	Not Required at this time.	N/A	**Risk Owner:** AP OD / AP PI (NCL) / DP (SLC) **Reporting:** Principal (NCL)

LANARKSHIRE STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE	RISK SCORE			RISK TREATMENT	RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	**Rank**	**Ref to Regional Strategy**	**Risk Description & Effect**	**Associated Risk Categories**	**Risk Appetite / Tolerance**	**Likelihood**	**Impact**	**Risk Level**	**Controls, Risk Mitigation and Monitoring Arrangements in Place Currently**	**Likelihood**	**Impact**	**Risk Level**	**Control Action Planning**	**Deadline**	**Risk Owner CAP Owner Reporting**
G	#N/A				**Rating:** Acceptable level of risk subject to regular Routine Monitoring. **Reporting:** Regional Strategy Risk Management Group Risk Management Group / Senior Management Team.										
Risk of failure of the Payroll system due to on-going issues and concern around a single point of failure	Financial Reputational Compliance	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group Risk Management Group / Executive Board.	4	5	20	The payroll team are being supported by ICT to ensure the necessary files can be created and sent each month and that all	2	5	10						
GOVERNANCE															
J	#N/A				**Rating:** Acceptable level of risk subject to regular Routine Monitoring. **Reporting:** Regional Strategy Risk Management Group Risk Management Group / Senior Management Team.										

AUDIT AND RISK COMMITTEE

DATE	15 February 2024
TITLE OF REPORT	Rolling Audit Recommendations Monitor
REFERENCE	06.1
AUTHOR AND CONTACT DETAILS	Elaine McKechnie Elaine.mckechnie@slc.ac.uk
PURPOSE:	To present an update on the work that has been undertaken by the College to address previous audit recommendations.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: • Note the work that has been done to address the recommendations to date. • Note that whilst several items are outstanding, these are partially completed and that there is a timetable to address all recommendations.
RISKS	• That the College does not have appropriate internal controls to safeguard its staff, students and assets. • That the College does not have adequate risk management processes and procedures in place.
RELEVANT STRATEGIC AIM:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• The monitor now incorporates the results of the internal audit work as presented to the Committee at this meeting on 27 November 2023. • The College has made some progress in addressing the recommendations made in previous audit assignments however many of the recently added recommendations are still a work in progress at this point in the academic year. • There are 27 recommendations on the monitor, covering Cyber Security, Health & Safety, Risk Management Staff Recruitment & Retention, Budgetary Control, Student Support Funds and Student Activity (Credits). • Common themes to address each recommendation include the revision of internal policies and procedures, enhanced reporting and data quality checks, the roll out and completion of training exercises and the implementation of new systems (HR and Student Records). • The achievement of all recommendations above is dependent on staff compliance with policies, procedures, training initiatives and new systems and the College having sufficient staff resources to undertake work. • The College reminds staff regularly to complete training courses on a timely basis and resource issues are carefully

	considered by the Senior Leadership Team to ensure that key priorities can be tackled. • The College therefore remains confident in its ability to satisfy each of these recommendations and details the progress and target dates for completion. • Completed recommendations are moved to a separate tracker and will be subject to annual review should they need to be refreshed (i.e. procedure documentation may be updated periodically which might in turn require a revisit of a previously closed recommendation).

1. INTRODUCTION

1.1. This paper provides an update of the College's progress in responding to Internal Audit Recommendations from prior audit engagements. It is a centralised point of reference for logging of all actions taken to ensure that the recommendations are enacted. The report is subject to an internal review by the Senior Leadership Team (SLT) on a quarterly basis, with updates provided by the owner of the recommendations. This ensures sufficient focus and commitment from the College to ensure that recommendations are accepted and enacted.

2 BACKGROUND

2.1 Internal Audit is a necessary function to ensure good governance and control within each area of College operations. The report details findings from Internal Audits with College management response to those findings and suggestions as to timeframes for completion of work required to address concerns raised.

2.2 Recommendations are discussed upfront with Management when each audit assignment is being concluded to ensure that the College accepts those recommendations and has a clear understanding of what is required to enact changes to existing process.

3 CYBER SECURITY

3.1 The College remains confident in its ability to close the following recommendations on receipt of supporting framework from HEFESTIS, completion of internal training courses and support from the Marketing Team to provide an effective Social Media and Communications Policy.

3.2 The College has documented its cyber security risks and mitigations however it is the College intention to document those risks in accordance with a new framework currently being discussed by the HEFESTIS shared service centre. This framework has not yet been concluded and so the formal completion of this recommendation remains outstanding.

3.3 Refresher training for all staff in cyber security is a key priority for the College and has been rolled out. However, the College needs to wait for completion of all training courses prior to concluding on the success of the recommendation.

3.4 Review and reconfiguration of cyber training compliance reporting parameters to ensure that data reported consists of current users only is still in progress while the College awaits the completion of staff training exercises. The data reported can then be used more meaningfully by Organisational Development, departmental line managers, and the Head of Information Systems and Services to monitor staff compliance rates.

3.5 A programme of information security training has been developed for students to mitigate information security risks including IT policies, cyber security risks and strategies and reporting of incidents. Statistics are now available regarding risky users and the implementation of the Microsoft Security tracking, however further work is planned for incident response and business continuity this year which should close this recommendation.

3.6 Mechanisms have been established for testing the effectiveness and value for money of the security training provided to staff. The College requires all training to be completed by staff for the College to fully assess its effectiveness. A security questionnaire will be issued at the end of the training exercise to close this recommendation.

3.7 The College has explored guidance for staff on how to manage their digital footprints safely and reduce the risk of becoming a target for attackers, both in a professional and personal capacity. A social media and communications policy is being created by the Marketing Manager who is only recently in post and a section on security will be added. The estimated timeframe for the full implementation of this recommendation is the end of February.

3.8 It was recommended that an audit of cloud and third-party systems in use across the College estate, which are not directly linked to College Active Directory or Office365 accounts, be undertaken to identify instances of staff using College logins and email accounts. Procedural guidance for line managers was to be implemented to revoke user access to such accounts and advise staff on good password management. Office 365 has now been fully implemented for 3rd party blocking of college accounts and only approved apps can be used, however updates to HR will only complete when the new HR system is in place (expected Apr/May 2024).

3.9 The Incident Response Process, and supporting playbooks, need to be tested by way of a scenario-based desktop exercise to ensure staff know how to respond during an incident, and to also highlight any problem areas in the planned response. While incident response documents exist along with playbooks, training still needs to be rolled out. This will be taken to the Senior Leadership Team during February 2024 for approval.

4 HEALTH & SAFETY

4.1 The College remains confident in its ability to close the following recommendations however work has been delayed due to a long-term absence in the team and some actions are contingent upon the completion of training exercises which are currently underway.

4.2 A programme of refresher training for staff has been developed to coincide with the launch of the revised Occupational Health and Safety Policy and associated procedures. The recommendation cannot be marked as completed until all training has been fully undertaken.

4.3 An exercise needs to be completed to update the master spreadsheet to demonstrate the number of health and safety issues identified and to record the remedial action taken. Once the master spreadsheet has been updated, the location of the master document on the server should be communicated to managers so that they can review and provide updates on any remedial action taken. Given long term absence in the team, this action is behind schedule. However, with the recent approval to appoint a full time Health & Safety Advisor, the College is making best endeavours to complete this recommendation by end of March 2024.

4.4 The reporting of an Annual Health and Safety Report to be incorporated into the forward workplan for the Human Resources Committee is a key priority for the College. Staff absence has meant that the annual report is not yet available however the Estates team is undertaking work to ensure that this is completed as soon as possible for review and discussion at a subsequent Human Resources Committee meeting.

5 RISK MANAGEMENT

5.1 The College has substantially increased its focus on risk management, recognising that it underpins the College's ability to implement its strategy fully. The College continues to report risks to both its internal Board and the regional Board, ensuring that new risks are identified timeously and current risks are mitigated where possible. The College is confident in being able to achieve the below recommendations as part of the current year budget setting process.

5.2 As part of risk management, the Board undertook an exercise with Henderson Loggie, internal auditors, last May 2023 to look at Strategic Risk Management. This included session on assessing the College 'risk appetite' with a view to an assurance mapping exercise being implemented against the current risks on the risk register. Given that the Board of Management members have changed quite extensively, it is suggested that another risk appetite session is done with the Board, possibly in April 2024 at the strategic planning day.

6 STAFF RECRUITMENT & RETENTION

6.1 The College remains committed to improving its staff recruitment and retention management and work is underway to ensure full compliance with the following recommendations through refreshment of key polices and procedures and through the implementation of a new HR system which will improve reporting capabilities.

6.2 The College was recommended to define timeframes for completion of the ongoing review of its recruitment and selection policies to ensure that they are completed in a timely manner and are issued to the relevant staff for their understanding. The College is currently refreshing dated policies and implementing policies where there are gaps. The Human Resources Committee has agreed to a recruitment policy being part of the next suite of new policies being implemented.

6.3 The College was recommended to prepare procedural documents to formally document the administration processes to be followed when recruiting a new member of staff, to ensure that the process can be consistently performed by anyone in the event of staff absences / unexpected turnover. This is also being addressed by way of the refreshment of dated policies.

6.4 When uploading documentation to the new HR system, that the College should take steps to ensure that all information is accurate prior to upload to the new HR system, and any amendments to the information held on file should be checked with the relevant stakeholder(s) where any issues are identified. The College agreed to additional checks for future documentation checks and acknowledged that the new HR System will support this once implemented. The revised “go live” date for the HR system is April 2024.

6.5 It was recommended that the College set out a clear timeline for importing all relevant hard copy documentation to the new HR system iTrent, to ensure that this data transfer is completed in a timely manner and to avoid a protracted scenario where some information is held electronically and some information is still held in hardcopy files. Following the implementation of the new HR System, the College will propose the importing of hard copy documentation and will aim to have a project plan for the importation by May 2024.

6.6 It was recommended that the College implement ongoing engagement measures to capture levels of staff satisfaction to reduce the risk of employees leaving the employment of the College. The College has historically measured engagement through various surveys but such surveys have not provided the College with an engagement framework that is measured over time and across the employee journey. The College recognises this and it is included it in the HR & People Strategy.

7 BUDGETARY CONTROL

7.1 The College remains committed to enhancing the quality of financial reporting and specifically the annual budget process. With curriculum planning sessions completed in January 2024, the financial planning for those curriculum requirements can now be documented ensuring sufficient staffing, materials and overhead costs are in place to support planned levels of activity. A full process can now be documented utilising enhancements available from curriculum planning templates and Power BI reports.

7.2 The College is currently in the process of documenting formal budget setting timetables, setting out all key activities in the budget setting process from end to end, to ensure that all activities are completed timeously. This recommendation is expected to be completed by end of February 2024.

7.3 The College was also recommended to consider developing enhanced real time financial information and dashboards, perhaps via Power BI, to allow Budget Holders to monitor actual income and expenditure against budget in real time. The Finance team continue to work with the head of MIS to understand and utilise Power BI more fully within reporting.

7.4 The Finance team should document the month end process currently followed by Finance, including preparation of budgeting information to allow for prompt publication of income and expenditure by budget line for review and monitoring by Budget Holders. This should be adapted as the capabilities of BluQube are enhanced to include generation of reports immediately following the completion of the month end close process to provide timely information. Work is ongoing to implement a full month end process to ensure more transparency in reporting of financial results.

7.5 The College was tasked to create a formal training programme for Budget Holders, which they are required to complete before they undertake their budget monitoring role. Attendance by the finance team at a future Curriculum Management meeting will be arranged in early March 2024 to set out and imbed processes and procedures.

8 STUDENT SUPPORT FUNDS

8.1 The College recognises the importance of the student support funds audit and the role that the College plays in administering public funds to qualifying students.

8.2 The College was recommended to ensure that distribution lists identifying Bursary students in receipt of study materials are maintained for each purchase invoice charged to the Bursary fund. Based on the current approach, the College should ensure that the planned study costs for each course still reflect the specific items or materials needed for the course and the current price from suppliers. The College has accepted this recommendation and is undertaking work to ensure all is in place for the next student support fund audit.

8.3 The College was also recommended to continue to analyse all study costs monthly and reconcile back to Cost of Course forms, adjusting the Teqios system where required, and reconciling this to the general ledger. The College endeavours to implement a process whereby the students receiving bursary items are either listed on the actual invoice or on the original purchase order or if this is not possible on an attached document.

9 STUDENT ACTIVITY (CREDITS)

9.1 The College is committed to ensuring upmost accuracy in credit claims for student activity through greater data checks and through the latter implementation of a new student record system to auto-enhance data integrity.

9.2 As recommended, credits claimed for students on part-time programmes will now be more closely based upon the value of the units listed on the discrete course record, or notional Credits based on planned hours of activity divided by 40, and not based upon a default tariff.

9.3 It was also recommended that credits claimed for flexible learning courses adequately reflect the level of activity undertaken in the year. The College accepts that it needs to be closely monitored during the year, ensuring that concerns are raised with curriculum teams and is confident in closing this action by September 2024.

9.4 The College was asked to ensure that in-year data integrity checks of the FES 1 and FES 2 data include a review of Modes of Attendance, and other key data such as Credits claimed, to identify conflicts. While the introduction of a new student records system in the latter part of 2024 will help to ensure greater data integrity in the long run, the Head of MIS will ensure that greater manual data checks are in place during the current year.

9.5 The final recommendation was that the required date input into SITS (Student Records System) is calculated in line with Scottish Funding Council (SFC) guidance. This was an issue between the course required date and the student required date in the system. More care is being taken to ensure that the required dates are accurate in the system and that the FES output takes the information from that field.

10 RESOURCE IMPLICATIONS

10.1 The achievement of all recommendations above is dependent on staff compliance with policies, procedures, training initiatives and new systems and the College having sufficient staff resources to undertake work.

10.2 The College reminds staff regularly to complete training courses on a timely basis and resource issues are carefully considered by the Senior Leadership Team to ensure that key priorities can be tackled.

10.3 As and when recommendations are complete, recommendations are moved to a separate tracker and will be subject to annual review should they need to be refreshed (i.e. procedure documentation may be updated periodically which might in turn require a revisit of a previously closed recommendation).

11 EQUALITIES

11.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

12 RISK AND ASSURANCE

12.1 That the College does not have appropriate internal controls to safeguard its staff, students and assets; and

12.2 That the College does not have adequate risk management processes and procedures in place.is is on the front cover as well, so suggest retaining if further detail is required.

13 RECOMMENDATIONS

13.1 The Committee is asked to:

13.1.1 Note the work that has been done to address the recommendations to date; and

13.1.2 Note that whilst several items are outstanding, these are partially completed and that there is a timetable to address all recommendations.

Appendix 6.2 Audit Recommendations Monitor as at 31 January 2024.

							Audit Recommendations Monitor 31/01/24
Report / Action	**Recommendation**	**Action Owner**	**Grade**	**Original timescale**	**Status at 31 January 2024**	**Expected Completion Date**	**South Lanarkshire College management update as at 31 January 2024**
2021/22							
Cyber Security	Formally document the College's specific cyber security risks and vulnerabilities, along with controls and mitigations, within an IT or cyber risk register. Format should be in line with the College's strategic risk register.	Heads of IT and Finance	3	31-Dec-22	Partially complete	Apr-24	The cyber risks detailed in the NCSC 10 things have been collated into a framework that we can demonstrate to the committee and the auditors. New framework template is currently being discussed with the HEFESTIS cyber security shared service and progress has been made to ensure all risks have been mitgated or progress has been made towards the mitigation Update Nov: Progress as we have been awaiting on this from scottish government, update due Dec 2023 with the old framework if the new framework still hasn't been issued. Update Jan 24 - Scottish Government now released document this will be finished by April with evidence for all the CRF answers.
Cyber Security	Ensure that a formal programme of refresher training is established for staff users with a risk-based approach adopted in identifying the frequency of refresher training requirements	Heads of IT and HR	3	30-Jun-23	Partially complete	Mar-24	A program that has been written up by the Head of IS and the HEFESTIS shared service has now been implemented. This involves the various training that staff potentially could be lacking and align to the risk stated in the register mentioned above. Cyber security has been purchased as part of a suite of e-learning materials and training has been rolled out.The training has been rolled out at the beginning of term and stats from this e-module will support the interaction with the staff on this basis. Update Nov: The training has been issued to staff and we are still waiting for the analysis of the results. Further training for the year is planned and the schedule of this should be available in the next month (Dec 23) Update Jan 24: 3 employees have not yet started the training, 231 have completed the training and 99 people are in progress with the training.
Cyber Security	Review and reconfigure the cyber training compliance reporting parameters to ensure that data reported consists of current users only. The data reported can then be used more meaningfully by Organisational Development, departmental line managers, and the Head of Information Systems and Services to monitor staff compliance rates.	Heads of IT and HR	3	30-Jun-23	Partially complete	Mar-24	The effectiveness of the training and the training materials have been sourced as part of the previous item. The stats that support this should follow on from the training communicated to staff.
Cyber Security	A programme of information security training should be developed for students to mitigate information security risks covering: •the organisation's IT security policies and procedures. •cyber security risks and strategies for defence, covering internet safety, mobile and home working, phishing, and prevention against malware. •regular updates and training on the security risks to the College. •monitoring the effectiveness of security training through incident monitoring and mock scenario testing; and •promoting an incident reporting culture.	Heads of IT and Student Services	3	28-Feb-23	Partially complete	Mar-24	This program is assoicated with the comments mentioned in the last two rows. This includes students and staff in the schedule The schedule was completed and shared before the end of Feb; the implementation is currently taking place at the start of the new term. Stats now available regarding the risky users and the implementation of the Microsoft Security tracking. Further work planned for the incident reponse and business continuity in the new year which should close this action
Cyber Security	Mechanisms should be established for testing the effectiveness and value for money of the security training provided to staff. The areas of the organisation that regularly feature in security reports, or achieve the lowest feedback from information security questionnaires, should be targeted for further tailored training activity.	Head of IT and Clerk to the Board	3	30-Jun-23	In progress	Mar-24	We are currently working with JISC on such topics of the pen testing and phishing scam testing to test effectiveness. Unfortunately, we need to wait until training has been completed to fully assess the staff. This is due to be completed by the end of September, where we can assess the staff thereafter. Security Questionaires will form part of the training schedule in the points above. This can be closed once thats achieved

							Audit Recommendations Monitor
							31/01/24
Report / Action	**Recommendation**	**Action Owner**	**Grade**	**Original timescale**	**Status at 31 January 2024**	**Expected Completion Date**	**South Lanarkshire College management update as at 31 January 2024**
Cyber Security	Explore how guidance for staff on how to manage their digital footprints safely and reduce the risk of becoming a target for attackers, both in a professional and personal capacity, and particularly through use of social media platforms can be made more widely available to staff and Board members.	Heads of IT and HR	3	31-Dec-22	Partially complete	Mar-24	Social media guidance is already in effect, however follow up sessions and the impact of staff actions will form part of the training schedule details in the comments in the last few rows. Documentation is still under review, however a big improvement since this audit point has been with modifications to the azure platform to prevent 3rd party sign in without prior approval from the head of MIS, enforcing a culture of checking the app before logging in. Update in Nov - social media and comms policy needs to be looked at from the new marketing manager and security added to it. ETA is Feb 2024
Cyber Security	It is recommended that an audit of cloud and third-party systems in use across the College estate, which are not directly linked to College Active Directory or Office365 accounts, is undertaken to identify instances of staff using College logins and email accounts and put in place procedural guidance for line managers to revoke user access to such accounts, and for staff on good password management. Development of a digital asset register which combines the details of College hardware and software assets, as well as third party services operated by staff would provide clearer visibility of the College cyber and data risk profile. Any identified risks should then be included on the cyber risk register	Heads of IT and HR	3	31-Jan-23	Partially complete	Mar-24	Office 365 has now been fully implemented for 3rd party blocking of college accounts. Only approved apps can be used. Updates to HR will complete as part of the new HR system which will be completed in October, that will resolve the leavers and role change requirement for this point Update in Nov and Jan, awaiting the completion of the HR system and processes
Cyber Security	The Incident Response Process, and supporting playbooks, should be tested by way of a scenario-based desktop exercise to ensure staff know how to respond during an incident, and to also highlight any problem areas in the planned response.	Heads of IT and HR and the Clerk to the Board	2	31-Mar-23	In progress	Mar-24	Incident response documents exist along with playbooks. Will need review and updated before December. Training for the senior leadership team is scheduled for some time in October. Training for the SLT needs to go on the agenda for the new year. ETA Feb 2024
Health & Safety	We recommend that a programme of refresher training for staff should be developed to coincide with the launch of the revised Occupational Health and Safety Policy and associated procedures. Attendance at this refresher training should be mandatory for all members of staff and completion of the training should be monitored by HR to ensure full attendance.	Head of Facilities & HS, Head of HR	3	31-Dec-22	Partially complete	Jun-24	This will be done in association wih the Health and Safety team as per the the launch of the policy. HR will provide generic H&S training as part of the e-learning suite. Health & Safety Officer issued email in this regard on 21st August; sessions will roll out and expect to be completed by end of Nov 2023. (CF) This is ongoing once resourse is available (CF) Jan 24: e-learning course has been rolled out to all staff on "Health & Safety in Education (Colleges & Universities). 197 people have comleted the training, 132 are in progress and 6 people have not yet started the training.
Health & Safety	An exercise should be completed to update the master spreadsheet to demonstrate the number of issues identified and to record the remedial action taken. Once the master spreadsheet has been updated, the location of the master document on the server should be communicated to managers so that they can review and provide updates on any remedial action taken.	VP - Finance, Resources & Sustainability	3	31-Dec-22	Partially complete	Mar-24	The master log is being updated and any outstanding items pursued to provide an update. This will be shared with all relevant managers. Master H&S Housekeeping is maintained by facilities and required actions are rolled out to managers in the relevant departments. Due to resourse issues this is behind schedule. We are making best endevoures to fill this gap by increasing H&S role from 3 to 5 days as previous member of staff was not replaced. (CF)
Health & Safety	We recommend the reporting of an Annual Health and Safety Report be incorporated into the forward workplan for the Human Resources Committee to ensure that Board Members have the opportunity to consider and approve the annual report and the forward workplan for health and safety activity for the coming year.	VP - Finance, Resources & Sustainability	3	31-Dec-22	Partially complete	Feb-24	An annual report will be produced reporting on what has been completed during the year and set out the priorities and targets for the coming year. Staff absence has caused a delay in this piece of work progressing more fully but it will be carried out imminently for review at a future HR Committtee.(CF)

							Audit Recommendations Monitor
							31/01/24
Report / Action	**Recommendation**	**Action Owner**	**Grade**	**Original timescale**	**Status at 31 January 2024**	**Expected Completion Date**	**South Lanarkshire College management update as at 31 January 2024**
Risk Management	A session on risk management should be included as part of the programme of Board Member Strategy Days with the leadership team. This will allow greater understanding on how the risks link to the College's strategic aims and objectives and the impact failure to manage these risks will have on future success. To support Board assurance, management should conduct an assurance mapping exercise on the internal and external reporting arrangements in place against the current risks on the risk register. This will allow for a central analysis of the arrangements in place and allow any gaps to be identified and appropriate supplementary reporting arrangements determined. Assurance mapping can be completed by adding additional columns to the existing risk register detailing the following sources of assurance established: •Internal - management reporting and quality assurance arrangements; and •External - internal audit, external audit, Education Scotland etc. Assurance reporting can then be brought into the forward planning for Board and committee agendas	VP - Finance, Resources & Sustainability	3	31-Aug-22	Partially complete	Mar-24	Internal audit providers Henderson Loggie presented a seminar on Strategic Risk Management at the Board training day in 2nd May 2023. The session incorporated separate workshops on setting the tone for risk management and risk assurance. Risk Policy and Procedures will be updated for the next meeting of the Audit & Risk Committee. An assurance mapping exercise is yet to be undertaken at the Audit and Risk Committee following forthcoming advice from Henderson Loggie.

AUDIT AND RISK COMMITTEE

DATE	15 February 2024
TITLE OF REPORT	Timetabled Audit Plan for 2024-25
REFERENCE	07.1
AUTHOR AND CONTACT DETAILS	Elaine McKechnie Elaine.mckechnie@slc.ac.uk
PURPOSE:	To update the Committee on the internal audit timetabled plan for the residual months of 2024.
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to: • Note the dates agreed by senior management of the College with their respective teams; and • Advise of any observations or concerns on any of the agreed timetable.
RISK	• The College does not have sufficient resource and/or time to prepare and undertake audit work, leading to failure in risk management and mitigation processes. • The College fails to adhere to recommendations from the audit, leading to a risk of non-compliance with best practice and/or relevant legislation.
RELEVANT STRATEGIC AIM:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• Internal Audit is a necessary function to ensure good governance and control within each area of College operations. • The internal audit timetable has been shared and agreed with Henderson Loggie, who will undertake the audit fieldwork and advise of any recommendations from their findings. • The table within the report contains details of specific start dates for each internal audit area, ranging from 12th February 2024 to 21st October 2024. • The timetable has been scheduled on the understanding that staff resource will be required to fulfil the requirements of audit fieldwork.

1. INTRODUCTION

1.1. This paper provides an overview of the internal audit timetable for 2024.

2 BACKGROUND

2.1 Internal Audit is a necessary function to ensure good governance and control within each area of College operations. All Colleges are required to undertake a series of Internal Audits each year to ensure full coverage of all key areas of operation on a cyclical basis.

3 DISCUSSION

3.1 The internal audit plan has been timetabled to take into consideration scheduled annual leave within each team and to allow sufficient preparation for audit areas.
3.2 The internal audit timetable has been shared and agreed with Henderson Loggie, who will undertake the audit fieldwork and advise of any recommendations from their findings.
3.3 A key theme for the success of each audit lies in the ability of the College to demonstrate effective governance and control of key processes. This will be best evidenced in policy and procedure documentation which is updated in line with audit findings.
3.4 Additionally, the success of future audits will likely be improved as a result of new policies that the College is adopting and enhancement of data quality through more rigorous review of data and technological advancements within existing and new IT systems.

4 RESOURCE IMPLICATIONS

4.1 The timetable has been scheduled on the understanding that staff resource will be required to fulfil the requirements of audit fieldwork.
4.2 It has been discussed internally with staff heads of departments and staff will be available to assist with the audit process to ensure the timely and effective completion of all audit fieldwork.

4.3 Table 1: Internal Audit Timetable

Audit area	College Lead	Agreed start date
Corporate Governance	Paul McGilvery (Governance Professional)	12/02/2024
Student Support	Rose Harkness (Student Services)	18/03/2024
Procurement and Creditors/Purchasing	Sue Hampshire (Procurement)	15/04/2024
Publicity & Communications	Marie King (Marketing)	15/04/2024
Space Management/Room Utilisation	Chris Sumner (MIS) Craig Ferguson (Facilities)	13/05/2024
Credits Audit	Chris Sumner (MIS)	26/08/2024
Student Support Funds	Bill McMahon (Finance	26/08/2024

Payroll	Gary McIntosh (HR)	21/10/2024
Follow Up Reviews	ALL	TBC

5 EQUALITIES

5.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

6 RISK AND ASSURANCE

6.1 The College does not have sufficient resource and/or time to prepare and undertake audit work, leading to failure in risk management and mitigation processes.

6.2 The College fails to adhere to recommendations from the audit, leading to a risk of non-compliance with best practice and/or relevant legislation.

7 RECOMMENDATIONS

7.1 The Committee is asked to**:**

7.1.1 note the dates agreed by senior management of the College with their respective teams; and

7.1.2 advise of any observations or concerns on any of the agreed timetable.

Capital Expenditure Bids for Works 23-24

Project Ref.	Supplier(s)	Person Requesting	Area	Title of Work	Works to be completed	Cost of works (£)	Cost inc VAT (£)	Spend in 22-23 (£)	Spend in 23-24 (£)	Exp Spend Rem. (£)	Date Required	Comments	Complete Yes or No	Approved Yes / No	JUSTIFICATION	Facilities Dept. Requirement
ONGOING																
CARE																
		Myra Sisi	Care	Hairdressing/beauty electrical equipment	Replace hairdressing/beauty electrical equipment 3 year cycle	10,000	12,000	7,878		4,122	Aug-22	Goods received and invoiced £6,954.67 (£8,5552.80 inc VAT) Goods not received not invoiced £2463.99 (£2,956.79 incl VAT)	Yes		Update equipment in line with industry requirements and standards	Faculty Purchase
		Myra Sisi	Hair and Beauty	Hairdressing/beauty electrical equipment	Replacement of washing machine and dryers	18,792	22,550	3,914		18,636	Apr-23	Awaiting Quote from company. Quote procurement received.			Update required as part of ongoing maintenance cycle	Facilities Purchase
		Myra Sisi	Health and Social Care	Resources for Health and Social Care	Anatomical models,Moving + Handling equipment and defib machines. Further 2 models requested, the	18,968	22,762	4,310		18,452	Jul-23	From Curriculum Plan 2023-24	No		required 2 x additional models for training purposes. Quote for £5, 380.80 inc vat	
CAR001	0382 - CLAREMONT OFFICE FURNITURE/ O0053 OFFICE FURNITURE ONLI	Myra Sisi	Workroom	Build additional office space in Care workroom area 205	CM/APs 3 offices agreed. School Coordinator removed	10,000	12,000	-	11,218	782	Apr-22	Craig to look at scheduling of the care room.	No		Office space for school coordinator no longer required costs removed	Is restructive of 105 going to enable this, or is there a specific location?
		Myra Sisi	Learning Development	An accessible classroom	As per Architects	10,000	12,000			12,000	Aug-22	Added to the scope of the architect work.	No		To meet the accessibility needs of students as per the Disability Discrimination/Equality Acts	Location to be determined
CONSTRUCTION																
		David Innes	Horticulture	Horticulture – Glasshouse, paving and machinery and refurbishment of workshop G16		16,000	19,200	11,520		7,680	Aug-22	G16 complete	Partially complete		To support expanding delivery depending on quotations	G16 completed. Greenhouse and machines is Faculty Purchase. Paving can be carried out but we require a specific layout requirement
		David Innes	IT	Creative and Digital	Creative and Digital media equipment to provide industry standard equipment and experiences	10,000	12,000			12,000	Sep-23	From Curriculum Plan 2023-24	No			
CON001	A0311 - AMC SOLUTIONS (ALBA) LIMITED	David Innes	Construction	Create additional external teaching and assessment space		48,000	60,000		41,137	18,863	Aug-22	(3 x £20,000)	Yes	High Achieving. For example: Working off concrete pads and	Concrete pads - Summer Works	Original supplier chosen failed to turn up, alternatives being sourced.
CON002	M0312 - MAXI CONSTRUCTION LTD, H0166 - HAWTHORNE BOYLE LIMITE	David Innes / Craig Ferguson	Construction	Restructure of Workrooms	Construction workroom 105, 115, Workroom 305, marketing office work after flood damage and 309 Facilities	167,315	200,778	181,643	196,619	(177,484)	Aug-23	Awaiting building warrant and start date. Awaiting approval from Chairs Committee due to price.	Yes	Continually Improving. Increase the efficient use of the office space, including the access to natural light and air by redesigning the area to include rooms 105 including b,c,d & 115. This would include creating a test centre for CSCS to be carried out thus reducing the impact on a	105 to 115 Alterations - Summer Works	2 Quotes recevied. Revie
FACILITIES																
		Craig Ferguson	Atrium / Reception Area /	Redesign of atrium and reception	Note this is look at how the groudfloor space is being used and how to make the best use of it	15,000	18,000	15,359		2,641	Aug-22	Part of architect scoping exercise.	No		See separate sheet. This is for an enclosed reception with addtional space behind the desk. Creation of a	Reception - Summer Works
		Craig Ferguson	Facilities	Plant Room	Plant room updating, boiler replacement and BIM	69,500	83,400	47,936		35,464	Feb-23	Partially completed. Boilers are having further issues. Sue directed the College to other colleges to gaugue if heat pumpsl actually specialist.	Partially Complete		Urgent to stop reoccurance of flooding	Added to Summer Works
		Craig Ferguson	Facilities	Survey	Building Survey Internal Work	77,000	92,400	46,822		45,578	Aug-23	Not yet started just received report in Jan 23	No			
		Craig Ferguson	Facilities	Survey	Building Survey External Cladding Work		-	62,164		(62,164)	Sep-23	Out to tender, awaiting quotes.	No		Survey is completed, but there needs ot be a project manager to lead the 4 year works	
		Craig Ferguson	Facilities	Internal CCTV	Replace existing analogue cameras to digital (incl. Wiring)	25,000	30,000	5,726		24,274	Mar-23	Cost is guide estimate, framework supplier to be contacted or out to Tender	Partially Complete		Building security and more accurate investigation process due to improved images	Added to Summer Works
		Craig Ferguson	Facilities	Electric Van	Replace old van with new electric one	35,000	42,000			42,000	Jul-23	Cost is guide estimate, framework supplier to be contacted or out to Tender. Not priority. Potential funding for this. Craig to investigate.	No		Old van is past its economic value and of low worth. Becoming less reliable. New electric one would be a great step forward for our carbon footprint. The van is required for local merchan collections both by Facilities and Construction Faculty	Added to Summer Works
		Craig Ferguson	Facilities	External Paving	Relay, repair and level paving slabs	10,000	12,000			12,000	Apr-23	Cost is guide estimate, Existing groundwork contactor still to quote 09/12/22, as out to framework/tender. Craig to check this	No		Some paving is requiring repairing/replacing to level to ensure a safe walking surface.	Added to Summer Works
		Craig Ferguson	Facilities	Electric Charging point	Install of Electric vehicle charging point for electric van	10,000	12,000			12,000	Jun-23	Cost is guide estimate' Craig to investigate.	No		Charging point in addition to 2 existing beside Van parking bay. Positive impact on our carbon footprint	Added to Summer Works
		Craig Ferguson	Facilities	EV charging points (multiple)	Install of EV charging point in various locations throughout carpark	50,000	60,000			60,000	Jun-23	Cost is guide estimate. Tender required	No		Multiple options for EV drivers. Positive impact on our carbon footprint.	Added to Summer Works
		Craig Ferguson	Facilities	CAFM System	Install, commision and training of staff of Computer Aided Facilities Management System (5 Licences)	10,000	12,000			12,000	Feb-23	Cost is guide estimate. Supplies contacted for Demo, Peers in other colleges/ Universities contacted for recommendations. Craig to investigate.	No		Imrove the Facilities Management effectiveness, improved efficiency, accurate reporting, information can be provided automatically reducing staff recourse impact.	Added to Summer Works
		Craig Ferguson	Facilities	5 Year Electrical Testing	Fixed electrical testing (5 yearly)	16,000	19,200	20,226		(1,026)	Mar-23	Require new electrical contractor. No electric contractor available. On track out for tender. Returnign in the summer	Partially Complete		Required to meet H&S Legislation	Added to Summer Works
FAC001	S0519 - SENNIT CONSTRUCTION LTD	Craig Ferguson	Facilities	Gutter Work	Standing seam gutters and and plant room wall heads	30,000	36,000	24,102	48,772	(36,874)	Mar-23	In Tender Process	Partially Complete			
HR																
		Gary McIntosh	HR	HR Office	Reconfiguration	30,000	36,000			36,000	Jan-23		No			Added to Summer Works
HR001	M0310 - MHR INTERNATIONAL UK LIMITED	Gary McIntosh	HR	HR System	Purchase of new HR system	70,000	84,000	108,567	11,172	(35,739)	Jan-23	Yes			Dept. Purchase	
MIS																
		Chris Sumner	MIS	Student Records System	New system purchase	30,000	36,000	32,400		3,600		£150k over 5 years plus VAT so figure is for year 1	No			
		Chris Sumner	MIS	Replace Phone System	Upgrading of phone system	14,200	17,040			17,040		£71k over 5 years)	No		Purchased awaiting install	
UNALLOCATED																
	A0284 - ALPHA MARKETING UK LIMITED	Craig Ferguson	Facilities	120 x Operator Chairs Purple (no arms)					11,103	(11,103)						
	C0047 - CLEANING & WIPING SUPPLIES	Craig Ferguson	Facilities	TO BE REALLOCATED TO EXPENDITURE?					391	(391)						
	P0233 - PMC COMMERCIAL LTD	Craig Ferguson	Facilities	C K South Lanarkshire College - Contract 1 M&E Carry out works as per Valuation No. 16					33,000	(33,000)						
	N0041 - NISBETS	Craig Ferguson	Facilities	1 X Bolero Cordless Portable Floor Scrubber [illegible]					1,169	(1,169)						
	C0382 - CLAREMONT OFFICE FURNITURE	Craig Ferguson	Facilities	Various desks, drawers, chairs etc					3,160	(3,160)						
	D0188 - DASCO ENTRANCE TECHNOLOGY LTD	Craig Ferguson	Facilities	Supply and carry out the following works: Door ref G08. Remove damaged steel door set and dispose of. Supply and install new 60 minute fire rated double steel door					6,677	(6,677)						
	E0180 - ECG BUILDING MAINTENANCE	Craig Ferguson	Facilities	Eco Taps installation, re-routing overflow pipework					15,098	(15,098)						
	S0467 - SAFE BUILD SYSTEMS	Craig Ferguson	Facilities	Quote for new reception counter					1,995	(1,995)						
	N0041 - NISBETS	Linda Hughes	Construction	Sammic 20M/HR COUNTER TOP SENSOR VACUUM PACK MACHINE SE-420					4,590	(4,590)						
PIPELINE																
		Myra Sisi	Hairdressing/Make-up Artistry	Refit of Make-up Artistry salon 333	wall units to be fitted makeup units to be available 2 sockets to be fitted Lower storage units to be fitted Make-up chairs to be purchased	19,676	23,611				Jul-23	Upgrade to Make-up Artistry room would enable room 214 to be considered as a potential staff room. Myra to investigate if still required.			To update facilities within salon 333	

Funding available for Capex:

	£	£	£
SFC GIA Capital & Projects		652,187	652,187
SFC GIA Digital Poverty	81,234		81,234
	81,234	652,187	733,421
Ringfenced for ongoing Capex Projects	0	220,786	220,786
Actual Spend in 23-24	0	386,180	386,180
Possible additional Capex Projects	0	23,611	23,611
Funding remaining	81,234	21,610	102,844
Additional Funding sources:			
Scottish Government - GPSEDS Grant LED Lighting			377,852
Scottish Water - Water Efficiency projects			10,000
			387,852

SUMMARY OF ONGOING CAPEX PROJECTS	Cost of works (£)	Cost inc VAT (£)	Spend in 22-23 (£)	Spend in 23-24 (£)	Cost of works (Underspend)	Cost of works (Overspend)
CARE	67,760	81,312	16,102	11,218	53,992	
CONSTRUCTION	241,315	291,978	193,163	237,756		(138,941)
FACILITIES	347,500	417,000	222,335	48,772	145,893	
HR	100,000	120,000	108,567	11,172	261	
MIS	44,200	53,040	32,400	0	20,640	
UNALLOCATED	0	0	0	77,262		(77,262)
Total	**800,775**	**963,330**	**572,567**	**386,180**	**220,786**	**(216,203)**
FUNDED	**314,877**	**377,852**	**216,622**	**166,285**		**(5,056)**

POSSIBLE ADDITIONAL CAPEX PROJECTS (PIPELINE)	Cost of works (£)	Cost inc VAT (£)	Spend so far (£)	Spend in 23-24 (£)	Exp Spend Rem. (£)
Total	**19,676**	**23,611**	-		0

Progress Update
Equipment requirements updated
Updated quote required. Input require from Facilities and Health & Safety
Discussed at last meeting
workroom 205 renovations started on 11 July 23.
Staff workroom on the ground floor under consideration.
G16 completed
w required.
Specialist company /shopfitter requires to be contacted for design and quotes. (Facilities) CF. Just a note to raise projected costs sitting at £15-18k - is this too conservative given the size of the project? RH.
In progress, except BIM
Internal cameras only. Will require to go to tender
Further research required and expect to go out to tender
No price provided by existing grounds maintenance contractorWill require to go out to tender.
Funding / Grants required research before order can be made.
Funding / Grants required research before this can be raisedvia a tender
Reseach into appropriate system & laise with IT for asset tracking. Obtain quotes and progress to tender or purchase.
3 suppliers are about to be engaged with to quote for the works
3 Quotes required.(by Facilities) CF
Monitor recruitment Aug 23 across Mk up and Beauty. 74% recruitment to target room is required and fully time tabled this session.

AUDIT AND RISK COMMITTEE

DATE	15th February 2024
TITLE OF REPORT	Pension Contributions Internal Audit Findings
REFERENCE	07.2
AUTHOR AND CONTACT DETAILS	Gary McIntosh, Head of Human Resources gary.mcintosh@slc.ac.uk
PURPOSE:	To update members on the internal audit findings on the pension contributions element of the current payroll & pensions audit.
KEY RECOMMENDATIONS/ DECISIONS:	Members are recommended to: • note the contents of this report and its attachment; • require the College to continue to engage with the internal auditor and deliver on their recommendations; • require timely engagement with HMRC, SPPA and SPF, in accordance with the guidance from the internal auditor; • require quarterly updates to the HR Committee and Audit & Risk Committee until the matter is resolved; and • require ongoing, proactive engagement with local trade union representatives.
RISK	The following risks apply: • Breach of legislative requirements; • Impact on employees and third-party organisations; • Cost of resolution to the College; and • Reputational damage for the College.
RELEVANT STRATEGIC AIM:	• The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• The College requested that it's Internal Auditors, Henderson Loggie, conduct a review of the calculations used for pension contributions of part-time staff since 2015. • The review concluded that wrong rates has been applied to part-time staff, based on the sample used as test data. The College continued to use the "full time equivalent" rate instead of the "actual income" rate. • The College has accepted the findings identified in the Internal Audit report and is now working on implementing resolutions to the findings.

1. INTRODUCTION

1.1. This paper provides an overview of the findings from the recent internal audit into the pension contributions matter.

2 BACKGROUND

2.1 College employees are eligible to contribute to one of two pensions agencies that the College deals with:

- 2.1.1 Strathclyde Pension Fund (SPF) for support staff; or
- 2.1.2 Scottish Public Pensions Agency (SPPA) Teachers' Pension Scheme for Lecturing colleagues.

2.2 In 2015, both pension agencies advised the College of a change in calculation of the employee contribution rate for part-time members. The change is to move from using the "full-time equivalent salary" to the "actual earned" income. For most part-time employees, this would result in a lower employee contribution percentage rate being applied and, therefore, a lower employee contribution amount being contributed. However, the employer contribution did not change.

2.3 The matter was initially raised by the Head of HR to the Acting Principal in October 2022. Following an initial internal review, the matter was also raised internally by the Acting Principal to the Senior Leadership Team in January 2023. Following which, without due approval, the correct rates were suddenly applied for members of the SPPA pension agency.

2.4 In February 2023 the Acting Principal and Depute Principal asked the College's internal auditors to review this matter, amongst a wider request for a payroll and pensions audit.

2.5 The HR Committee were informed of the matter on 23rd February 2023.

2.6 EIS-FELA South Lanarkshire College are at Dispute with the College over the delay in progressing the part-time pension contributions audit and conclusion. This will continue until the matter is closed.

3 AUDIT FINDINGS

3.1 A copy of the audit report is included in the appendix of this report.

3.2 The audit findings confirm the concerns raised by the College. Initially, the College believed that only SPPA members were affected, however the report advises that all part-time staff, who are pension members, may have been affected and further investigation is required.

3.3 In addition, the audit report concludes the impact on HMRC, which will need to urgently be addressed.

3.4 The audit report recognises that employee conduct, employee capability, systems and breaches of payroll controls allowed the errors to occur. College management will deal with these accordingly, based on the relevant policies, procedures and practices.

3.5 The College will engage with the new integrated HR & Payroll System vendor to ensure payroll controls are tightly managed within the system and could request that the Internal Auditors review the system on this basis, once it is introduced in April 2024.

4 RESOURCE IMPLICATIONS

4.1 The College has recently engaged an additional, temporary payroll employee to support the College with the increase in workload, supporting the internal audit activities. This is funded from a vacant position in the HR Team. This increased workload will impact the capacity of the broader HR team, with increased opportunity cost.

4.2 The current payroll system is very manual and will therefore cause some delays in extracting the data needed to assess the impact of each employee. The HR team will need to specifically extract one monthly employee payslip at a time for all part-time employees during the period 2015 – 2023.

4.3 The College is also seeking to engage with a third-party payroll specialist to support the person-by-person review from 2015 to 2023, as recommended by the Internal Auditor.

4.4 The College will also need to engage with pension agencies and HMRC and does not have an employee who would be an expert in these areas.

5 NEXT STEPS

5.1 The College has invited three organisations to tender for the pension contribution calculation and recommendation work. This organisation will conduct a comprehensive review of all part-time employees during the period identified.

5.2 Once the payroll specialist is appointed, the College will share a baseline project timeline on the process with all employees.

5.3 The College will update all employees and work with trade union representatives, regarding the timeline. A copy of recent staff communications are in the appendix of this report.

5.4 The College will conclude the review with each employee on an individual basis.

5.5 The College will continue to update the Board of Management regarding progress, through the Audit & Risk and the HR Committees.

5.6 The College will engage with SPPA and HMRC, in addition to all colleagues, and trade union representatives.

5.7 HR and Finance have reviewed the payroll controls and make the appropriate changes. In addition, the new HR & Payroll integrated system will include tight payroll controls.

6 EQUALITIES

6.1 The report highlights that part-time workers have been affected by this systemic issue. College data suggests that, therefore, that there may be indirect negative impact on a specific gender.

7 RISK

7.1 The following risks apply:

7.2 Breach of legislative requirements;

7.3 Impact on employees and third-party organisations;

7.4 Cost of resolution to the College; and

7.5 Reputational damage for the College.

8 RECOMMENDATIONS

8.1 Members are recommended to**:**

8.1.1 note the contents of this report and its attachments**;**

8.1.2 require the College to continue to engage with the internal auditor and deliver on their recommendations;

8.1.3 require timely engagement with HMRC, SPPA and SPF, in accordance with the guidance from the internal auditor;

8.1.4 require quarterly updates to the HR Committee and Audit & Risk Committee until the matter is resolved; and

8.1.5 require ongoing, proactive engagement with local trade union representatives**.**

Appendix 07.2B Pension Staff Communication December 2023

Appendix 07.2C Pension Staff Communication January 2024

Appendix 07.2D Draft SLC Payroll and Pensions Management Consultancy Report

South Lanarkshire College East Kilbride

PENSION CONTRIBUTIONS

Following the College's last communication, the College has received the report from the internal auditor, Henderson Loggie, regarding the incorrect payment of pension contributions for the SPPA Teachers' Pension Scheme.

Due to the report content containing personal data, the College has agreed with EIS-FELA to write a summary of the report and next steps to all employees, which is detailed below. Both trade unions will see the entire report and will be able to confirm that this communication is an accurate summary and that no material, employee-related information has been excluded from this communication.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Please find below a summary of the report findings.

- Some part-time members of staff have experienced incorrect pension deductions from their pay.
- The impact may not be significant for most employees affected, but will depend on individual circumstances, such as start dates and working hours.
- The College is required to take appropriate remedial action as detailed in the recommendations below to understand and communicate the full impact of the issue as soon as possible.
- The College is encouraged to continue positive engagement with Trade Unions so that they are fully aware of the steps being taken by senior management to rectify the errors identified.
- Regular reporting around risks and associated mitigating actions should be put in place to ensure that the Board of Management and related bodies, are suitably appraised of the mitigations put in place to manage the risks arising from these systemic errors.

The following are the summary recommendations from the Internal Auditor's report.

- Implement a comprehensive exercise to calculate the impact on all SPPA members who have worked part-time hours between 2015 and 2023. It is noted that there will likely be HMRC considerations and, therefore, the College will also engage with HMRC on this matter.
- Facilitate refunds, where appropriate, to current and former part-time employees who are pension scheme members, through engagement with SPPA.
- Reinforce the payroll controls in place.

- Add the issue to the College's strategic risk register and ensure regular reporting to the Board of Management.

NEXT STEPS

Listed below are the next steps the College is taking to resolve this matter:

1. The College will appoint an independent payroll specialist to conduct a comprehensive review of all part-time employees during the period identified.

2. Once the payroll specialist is appointed, the College will share a timeline on the process with all employees. It is envisaged that employees will be reviewed in a structured order, such as alphabetical. A prioritised list will be created, to capture people near retirement and for other prioritisation reasons.

3. The College will update all employees and work with trade union representatives, regarding the timeline.

4. The College will conclude the review with each employee on an individual basis.

5. The College will continue to update the Board of Management regarding progress, through the Audit and HR Committees.

6. The College will engage with SPPA and HMRC, in addition to all colleagues, and trade union representatives.

7. HR and Finance will review the payroll controls and make the appropriate changes. In addition, the new HR & Payroll integrated system will include tight payroll controls.

FREQUENTLY ASKED QUESTIONS

Q1: What is the matter about?

A1: During 2015, the contribution rates for SPPA changed for part-time workers from "full-time equivalent" to "actual earned". In many circumstances, for part-time employees, this would reduce the percentage of the employee contribution rate and, therefore, the actual amount of contributions paid by each employee. These changes were not historically made for part-time employees.

Q2: Who is affected?

A2: The College is working on the assumption that all part-time colleagues from 2015 – 2023 may have been affected and is therefore going to ask for the independent payroll specialist to review all part-time employees during this period.

Q3: How much money may I be due?

A3: Once the independent pensions specialist has concluded the calculation for each affected employee, the College will write to the employee and conclude the matter with them, including the next steps and any options.

Q4: What is the timeline for concluding the full review of all part-time employees during this period?

A4: Once the independent payroll specialist is appointed, the College will share a timeline with all employees, and will provide updates against this timeline. The College also has this is a standing agenda item with trade union colleagues during local Joint Negotiating Committee (JNC) meetings.

Q5: I am not a member of a pension scheme, but I am a part-time employee. Am I possibly affected by this?

A5: You would only potentially be affected if you are a part-time employee and a member of SPPA. Therefore, you would not be affected.

Q6: I am a member of one of the pension schemes and a full-time employee. However, I used to be a part-time employee in 2019 – 2020. Am I affected?

A6: As you were a part-time employee during the period we are reviewing, you will be considered as part of the detailed review.

Q7: Where have the over-contributions gone?

A7: Whilst the College recognises that a systematic error has been made in the calculation of the employee contribution rates, it can confirm that all money contributed by employees was subsequently paid and reported to SPPA. The College will provide advice to each affected employee on the recovery of their over-contribution.

Q8: Are the current contribution rates correct for pension contributions?

A8: The employer contribution rate has been corrected for SPPA (part-time employees) scheme members. The employee contribution rates for full-time employees are correct.

Q9: What is the purpose of appointing an independent payroll specialist?

A9: The payroll specialist will assist in ensuring accuracy and efficiency in accessing the information and conducting the calculations, in order to conclude the situation for each employee. This will be their sole purpose of their role at the College.

Q10: I want to know exactly how I am affected now. Is there someone I can ask?

A10: At this stage, the College does not know the exact impact on part-time employees during the period 2015 – 2023 and, therefore, is unable to provide you with this detail. Once the information is calculated by the independent payroll specialist and is therefore known, the College will inform you directly.

Stella McManus
21 December 2023

PENSION CONTRIBUTIONS

Following the College's review of the internal auditor pension contributions report from Henderson Loggie for the SPPA Teachers' Pension Scheme, the College has created and implemented a project plan to assess and conclude on all employees and former colleagues who have worked part-time during the period of 2015 – 2023.

The full project timeline concludes at the end of February 2025, due to the process and the number of people who will be assessed. The College has a prioritisation order, predominantly based on alphabetical order of surname. Based on the prioritisation order, people will then be put into groups of roughly 20 people and dealt with as a "project sprint" i.e. they will go through the full process of having their contributions reviewed, concluded and, if appropriate, consulted on a resolution on any contribution discrepancy. Project sprints will overlap each other, to allow the reviews to go at its fastest pace. This approach minimises the duration of conclusions being given to each affected person.

The first project sprint is scheduled to commence on 28th February 2024. Each project sprint is currently estimated to take around 90-days to completion, and therefore the 20 employees in the first group will get their results around the end of May 2024. Each subsequent project sprint is currently scheduled to commence 1 month later. There may be some delays due to major holiday periods, but these will be mitigated as much as possible, and updates will be shared on this.

In addition, the College has a Priority Lane, whereby people who need to be prioritised will be included in the next project sprint. Should you wish to be prioritised, please write to the pensions@slc.ac.uk email address, detailing the reason for the prioritisation e.g. if you are retiring soon.

NEXT STEPS UPDATE

The following is an update to the next steps the College is taking to resolve this matter:

1. The College has invited three organisations to tender for the pension contribution calculation and recommendation work. The College aims to appoint an organisation over the coming weeks and in advance of the first project sprint. This organisation will conduct a comprehensive review of all part-time employees during the period identified.

2. Once the payroll specialist is appointed, the College will share a baseline project timeline on the process with all employees. The timeline in this communication is a close estimate to what is expected.

3. The College will update all employees and work with trade union representatives, regarding the timeline.

4. The College will conclude the review with each employee on an individual basis.

5. The College will continue to update the Board of Management regarding progress, through the Audit & Risk and the HR Committees.

6. The College will engage with SPPA and HMRC, in addition to all colleagues, and trade union representatives.

7. HR and Finance will review the payroll controls and make the appropriate changes. In addition, the new HR & Payroll integrated system will include tight payroll controls.

FREQUENTLY ASKED QUESTIONS

Q1: What is the matter about?

A1: During 2015, the contribution rates for SPPA changed for part-time workers from “full-time equivalent” to “actual earned”. In many circumstances, for part-time employees, this would reduce the percentage of the employee contribution rate and, therefore, the actual amount of contributions paid by each employee. These changes were not historically made for part-time employees.

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A4: Once the independent payroll specialist is appointed, the College will share a timeline with all employees, and will provide updates against this timeline. The College also has this is a standing agenda item with trade union colleagues during local Joint Negotiating Committee (JNC) meetings.

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Q11: I intend on moving overseas over the next 6-months. Should I ask to be prioritised?

A11: If you have a requirement to access, transfer or utilise your pension, we recommend that you write to the Pensions email address to request for your review to be prioritised. Please detail the reason in your request, so that it can be considered.

Q12: Why does it take until February 2025 to conclude the entire project?

A12: The College has reviewed different ways of scheduling the project and the fastest approach is to use project sprints. These will mitigate lost time from the processes more than other approaches. As a result, most people will receive their own results earlier than February 2025, some as early as the end of May 2024. To ensure the College follows due diligence in the process and to allow time to include data dating back as far as 2015, this does result in the final reviews concluding around February 2025. The College is committed to expediting this plan and is committed to concluding the plan as soon as possible.

Q13: Who can I speak to regarding my personal situation?

A13: Where possible, we would ask that employees wait until the calculations are concluded for their own situation before asking questions about these. However, if there is a question that does not require the calculations to conclude and has an urgency, we would encourage you to write to pensions@slc.ac.uk, speak to someone in the Human Resources department, or engage with your trade union representatives. Any frequently asked questions can form part of these updates, to ensure all affected employees are updated on matters that apply to all affected staff.

Stella McManus
26 January 2024

South Lanarkshire College

Consultancy review of payroll and pensions management

Draft issued: 19 December 2023

Final issued:

Henderson Loggie

Consultancy review of payroll and pensions management - DRAFT

Background

Following a meeting with the Acting Principal and the Depute Principal in February 2023 we were asked to conduct a review of known areas of concern around the management of payroll and pensions, recognising that the incorrect reporting of data could be a breach of legislation.

The four areas which required internal audit scrutiny were identified as follows:

1. Part-Time pension contribution rates
2. Processing of leavers
3. Pensions
4. Long Term Absences Final Calculation

This report summarises the work completed on the Part Time contribution rates element of the work commissioned. This relates to College employees who were members of the Strathclyde Pension Fund (or SPF) pension scheme (who are largely non-academic staff) and also the Teachers' pension scheme (which largely includes academic staff within the College).

Glasgow City Council is the administering authority for the Strathclyde Pension Fund. The Council delegates this responsibility to the Strathclyde Pension Fund Committee.

The College participates in the Scottish Teachers' Superannuation Scheme, which is administered by the Scottish Public Pensions Agency (SPPA). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations.

Scope and Objectives

The catalyst for the work requested on Part-Time Contribution Rates were the following statements made by the College, which were built into our original proposal to complete the work:

1. It is understood there was a change in the calculation for employee contribution rates for part-time staff in or around 2015.

2. The employee contribution rate moved from "full time equivalent salary" to "actual earnings", which means that the employee contribution rate would likely be lower for part-time employees.

3. The HR Officer has sent reminders to the responsible payroll colleague for working out pension contribution rates every year since the 2015 change. The payroll colleague appears to not follow these instructions based on reasons of both conduct and capability.

4. The HR Officer has flagged this concern to the previous Head of HR, who do not appear to have taken any action against incorrect calculation being used, neither in terms of developing capability within the team nor in terms of any employee relations activity. Prior to 2021, only the Head of Department or the Depute Principal could take formal action to deal with the situation. This therefore was out of the HR Officer's responsibility.

5. The HR Officer has now raised it to the current Head of HR. An initial review of the matter has been discussed with the payroll colleague and concluded:
    a. The colleague finds the calculation "too hard" and therefore has decided not to follow repeated instructions to implement the required calculations;
    b. The colleague believes that doing it this way is "better" for employees and that it "works itself out" because the percentage of a pro rate salary is lower; and
    c. There are system restrictions with the current payroll system to allow automation of this process.

6. The result is both a higher rate of employee contributions being deducted from the employees, and therefore submitted to the pension agency, and also incorrect reporting of additional contributions beyond the published contribution rate.

7. The reporting of part-time contributions has not ever been broken down into role types for those with more than one role or those working overtime.

Audit approach

We interviewed the Vice Principal - Finance, Resources and Sustainability, the Payroll Administrator, and held a series of meetings with the Head of Human Resources and the Human Resources Officer in order to gather relevant supporting documentation and select our samples for testing. We then conducted detailed testing on a number of populations across the Strathclyde Pension Fund and Scottish Teachers Superannuation Scheme (STSS) pension schemes, and for full time and part time staff members, to identify any errors in the calculation of pension contributions during financial year 2022/23. We also conducted testing on a sample of full time non-academic staff, to ensure that the SPF pension rates applied for full time staff were in alignment with the relevant pension scheme rules.

Acknowledgements

We would like to take this opportunity to thank all College staff who helped us to conduct our review.

Findings and Recommendations

Objective 1 – To ensure that the correct methodology has been applied in the calculation of employee pension contribution rates for part-time staff since around 2015

Strathclyde Pension Fund (SPF)

1.1 From April 2015, when allocating contribution rates to members, pensionable pay in this guidance means the actual pensionable pay, regardless of hours worked. When deducting contributions from members, those contributions will be deducted from the actual pensionable pay received.

1.2 Employing authorities must set contribution rates annually for each member. Members joining for the first time or part way through any year will have their contribution rate for the remainder of that year based on their rate of pensionable pay on joining the scheme.

1.3 Section 5a of the SPF guidance states that "*Contribution rates for members are determined for the forthcoming scheme year on the basis of the member's rate of pensionable pay as at 1st April of that year (i.e. beginning of the new scheme year) and at each 1 April thereafter […]. Once a contribution rate has been determined it is applied to the pensionable pay received*".

1.4 Section 5b of the SPF guidance states that "*Pensionable pay (see section 4.1 of the Payroll Guide) used to determine a contribution rate must include basic pay and any other pensionable allowances. Any reductions in pensionable pay due to sickness, child related leave, reserve forces service leave or other absence from work are to be disregarded when determining the level of pensionable pay for the purposes of assessing / reviewing the appropriate contribution rate*".

1.5 Section 5c of the SPF guidance states that "*For members with variable payments / allowances or fluctuating hours, employers should include an estimate of the annual rate of such payments in their calculation of the rate of pensionable pay. Employers may, in the absence of or in preference to any other justifiable and reasonable method, base such an estimate on the average of payments over a year (or any other period the employer considers reasonable). Once set, the contribution rate for the remainder of that year will not be adjusted to reflect the actual value of those variable payments*".

1.6 Section 5d of the SPF guidance states that "*For new scheme members or employees who opt into the pension scheme after each 1st April, the allocation of their contribution rate will be based on their rate of pensionable pay plus the estimated annual value of any other pensionable allowances at the date scheme membership commences*".

1.7 Section 5h of the SPF guidance states that "*Any additional hours worked by a part-time member over and above the member's contracted hours up to the standard full time hours for that member's job must be included by calculating the member's annual average additional pensionable hours and applying the appropriate rate of pay applicable at the 1st April. Pensionable hours each pay period are the hours worked up to those of the standard full-time working week for the employee in that employment. Hours worked in excess of the standard full-time working week for the employee in that employment will, apart from contractual overtime, be non-pensionable*".

1.8 Section 5j of the SPF guidance states that "*For members with multiple contracts, pensionable pay under each contract is considered separately and each contract is allocated a contribution rate individually*".

1.9 Section 5o of the SPF guidance states that "*Where a backdated pay award is received by a member, pension contributions are to be deducted from the backdated payment at the rate applicable on the date when the payment is made to the member, regardless of the period to which the backdated award relates. The average contribution rate for such members is not recalculated retrospectively*".

1.10 As highlighted above, our testing focused on a sample of part time and full time employees who were members of the SPF scheme, which were selected from the list of pension band adjustments processed in April 2023 by the Payroll Administrator.

1.11 For a sample of five part-time and five full-time support staff members who made pension contribution deductions under the Strathclyde Pension Fund ('SPF') Local Government Pension Scheme ('LGPS'), and who had their pension contribution rates adjusted from 2022/23 to 2023/24, we:

- Verified whether the employee pension deductions made in 2022/23 were calculated based on the relevant pensionable pay elements and the appropriate pension contribution rates corresponding to the staff members' rate of pensionable pay as at 1 April 2022 (or as at the date of joining the pension scheme, if in year). For staff members with variable payments / allowances or fluctuating hours, we checked whether an estimate of the annual rate of such payments was incorporated into the rate of pensionable pay used in the calculation of the pension contribution rates.
- Recalculated the appropriate pension contribution rates for the year based on the staff members' actual annual pay as at 1 April 2022 or as at the date of joining the pension scheme (if in year) and reviewed any differences to the actual pension contribution rates used.
- Recalculated the intended pension contribution deductions based on the appropriate pension contribution rates and compared to the actual pension contribution deductions made throughout 2022/23.

1.12 In order to conduct our testing we obtained the following information:

- Reports showing the actual employee pension deductions made each month.
- Reports showing the pensionable pay for each month and the total for the tax year.
- The start date (if in year).
- The leaving date (if in year).
- For any staff members with variable hours, a confirmation on what the estimated pensionable pay for 2022/23 was at the start of the financial year (April 2022) or their start date.

1.13 The findings from our testing of SPF scheme members reviewed was as follows:

- We noted that all sampled staff members working part-time had their pension contributions over deducted in financial year 2022/23. We calculated the total over deductions made to the pension scheme in 2022/23 for the five part time employees sampled, to have been £616.67, with average over deductions being £123.33. The level of overpayment in pension deductions ranged from £13.45 to £424.47 for the employees sampled. The smallest overpayment for 2022/23 in our sample of £13.45 related to a part-time staff member on low pay, where the actual rate used was 5.60% when the correct rate should have been 5.50%. the highest overpayment of £424.47 relates to a staff member with multiple contracts, where the actual rate used was 6.70% when the correct rate was 5.50%. this situation occurred because neither of the individual contracts reached the higher band individually as at 1 April 2022.
- However, we noted that this average pension overpayment in 2022/23 is skewed due to one of the employees sampled having had multiple contracts with the College, and therefore being disproportionately impacted by the error. With the outlier removed, the total pension contribution overpayment for the remaining four part time members of staff in the SPF scheme is £192.20, with the average overpayment of deductions across 2022/23 being £48.05 per employee.
- The College has determined the staff members' pension contribution rates based on their full-time equivalent salary rather than actual pay earned. These rates were set at the start of the financial year 2022/23 and were applied throughout the year, which is in line with the relevant pension scheme guidance.
- During April 2023, the Payroll Administrator adjusted the part-time and full-time support staff members' pension contribution rates to reflect their actual rate of pay for 2023/24. Our testing confirmed that the resulting adjustments were in line with the 2023/24 pension contribution rates. However, we noted that the list of adjustments prepared by the Payroll Administrator was authorised for application by the former Head of Finance and was not submitted for HR approval in advance of the adjustments to pension contribution rates being applied, thereby bypassing the intended approval process within the College. It was also noted that despite authorising the changes in pension deductions, the former Head of Finance was one of the employees on the list of staff to have their pension contribution rates adjusted downwards.
- The calculation error for Part Time employees in the SPF scheme is a systemic failure to apply the applicable scheme guidance, and therefore is likely to have affected employees from 1 April 2015, when the change of methodology in calculating the pension contribution rate based on actual pay rather than whole time equivalent pay, was introduced.
- The calculation issue is likely to disproportionately impact those staff members who worked less hours (i.e. this error will have a greater impact for those staff with a greater variance between full-time equivalent salary and their actual pensionable pay).
- We have been advised that the College's current payroll system consolidates separate posts for an individual staff member together, and that a single pension contribution rate is then calculated, based on the combined total, which is then applied to the employee's total pensionable pay. The applicable pension scheme guidance states that pensionable pay for members with multiple contracts should be considered separately under each contract and each contract should be allocated a contribution rate individually. As a result, the issue is likely to adversely impact staff members more if they had multiple part time contracts with the College.
- Due to the fact that employee pension deductions are deductible from the gross pay before tax, any over deductions in pension deductions will have resulted in PAYE deductions being less than they should have been. So the pension contribution error will also have PAYE implications in the tax year in question.
- There was no evidence of variable payments having any bearing on the pension contribution rates used. Therefore, variable payments have not been factored into the pension contribution calculations made.

Observation	Recommendation
As highlighted above, we have identified a systemic error in the way that pension contribution rates have been applied for Part Time staff who are members of the SPF pension scheme. This has come about due to a failure to correctly apply the changes brought about by the amendment of the guidance implemented from 1 April 2015. Therefore, although we have identified over payments during financial year 2022/23 the implications for longer standing College employees may extend back to 1 April 2015. We have not extrapolated the errors identified within our sample, given the variation in the individual contractual circumstances of employees. The disproportionate impact on staff members with less hours and those with multiple contracts also makes any meaningful extrapolation from our sample problematic. Therefore, extreme caution should be used in communicating any messages around average overpayments or refunds due. It should also be noted that this issue is likely to impact on all Part Time employees of the College since 2015. There is therefore an enhanced risk that pension deduction miscalculation will have applied to employees who are no longer employed by the College, some of who will now be retired and claiming pension and some who may be deceased.	**R1** While our SPF sample was restricted to a recalculation of the pension contribution deductions for a sample of employees drawn from the list of contribution adjustments prepared by the Payroll Administrator in April 2023, a comprehensive exercise is now required to calculate the impact on all SPF part time staff employed by the College since 1 April 2015, in order to establish the cumulative level of over payment of pension contributions for each affected employee (or former employee). This should take account of any variable pay fluctuations for part time staff, which were not factored into the initial calculation given to the incorrect use of annualised full time pay rather than actual pay earned during the year. **R2** Given the knock-on impact on PAYE contributions we would recommend that the College self declares this SPF issue to HMRC pending the results of the exercise described in **R1**. **R3** Any calculation of overpayments, and any corresponding arrangements to make refunds to current and former members of staff in the SPF pension scheme should take account of the PAYE implications so that any underpayment of PAYE can be deducted from the repayment of incorrect pension contributions and be submitted to HMRC to correct the PAYE position.
Management Comments	**Timescales**
The College fully accepts the audit findings and recommendations. The College wishes to implement recommendation 1 immediately, based on the availability of a specialist to perform this role. It is understood that recommendation 2 is suggested to following recommendation 1. Recommendation will be an outcome of recommendation 1 concluding.	

Teachers' Pension Scheme (SPPA)

1.14 From 1 April 2015, a members actual pay earned, rather than whole time equivalent pay, should be used to determine the contribution rate due.

1.15 Overtime is pensionable only in the Scottish Teachers' Pension Scheme 2015 but is not used when setting the members contribution rate. Having established the member's contribution rate based on their annual pay that rate is then applied to any overtime earned.

1.16 Some scheme members have fluctuating pay throughout the year and to obtain their actual annual pay to set the appropriate contribution rate the monthly pay is multiplied by 12. This annual amount is then used to determine the relevant tier and rate due.

1.17 The member contribution rate relates to each contract of employment regardless of how many employers these contracts are with.

1.18 Where a member has two separate part time posts, which equate to a full time post, each contract is treated as an individual employment and therefore should be calculated separately for pension contribution purposes.

1.19 As highlighted above, our testing focused on a sample of part time and full time employees who were members of the SPPA Teachers' scheme, which were selected from the list of pension band adjustments processed in January 2023 and then March 2023 by the Payroll Administrator.

1.20 For a sample of 19 academic staff members who made pension contribution deductions under the Scottish Public Pensions Agency ('SPPA') Scottish Teachers' Superannuation Scheme ('STSS'), and who had adjustments made to their pension contribution rates in January and March 2023, we:

- Verified whether the employee pension deductions made in 2022/23 were calculated based on the relevant pensionable pay elements and the appropriate pension contribution rates had been applied, corresponding to the staff members' annualised pensionable pay each month.
- Recalculated the appropriate pension contribution rates for each month based on the annualised pensionable pay in that month and reviewed any differences to the actual pension contribution rates used.
- Recalculated the intended pension contribution deductions based on the appropriate pension contribution rates for each month and compared to the actual pension contribution deductions made throughout 2022/23.

1.21 In order to conduct our Teachers' scheme testing we obtained the following information:

- Reports showing the actual employee pension deductions made each month.
- Reports showing the pensionable pay for each month and the total for the tax year.
- The start date (if in year).
- The leaving date (if in year).
- For any staff members with variable hours, a confirmation on what the estimated pensionable pay for 2022/23 was at the start of the financial year (April 2022) or their start date.

1.22 The findings from our testing of SPPA Teachers' scheme members reviewed was as follows:

- We noted that all of the sampled Teachers' scheme staff members working part-time had their pension contributions over deducted in financial year 2022/23.
- We calculated the cumulative over deductions made to the pension scheme in 2022/23 to have been £5,402.11 for the 19 staff members we sampled, with average over deductions of £284.32 per employee. This sample include both part time and full time members of staff.
- The level of error in pension deductions identified in 2022/23 ranged from an under deduction £2.83 to a highest over deduction of £497.28.
- The under deduction related to a full-time staff member who had an actual rate used of 9.70% in August 2022 when the correct rate to be applied was 10.40%. Due to large arrears this resulted in an under deduction of £31.71 for that month. In addition, in February 2023 the actual contribution rate used for this full time employee was 8.70% when the correct rate should have been 7.20% . This resulted in an in month over deduction of £28.88. The combination of the August 2022 under deduction and the February 2023 over deduction was a net under deduction of £2.83 for 2022/23.
- The highest over deduction identified, for £497.28 relates to a part-time staff member where the actual rate applied was 9.70% (subsequently adjusted to 7.20% from January 2023) when the correct rate should have been 8.70% for August 2022 and 7.20% for the other 11 months in the year.
- The Payroll Administrator has determined the staff members' pension contribution rates based on their full-time equivalent salary rather than the actual pay earned. These rates were set at the start of the financial year and were used throughout the year, rather than being recalculated every month for staff members with fluctuating pay. This methodology is contrary to the Teachers' pension scheme guidance, which has applied since 1 April 2015.
- The Payroll Administrator adjusted the Teachers' scheme part-time employees' pension contribution rates in January 2023 and March 2023 so that the pension deduction for those months corresponded to the staff member's actual annualised pay for those months. The approach taken in January 2023 and March 2023 for those particular members of staff was in line with the SPPA Teachers' pension scheme guidance. No retrospective adjustments were made to account for the over deductions made in prior months during financial year 2022/23 or for the preceding financial years going back to 2015/16.
- This pension contribution calculation error is likely to impact on staff enrolled in the SPPA Teachers' scheme and employed by the College from 1 April 2015 onwards, when the change of methodology in calculating the pension contribution rate based on actual pay, rather than whole time equivalent pay, was introduced.
- In common with the issues flagged above on the SPF scheme, the calculation issue for Teachers' scheme members is likely to disproportionately impact those staff members who worked less hours (i.e. this error will have a greater impact for those staff with a greater variance between full-time equivalent salary and their actual pensionable pay).
- We identified one instance where an employee's pension contribution rate for the month was erroneously increased from 9.70% to 11.50%, due to the fact that the contribution rate factored in both a pensionable and non-pensionable pay element.

Observation	Recommendation
As highlighted above, we have identified a systemic error in the way that pension contribution rates have been applied for Part Time staff who are members of the SPPA pension scheme. This has come about due to a failure to correctly apply the changes brought about by the amendment of the guidance implemented from 1 April 2015. Therefore, although we have identified over payments during financial year 2022/23 the implications for longer standing College employees may extend back to 1 April 2015. We have not extrapolated the errors identified within our sample, given the variation in the individual contractual circumstances of employees. The disproportionate impact on staff members with less hours and those with multiple contracts also makes any meaningful extrapolation from our sample problematic. Therefore, extreme caution should be used in communicating any messages around average overpayments or refunds due. It should also be noted that this issue is likely to impact on all Part Time employees of the College since 2015, and therefore while some amendments have been made, in early 2023, to apply the correct pension contribution rates for certain staff, no retrospective adjustment was made to correct the pension deductions for previous months during financial year 2022/23, or for the preceding financial years going back to 2015/16. There is therefore an enhanced risk that pension deduction miscalculation will have applied to employees who are no longer employed by the College, some of whom will now be retired and claiming pension and some who may be deceased.	**R4** While our sample was restricted to a recalculation of the pension contribution deductions for a sample of employees drawn from the list of contribution adjustments prepared by the Payroll Administrator in January 2023 and March 2023, a comprehensive exercise is now required to calculate the impact on all SPPA Teachers' scheme part time staff employed by the College since 1 April 2015, in order to establish the cumulative level of over payment of pension contributions for each affected employee (or former employee). This should take account of any variable pay fluctuations for part time staff, which were not factored into the initial calculation given to the incorrect use of annualised full time pay rather than actual pay earned during the year. **R5** Given the knock-on impact on SPPA Teachers' scheme members PAYE contributions we would recommend that the College self declares this issue to HMRC pending the results of the exercise described in **R4**. **R6** Any calculation of overpayments, and any corresponding arrangements to make refunds to current and former members of staff enrolled in the SPPA Teachers' scheme should take account of the PAYE implications so that any underpayment of PAYE can be deducted from the repayment of incorrect pension contributions and be submitted to HMRC to correct the PAYE position.
Management Comments	**Timescales**
The College fully accepts the audit findings and recommendations. The College wishes to implement recommendation 4 immediately, based on the availability of a specialist to perform this role. It is understood that recommendation 5 is suggested to following recommendation 4. Recommendation will be an outcome of recommendation 4 concluding.	

Observation	Recommendation
As highlighted above, we noted that the list of adjustments prepared by the Payroll Administrator in April 2023 was authorised for application by the former Head of Finance and was not submitted for HR approval in advance of the adjustments to pension contribution rates being applied, thereby bypassing the intended approval process within the College. It was also noted that despite authorising the changes in pension deductions, the former Head of Finance was one of the employees on the list of staff to have their pension contribution rates adjusted downwards from April 2023. It is clearly unacceptable that the approval process for changes in employee pension contributions be circumvented and it is highly irregular for the person authorising the application of the changes to be included on the list of employees, and therefore be a beneficiary of the changes being applied.	**R7** While the changes applied for the former Head of Finance were correct there is a need to remind staff involved in the Payroll process that a) HR approval is required prior to the application of any pension contribution adjustments and that b) appropriate segregation of duties are required for any changes in pension contributions for staff involved in authorising or applying the changes through the payroll system. .
Management Comments	**Timescales**
The College fully accepts the findings and the recommendations. The Head of HR and the Vice Principal Finance, Resources and Sustainability will ensure that the payroll controls are adhered. Once implemented, the new, integrated HR & Payroll system will also automate the payroll controls and remove the ability of a similar breach to the payroll controls.	**Immediate** **Likely April 2024**

Observation	Recommendation
Given the fact that the pension contribution errors identified will impact on both current and former members of College staff, some of whom may be deceased, there is clearly a significant reputational risk facing the College around this issue. This is in addition to the financial implications, which will take time to accurately quantify, as highlighted above.	**R8** We would recommend that this issue is considered by senior management for addition to the College strategic risk register in order to describe to the Board the risks now facing the College as a result of these errors, and the mitigations which will be put in place to manage these risks. .
Management Comments	**Timescales**
The College fully accepts the findings and this recommendation. The pension contributions matter will be captured in more detail on the Strategic Risk Registe, along with steps of mitigation for associated risks.	

Overall Conclusion

It is our view that there has been a systemic breakdown in the application of the pension contribution bands for part-time employees employed by the College who were enrolled in both the SPF and SPPA teachers' scheme.

While the individual over deduction may not be significant for most employees affected, the cumulative total over deduction may be significant if the member of staff:

a) has been employed by the College since 1 April 2015; and/or

b) does not work many hours; and/or

c) has multiple contracts.

For part time staff enrolled in the SPPA Teachers' scheme we observed that adjustments were processed in January 2023 and March 2023 to ensure that the pension deductions for those specific months were aligned to the current pension scheme rules. However, as highlighted above these adjustments to pension contributions were not appropriately authorized and no retrospective adjustments were made to correct the pension deduction errors for the preceding months or indeed the preceding financial years back to 1 April 2015 (depending on the length of employment of the relevant staff member).

The errors in calculating pension deductions will also have PAYE implications and therefore it is anticipated that virtually all part time employees enrolled in the SPPA Teachers' scheme, and the SPF scheme will have underpaid PAYE since the pension fund changes were introduced on 1 April 2015.

While the cumulative impact of these errors is not currently known we would encourage early engagement with HMRC regarding the PAYE issue.

We would also encourage a continuation of the positive engagement with Trade Unions so that they are fully aware of the steps being taken by College senior management to rectify the errors identified.

Regular reporting around risks and associated mitigating actions should be put in place to ensure that the Board, and the Regional Strategic Body (and by extension the SFC), are suitably appraised of the mitigations put in place to manage the risks arising from these systemic errors.

Henderson Loggie

Aberdeen 45 Queen's Road AB15 4ZN T: 01224 322 100 F: 01224 327 911
Dundee The Vision Building, 20 Greenmarket DD1 4QB T: 01382 200 055 F: 01382 221 240
Edinburgh Ground Floor, 11-15 Thistle Street EH2 1DF T: 0131 226 0200 F: 0131 220 3269
Glasgow 100 West George Street, G2 1PP T: 0141 471 9870

AUDIT AND RISK COMMITTEE

DATE	15th February 2024
TITLE OF REPORT	Pensions Contributions Project Plan
REFERENCE	07.3
AUTHOR AND CONTACT DETAILS	Gary McIntosh, Head of Human Resources gary.mcintosh@slc.ac.uk
PURPOSE:	To update and discuss the Pensions Contributions Project Plan with members.
KEY RECOMMENDATIONS/ DECISIONS:	Members are recommended to: • Note the content of the report and appendix; • Discuss the report; and • Require a regular update of the project status to the HR Committee.
RISK	The following risks apply: • Breach of legislative requirements; • Impact on employees and third-party organisations; • Cost of resolution to the College; and • Reputational damage for the College.
RELEVANT STRATEGIC AIM:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• The College has created and implemented a project plan to resolve the issues identified from the Audit Report regarding the pension contributions matter. • The Project will utilise a “project sprint” methodology to minimise lost time. This also minimises capacity impact on the HR team. • The project is anticipated to end by the end of February 2025, with employees getting their results on a monthly basis, starting around May 2024. • The project plan, prioritisation and risks are included in the project plan in the appendix.

1. INTRODUCTION

1.1. This paper provides an overview of the project plan for resolving the matters around the payroll contributions for part-time staff employed since 2015.

2 BACKGROUND

2.1 During 2015, the College was advised by both pension agencies, due to a change to their pension scheme regulations, to change the contribution rates for part-time staff used for pension contributions from “full time equivalent” to “actual earnings”. In effect, in many cases, this would result in a lower contribution rate for individual pension contributions.

2.2 The College implemented partially the changes by applying it to approximately 6 current employees and a projection of around 21 former employees. It is estimated that up to 57 current employees and a projected 100 former employees have not had the correct pension contribution rate applied. It is not clear why it was only partially implemented.

2.3 Pension return forms currently do not highlight additional voluntary contributions for affected employees.

2.4 The College payroll system does not support fluctuating pension contribution rates based on varying working hours. Therefore, such work would be manual and require extended period of time to prepare the payroll.

2.5 In March 2023, The College requested the Internal Auditors, Henderson Loggie, to undertake an audit of the situation and to make recommendations on how to resolve the matter.

2.6 The Local EIS-FELA branch is at dispute with the College over the duration of time for handling the matter, with the potential of escalating further.

3 PROJECT PLAN

3.1 The College initiated a tender process to source a suitable organisation to undertake the calculation and resolution work identified by Henderson Loggie. Only one organisation submitted a tender which was Henderson Loggie, who have been awarded the work. The College is now engaging with Henderson Loggie.

3.2 The College has created a Project Plan, which is in appendix to this report. The Project Steering Group is the Principal & Chief Executive, Vice Principal Finance, Resources & Sustainability and the Vice Principal Learning, Teaching and the Student Experience. The project progress will be updated to the Audit & Risk Committee through the Audit Recommendations Log.

3.3 The College is going to use Project Sprints, which minimises the “lost time” in the project. The main sources of lost time being:

- Accessing the data required for all employees and former colleagues;
- Conducting the calculations for all employees; and
- Communicating with each employee.

3.4 The College has implemented a Prioritisation Order, focussing on priority cases, existing staff and then ex-colleagues. Following the review of existing Lecturing Staff, the Project will consider Support staff before looking at ex-colleagues.

3.5 The College recognises four upfront risks to the Project being successful:

- Manual intervention to collate the data – the College is currently reviewing options to minimise this risk;
- Both pension agencies agreeing with the process – the College and Henderson Loggie are engaging with both pension agencies on this matter;
- HR team capacity – through the use of project sprints, this minimises spikes in capacity; and
- The ongoing dispute with the local branch of EIS-FELA – Management is regularly engaging with the EIS-FELA Branch Representatives and agreeing with them on the communications and next steps.

3.6 Once the third-party organisation is appointed, the College will finalise the base timeline for this Project, ensuring the timing is feasible. The Project is likely to last until the end of February 2025, however employees will start getting their results on a monthly basis, starting in May 2024. The College has a Priority Lane to allow for priority cases to be fast-tracked by joining the next available sprint following their prioritisation being agreed.

4 RESOURCE IMPLICATIONS

4.1 As is detailed above and in the project plan, the College will be spending money on a third-party specialist to conduct the calculations and make recommendations for each affected person employed by the College during the period identified. This cost has not been budgeted for and is, therefore, an additional cost to the College.

4.2 In addition, the College is seeking to minimise spikes in capacity for the HR team, through the use of project sprints. Specifically, the collation of data, answering of queries and engagement with staff will be limited to around 20 people for each project sprint.

5 EQUALITIES

5.1 The report highlights that part-time workers have been affected by this systemic issue. College data suggests that, therefore, that there may be indirect negative impact on a specific gender.

6 RISK

6.1 The following risks apply:

- Breach of legislative requirements;
- Impact on employees and third-party organisations;
- Cost, and opportunity cost, of resolution to the College; and
- Reputational damage for the College.

7 RISK MITIGATIONS

7.1 Mitigations that have already been put in place are as follows:

7.1.1 an additional payroll administrator has been brought in to assist with the workload in payroll;

7.1.2 full documentation of current payroll processes has been undertaken by HR staff to bring focus to key areas of risk;

7.1.3 cross-training of HR staff has been undertaken to ensure perform payroll calculations can be performed as part of business continuity in the event of staff absence;

7.1.4 financial controls have been further emphasised on the College risk register and are now reviewed more stringently and regularly; and

7.1.5 the expected implementation of the new HR system in Apr/May 2024 will further enhance and automate current payroll process, removing the need for manual calculations.

8 COMMUNICATIONS

8.1 The College will continue to regularly communicate update to employees. In addition, this remains a standing agenda item at regular Joint Negotiation Committee (JNC) meetings with both trade union partners.

9 RECOMMENDATIONS

Members are recommended to:

- Note the content of the report and appendix;
- Discuss the report; and
- Require a regular update of the project status to the HR Committee.

AUDIT AND RISK COMMITTEE

DATE	15 February 2024
TITLE OF REPORT	Proposed External Audit Fees 2023/24
REFERENCE	08.1 & 08.2
AUTHOR AND CONTACT DETAILS	Elaine McKechnie Elaine.mckechnie@slc.ac.uk
PURPOSE:	To update the Committee on proposed level of external audit fees for 2023/24
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: • note and agree the proposed level of fee set by Audit Scotland and the Auditor General for 2023/24
RISK	• The College fails to pay fees due to financial constraints and is considered a 'going-concern' risk; and • The College's reputation is damaged as a result of failure to pay pre-agreed fees;
RELEVANT STRATEGIC AIM:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• External Audit Fees for 23/24 have been carefully considered by Audit Scotland in accordance with the Auditor General for Scotland and the Accounts Commission. • The fee levels have been set in the context of a challenging economic environment, increased expectations on the audit profession and the ongoing process of recovery following the Covid-19 pandemic. • A 6% increase in fee is proposed for the College from 2022/23 to 2023/24, representing an increase of £1,450 from £24,140 to £25,590. • A rebate of £282 will be received in respect of 2022/23 unspent travel budgets which can be offset against the 2023/24 fee.

1. INTRODUCTION

1.1. This paper provides an update on the proposed external audit fee for 2023/24 as set out by Audit Scotland in accordance with the Auditor General for Scotland and the Accounts Commission.

2 BACKGROUND

2.1 As communicated by Audit Scotland in December 2023 (see Annex A), the Chief Operating Officer, Vicky Bibby set out the continuing challenges in the public sector and the requirement for Audit Scotland to continue to support the Auditor General for Scotland and the Accounts Commission to provide independent assurance to the people of Scotland and that public money is spent properly through high-quality public audit.

2.2 Her letter remarked that 2023/24 audits fees are based on Audit Scotland's overall budget proposals that have been considered by the Scottish Commission for Public Audit (SCPA) at its meeting on 11 December 2023.

2.3 Additionally, it was stated that fee levels have been developed in the context of a challenging economic environment, increased expectations on the audit profession and the ongoing process of recovery following the Covid-19 pandemic.

2.4 In developing the budget, Audit Scotland advised that it has absorbed as much of the financial pressures as possible while recognising its obligation to break even within the one-year budget settlements it receives.

3 DISCUSSION

3.1 The 2023/24 expected audit fee is based on applying a 6% increase to the 2022/23 expected audit fee. This increase is applied on a sector basis and reflects the conditions of the public sector audit market.

3.2 Audit fees are set within the parameters of Audit Scotland's funding & fee strategy, the objective of which is to recover the full cost of audit work in each sector whilst ensuring that the cost of the audit is independent of the identity or location of the auditor.

3.3 The expected fee assumes that the College has sound governance arrangements in place and is operating effectively throughout the year, preparing comprehensive working papers and accurate unaudited accounts and meets the agreed timetable for audit. Any deviation from any governance arrangements could lead to a requirement for additional fees.

3.4 2023/24 Fees will be issued by instalments twice a year in September 2024 and May 2025. A final invoice will be issued, if necessary, once all 2023/24 audits are complete, to adjust for any late changes to agreed fees.

3.5 A rebate of £282 will be received in respect of 2022/23 unspent travel budgets which can be offset against the 2023/24 fee.

4 RESOURCE IMPLICATIONS

The financial cost of the proposed 6% fee increase is as shown below. A further breakdown of fees is contained appendix 8.2

	2022/23	2023/24	Increase
Audit Scotland	£24,140	£25,590	£1,450

5 EQUALITIES

5.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

6 RISK AND ASSURANCE

6.1 The College fails to pay fees due to financial constraints and is considered a going concern risk; and

6.2 The College's reputation is damaged as a result of failure to pay pre-agreed fees.

7 RECOMMENDATIONS

7.1 The Committee is asked to**:**

7.1.1 note and agree the proposed level of fee set by Audit Scotland and the Auditor General for 2023/24.

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Appendix 08.2
Communication of Approach to External Audit Fees for 2023/24 in December 2023
Annex A

Dear Chief Executive/Director of Finance,

Audit Scotland Statutory fees – 2023/24 audits

With the public sector in Scotland continuing to face significant challenges it is essential that Audit Scotland continues to support the Auditor General for Scotland and the Accounts Commission to provide independent assurance to the people of Scotland, that public money is spent properly through high-quality public audit.

The purpose of this email is to give you an indication of the fees for 2023/24 audits. This is based on Audit Scotland's overall budget proposals that have been considered by the Scottish Commission for Public Audit (SCPA) at its meeting on 11 December 2023.

Our 2024/25 budget proposal continues to reflect the ongoing uncertain and volatile world that we and the bodies we audit are operating in. The budget proposal is designed to enable us to deliver a sustainable, high quality public audit regime in Scotland which will enable us to respond in a flexible and innovative way to new demands and challenges facing the public sector in Scotland.

The budget proposal and the fee levels have been developed in the context of a challenging economic environment, increased expectations on the audit profession and the ongoing process of recovery following the Covid-19 pandemic. In developing the budget Audit Scotland has absorbed as much of the financial pressures as possible while recognising its obligation to break even within the one-year budget settlements it receives.

The 2023/24 expected audit fee is based on applying a 6% increase to the 2022/23 expected audit fee. This increase is applied on a sector basis and reflects the conditions of the public sector audit market.

The fee for your audit can be identified by clicking on the link Fee setting and following the detailed instructions worksheet. On selection of your organisation(s) the expected fee will be provided together with a comparison against the final agreed 2022/23 fee, where confirmed. If you are unable to access this file please let us know and we will arrange to send you a copy of your expected fee.

Fee setting arrangements
Audit fees are based on our funding & fee strategy with the two key principles for our fee setting arrangements being:

- Audit fees should be set with the objective to recover the full cost of audit work in each sector
- The cost of the audit should be independent of the identity or location of the auditor.

The expected fee for each body assumes that it has sound governance arrangements in place and operating effectively throughout the year, prepares comprehensive working papers and accurate unaudited accounts and meets the agreed timetable for audit.

The actual amount you will pay will depend on the amount of the audit fee agreed with your auditor. Fees can be agreed between the auditor and the audited body by varying the auditor remuneration by up to 10% above the level set (20% for bodies with an expected fee below £35,000), for example, where significant issues require additional work to be undertaken. In exceptional circumstances higher remuneration can be agreed with the prior agreement of Audit Scotland.

Invoices
Audited Bodies in Central Government - chargeable, NHS, Local government and Scottish Water sectors will shortly be issued with invoices for a payment on account, based on 1/3 of the expected fee. Further instalments (adjusted for the amount of the fee agreed with the auditor) will be invoiced in April/May 2024 and August/September 2024.

The expected fee information for Central government - non chargeable bodies is notional and no invoices will be issued as they are funded by Parliament.

Further Education bodies invoices will be issued in September 2024 and May 2025.

If your Accounts department requires a purchase order number to be quoted on our fee invoices please could you arrange for this to be raised as soon as possible and send your order to the email address remit@audit-scotland.gov.uk. Please ensure that the order is based on the full expected fee to allow us to quote this on all instalment invoices.

A final invoice will be issued, if necessary, once all 2023/24 audits are complete, to adjust for any late changes to agreed fees.

If you wish to clarify or discuss anything further please speak with your appointed auditor or contact us at feesresponse@audit-scotland.gov.uk.

Yours sincerely

Vicki Bibby
Chief Operating Officer

AUDIT SCOTLAND

Appendix 08.3 External Audit Fee 2023-24 Schedule

Expected audit fee

AUDIT SCOTLAND

Year 2023/24

Sector Further education **Body** South Lanarkshire College

	Auditor	Auditor Remuneration	Pooled Costs	Contribution to PABV costs	Audit Support costs	Sectoral cap adjustment	Total: Expected fee	Agreed Fee
2023/24	Audit Scotland	41,900	-4,470	0	0	-11,840	**£ 25,590**	**To be agreed**
2022/23	Audit Scotland	39,530	-5,800	0	1,020	-10,610	£ 24,140	£ 24,140
Difference (£)		2,370	1,330		-1,020	-1,230	**1,450**	
Difference (%)		6.0%	-22.9%		-100.0%	11.6%	**6.0%**	

Summary

Overall fees within the Further education sector have increased by 6%

The expected fee for South Lanarkshire College for the 2023/24 audit is £1,450 than the fee agreed the previous year (6%).

You will receive a fee rebate of £282 in respect of unspent 2022/23 travel budgets which you can use to offset against the 23/24 audit fee.

Technical Bulletin 2023/4

Technical developments and emerging risks from September to December 2023

Prepared by Audit Scotland for appointed auditors and audited bodies in all sectors

18 December 2023

Contents

1: Introduction

Purpose

The purpose of Technical Bulletins from the Professional Support section within Audit Scotland's Innovation and Quality business group is to provide auditors appointed by the Auditor General for Scotland and Accounts Commission for Scotland with:

- information on the main technical developments in each sector during the quarter
- information on professional matters during the quarter that are expected to have applicability to the public sector
- summaries of responses to any requests from auditors for technical consultations with Professional Support.

Appointed auditors are required by the Code of Audit Practice to pay due regard to Technical Bulletins. The information on technical developments is aimed at highlighting the key points that Professional Support considers auditors in the Scottish public sector require generally to be aware of. It may still be necessary for auditors to read the source material if greater detail is required in the circumstances of a specific audited body. Source material can be accessed by using the hyperlinks.

Any specific actions that Professional Support recommends that auditors take are highlighted in green.

Technical Bulletins are also published on the Audit Scotland website and therefore are available for audited bodies and other stakeholders to access. However, hyperlinks to source material indicated with an asterisk (*) link to files on Audit Scotland's SharePoint* and are only accessible by auditors.

Highlighted items

Professional Support highlights in the following table a selection of the items in this Technical Bulletin that are of particular importance:

Highlighted items		
Professional Support has issued guidance on planning the 2023/24 audits [**paragraph 1**]	Professional Support has issued a TGN on the 2022/23 WGA returns **[paragraph 6]**	Professional Support has issued a TGN on the risks of misstatement in the 2023/24 audit of local government bodies **[paragraph 10]**
The Scottish Government has issued guidance on accounting for capital grants **[paragraph 14]**	CIPFA has published guidance on the reporting of pension surpluses and the asset ceiling **[paragraph 19]**	The Scottish Government has issued a consultation on proposed amendments to calculating repayments to loans fund advances **[paragraph 23]**
The Scottish Government has issued a consultation on statutory guidance on accounting for service concession arrangements **[paragraph 33]**	The Scottish Government has issued a consultation on a proposed extension to the statutory overrides for infrastructure assets **[paragraph 38]**	Treasury has issued a PES paper on discount rates **[paragraph 43]**
The FRC has issued a revised auditing standard on external confirmations **[paragraph 49]**	The FRC has issued proposals for a revised auditing standard on laws and regulations **[paragraph 50]**	The FRC has published a thematic review of audit sampling **[paragraph 53]**

Consulting with Professional Support

Auditors should consult with Professional Support by sending an email to TechnicalQueries@audit-scotland.gov.uk.

2: All sectors

Guidance on planning 2023/24 annual audits

1. Professional Support has issued guidance to assist all appointed auditors in planning their 2023/24 annual audits of public bodies. The guidance supplements the Code of Audit Practice and sets out the range of core annual audit activity and related outputs required for 2023/24, and the timescales for completing the audit in each sector.

2. Auditors should comply with the guidance when planning, performing and reporting their 2023/24 audits. The guidance is accessible by auditors with other supporting materials on SharePoint* but it is also freely available from the Audit Scotland website.

3. The largest component of core annual audit activity is the audit of a public body's annual accounts. However, the audit of the annual accounts has a wider scope than the private sector, and requires conclusions on aspects of public bodies' arrangements and performance. In local government, public audit includes considering arrangements to secure Best Value and community planning and publishing performance information. Auditors also provide important intelligence to the Auditor General, Accounts Commission and Audit Scotland in areas where they are best placed to do so.

4. Audit Scotland's policy is not to compromise on audit quality or the wellbeing of audit teams, but that timescales are negotiable. The guidance is intended to strike the right balance in 2023/24 between ambitions for public audit and the capacity for auditors to carry out the work to the appropriate high quality. Target audit completion dates are considered to be stretching but achievable for the majority of audits.

5. The following table provides a summary of the key changes from last year, along with the paragraphs of the guidance in which further information is provided:

Nature of change	Paragraph
Removal of the cap of £250,000 on the 'clearly trivial' threshold for accumulating and reporting misstatements.	21
No mandated wider scope areas of risk for auditors to consider.	61
Updated guidance on auditing Best Value in local authorities to reflect the thematic review of workforce innovation.	81 to 86

Nature of change	Paragraph
Updated guidance on the process for Current Issues Returns in local government.	115 to 130
Guidance on completing a brief information return for each body participating in the National Fraud Initiative.	139
Updated guidance on arrangements for sharing intelligence on risks in the health and social care system .	167 to 171

TGN on 2022/23 WGA returns

6. Professional Support has published a Technical Guidance Note (TGN) to provide auditors with guidance on examining and reporting on the 2022/23 Whole of Government Accounts (WGA) returns of public bodies in Scotland. TGN/WGA/23 is provided with supporting material to auditors on SharePoint* and also on the Audit Scotland website.

7. The National Audit Office (NAO) are the group auditor for WGA. Testing and reporting procedures that auditors are required to undertake in respect of providing assurance to the NAO on 2022/23 WGA returns above the threshold is included in the TGN. The procedures are consistent with the NAO's Group Audit Instructions but tailored to Scottish bodies. Reporting procedures include the submission of an Assurance Statement in a form prescribed by NAO.

8. No examination is required for bodies below the threshold, although auditors are required to complete the first eight sections of the Assurance Statement (except for minor bodies) and submit it to the NAO.

9. Auditors should examine and report on the 2022/23 WGA returns of public bodies in Scotland in accordance with the TGN, and make the required submissions as soon as reasonably practicable.

3: Local government sector

TGN on risks of misstatement in 2023/24

10. Professional Support has published TGN 2023/8(LG) to provide auditors with guidance on risks of misstatement in the 2023/24 annual accounts of local government bodies. The TGN is accessible by auditors on SharePoint*, along with supporting material, and is also available from the Audit Scotland website.

11. The TGN is intended to inform auditors' judgement when identifying and assessing the risks of material misstatement. The TGN supplements the Code of Audit Practice and auditors are expected to pay it due regard and use it as a primary reference source when performing 2023/24 audits. Auditors should advise Professional Support of any intended departures from the guidance.

12. The TGN comprises a number of modules as summarised in the following table:

Module	Risks of misstatement area	Purpose
Overview	Areas that are pervasive to the financial statements as a whole	Explains the appropriate related accounting treatment and sets out the action auditors should undertake to evaluate whether the body has followed the required treatment
1 - 9	Specific classes of transactions, balances and disclosures in the financial statements.	
10	Audited part of the Remuneration Report	Explains the requirements and sets out the action auditors should undertake
11	Statutory Other Information (e.g. Management Commentary and Annual Governance Statement)	Sets out the procedures for considering the Statutory Other Information
12	Integration joint boards	Provides guidance on the application of the above modules to these specific bodies
13	Pension fund accounts	
14	Section 106 charities	

13. The risks of misstatement reflect areas of complexity, subjectivity and uncertainty. They have been updated to reflect new requirements and risks which emerged during the 2022/23 audits that remain applicable. A separate note summarises the main changes from 2022/23.

Guidance on accounting for specific capital grant in 2023/24

14. The Scottish Government has published Finance Circular 6/2023 to provide statutory guidance on accounting for capital grant provided in place of revenue grant in 2023/24.

15. The statutory guidance adapts Finance Circular 3/2018 for 2023/24 to permit local authorities to transfer specified capital grant to the Capital Fund (rather than the Capital Adjustment Account) in order that it may be used to repay the principal of loans fund repayments for both General Fund and HRA loan repayments.

16. The amendment applies specifically to the £70 million of General Capital Grant provided in place of revenue grant in 2023/24 and to the additional £22 million of General Capital Grant provided to fund the Local Government pay award. The statutory guidance provides the consent of the Scottish Ministers required for the HRA loan repayments.

17. Once the capital grant held in the Capital Fund is utilised to fund the principal element of loan repayments, it must be transferred to the General Fund or HRA as a transfer from other statutory reserves in the Movement in Reserves Statement.

18. The capital grant must be utilised in 2023/24 and therefore may not be transferred to the Capital Grants (and Receipts) Unapplied Account.

New guidance on accounting for pension assets

19. Technical Bulletin 2023/2 (paragraph 27) provided guidance on recognising a net defined benefit asset in accordance with IFRC 14 when the pension fund reports a surplus as at 31 March 2023. The Chartered Institute of Public Finance and Accountancy (CIPFA) has published Bulletin 15 to provide guidance in this regard.

20. CIPFA considers that the IFRIC agenda decision in 2015 referred to in the technical bulletin guidance is likely to support a view that there is a minimum funding requirement. When a local government body estimates the future minimum funding requirement contributions, it should:

- include the amounts in the schedule of contributions for the fixed period specified by the schedule
- beyond that period, make an estimate that assumes a continuation of those factors establishing the minimum funding basis as determined by the administering authorities.

21. In order to carry out the calculation of any adjustment to the asset ceiling under IFRIC 14, it is necessary to identify the amount of employer contribution in each period that relates to future service. Bodies will need to consider:

- the portion of the employer contributions calculated using the primary rate

- whether any of the contribution calculated using the secondary rate should be included in the calculation.

22. Where an asset ceiling is applied, the bulletin highlights relevant requirements in the accounting code which require disclosure of:

- an explanation as to why the pension surplus reported under IAS 19 is not fully realisable and what ‘realisable’ means in this context
- the basis used to determine the amount of the economic benefit available.

Proposed amendments to loans fund repayments from 2023/24

23. The Scottish Government has issued a consultation draft* of proposed amendments to the requirements for calculating repayments to loans fund advances from 2023/24. Responses to the consultation require to be sent to Elanor.Davies@gov.scot by 22 December 2023.

24. The consultation seeks views on proposed amendments to:

- The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 20161 (the 2016 Regulations) which set out the statutory requirements for loans fund accounting
- Finance Circular 7/2016 (the statutory guidance) which sets out proper accounting practices for loans fund accounting.

25. The proposed amendments arise from Scottish Government concerns that:

- the application of the current level of flexibility in calculating loans fund repayments creates a future affordability risk for capital investment projects
- some local authorities may be making capital investment decisions that are being justified on value for money grounds by providing for loans fund repayments over excessively long periods
- the use of an annuity calculation to determine the pattern of loans fund repayments may result in a significant proportion of the repayments being deferred to future financial years.

26. The statutory framework differentiates between those advances before 1 April 2023 (covered by Regulation 14 of the 2016 Regulations) and those after 1 April 2023 (covered by the statutory guidance). There are also additional proposals related to capital projects approved after that date. It is therefore helpful to consider the how the proposals apply to three categories of loans fund advances, i.e. advances made:

- before 1 April 2023
- from 1 April 2023 relating to capital projects approved before that date
- from 1 April 2023 relating to capital projects approved after that date.

Loans fund advances made before 1 April 2023

27. The 2016 Regulations (at Regulation 14) permits a local authority to vary the period or amount of repayment of loans fund advances made before to 1 April 2023, if it considers it prudent to do so. The Scottish Government's concerns about the application of this power and how they proposed to address them by amending Regulation 14 is summarised in the following table:

Concern	Proposal
The power has been interpreted by local authorities as permitting the retrospective calculation of loans fund repayments	Any variation to a loans fund repayment may only be • calculated on the balance of the loans fund advance in the financial year of variation • applied to the remaining loans fund repayments from the financial year of variation.
The power is being used as a means of addressing budget pressures rather than to better reflect the financing of capital expenditure over a term commensurate with the benefits.	The repayment period cannot extend beyond the earlier of the remaining useful life of an asset or 50 years from the date of the advance. The decision to vary a loans fund repayment must be taken by the full council and cannot be delegated.

28. There are no proposed changes to the existing four options for repaying the advances set out in statutory guidance (i.e. statutory method, depreciation, asset life or funding profile).

Loans fund advances made from 1 April 2023 relating to capital projects approved before that date

29. Regulation 14 of the 2016 Regulations does not apply to advances made from 1 April 2023. Instead, the repayment of advances is covered in the statutory guidance. The statutory guidance requires prudent repayment of a loans fund advance over a period reasonably commensurate with the period and pattern of the benefits provided to the community from the capital expenditure.

30. The proposals to revise the repayment options in the statutory guidance are similar to the proposed amendments to the 2016 Regulations explained above in that they are intended to:

- clarify that where a loans fund advance relates to an asset, the prudent repayment period should usually align to the asset life but may not exceed 50 years

- confirm that, where an asset life cannot reasonably be attributed to an asset, the loans fund repayment period should align to the period over which benefit of the expenditure will be provided to the community but may not exceed 50 years and may not subsequently be varied.
- require that any variation to loans fund repayments may only be calculated on the balance of the loans fund advance outstanding in the financial year of variation and may only be applied prospectively.

Loans fund advances made from 1 April 2023 relating to capital projects approved after that date

31. The proposals summarised above to amend the statutory guidance for capital projects approved before 1 April 2023 also apply to those approved after that date.

32. However, there are additional proposals for projects approved after 1 April 2023, which are summarised in the following table:

Area	Proposals
Annuity calculation	The use of an annuity calculation (as part of the asset life method of calculating the repayment of the advance) is permitted only where the local authority can evidence that either the flow of benefits of the capital investment or a directly attributable revenue stream will increase over the asset life. Where an annuity is used, the interest rate applied should not exceed the weighted average PWLB borrowing rate of the authority.
Capital receipts	The use of capital receipts to fund the repayment of advances should be minimised.
Identification against a specific asset	Advances and repayments must be readily identified against a specific asset.
Repayment on derecognition	Advances must be repaid in full on derecognition of the related asset. In the case of obsolescence, a local authority may spread the repayment of the remaining loans fund advance over a maximum period of 5 years in order to smooth the effect on the General Fund.
Investment properties	A local authority should fully provide for debt taken on to acquire an investment property over the lifetime of the debt.

Draft statutory guidance on service concession arrangements

33. The Scottish Government has issued a consultation draft* of Finance Circular 7/2023 to provide revised statutory guidance on accounting for service concession arrangements, leases and similar arrangements from 1 April 2024.

34. The draft guidance replaces Finance Circular 10/2022 which temporarily permitted a local authority to recognise the principal repayments for a service concession arrangement over the asset life rather than contractual term. The temporary flexibility is not reflected in the new statutory guidance.

35. With the exception of those service concession arrangements to which the flexibility was applied in either 2022/23 or 2023/24, from 1 April 2024 the annual statutory charge to the General Fund for all existing and new service concession arrangements, leases and similar arrangements will be required to:

- reflect the principal element of the contractual repayments
- be charged to the General Fund over the term of the contract.

36. Finance Circular 10/2022 will continue to apply where the temporary flexibility was exercised.

37. In addition, there is the following proposed amendment to the statutory guidance for leases that are reclassified on transition to IFRS 16, where the authority is the lessor:

Lease reclassified as…	Treatment
Finance lease	Income received under the lease will continue to be treated as revenue income. Any capital receipt recognised on transition will be transferred to the General Fund and reported in the Movement in Reserves Statement.
Operating lease	Any income that would, prior to the reclassification, have been treated as a capital receipt should be transferred from the General Fund to the Capital Receipts Reserve, and the transfer should be reported in the Movement in Reserves Statement.

Proposed extension to statutory overrides for infrastructure assets

38. The Scottish Government has issued a consultation* on a proposed extension to 31 March 2025 of the statutory overrides for infrastructure assets. The statutory overrides are set out in Finance Circular 9/2022 (see Technical Bulletin 2022/3 paragraph 11) and are in respect of the disclosure and derecognition of infrastructure assets.

39. The overrides were intended to apply until 31 March 2024 while CIPFA/LASAAC sought a permanent solution. The proposed 12 month extension is in order to allow more time for the permanent solution to be implemented.

40. Responses to the consultation require to be sent to Elanor.Davies2@gov.scot by 15 December 2023.

Technical consultations with auditors

Professional Support responds to requests from auditors for technical consultations

41. The following tables summarise requests from auditors for technical consultations with Professional Support in respect of issues arising from the audit of the 2022/23 annual accounts of local government bodies, along with the advice offered:

Can an unfunded pension liability be offset against a net defined benefit asset?
Unfunded pension liabilities generally relate to provisions for discretionary enhancements to retirement benefits (e.g. payments for early retirement paid by the body rather than the pension fund). IAS 19 treats them as termination benefits. Bodies do not have a right to set off the unfunded liability against a pension asset. The unfunded liability should therefore be presented separately from the net defined benefit asset. Where future unfunded payments have been excluded by the actuary from the future employer contributions as part of the asset ceiling calculations, separate presentation should be straight-forward. However, where the actuary has included unfunded payments, bodies may need to request a recalculation. Where a recalculation is not carried out, as a minimum auditors should consider whether narrative disclosure is sufficient to explain that the defined benefit asset is net of the unfunded liability and the reasons for it.

Should the pension amounts as at 31 March 2023 in the balance sheet be adjusted to reflect the 31 March 2023 actuarial valuation?
Due to the timing of 2022/23 local government audits, the results of the triennial valuation as at 31 March 2023 may be available from actuaries before some audits are completed. The pension amounts as at 31 March 2023 in the balance sheet in the unaudited accounts were based on the 31 March 2020 actuarial valuation rolled forward. Where the audit of the 2022/23 financial statements for a local authority has been completed before the 2023 valuation reports are available, the financial statement will appropriately continue to reflect the 31 March 2020 valuation, as that is the most reliable, uptodate information. The 31 March 2023 actuarial figures will then be reflected in the balance sheet at 31 March 2024. However, where the 2023 actuarial reports become available before the 2022/23 audits are complete, that would represent an adjusting event. Auditors should assess whether the 31 March 2023 valuation is materially different from the estimate determined using the rolled forward figures currently in the balance sheet. An adjustment will be required if the difference is material. Auditors should liaise with the local government body to ensure that they can plan accordingly.

4 Central government sector

Update to SPFM

42. The Scottish Government has issued FGN 2023-2 announcing amendments to the Scottish Public Finance Manual (SPFM) relating to the Scottish Government's Business Investment Framework. The guidance on investment has been enhanced to:

- ensure that proportionate due diligence has been completed prior to support being provided
- highlight approval arrangements for novel or contentious investments
- clarify consideration of the risks of each investment and the estimation of the maximum potential financial exposure
- clarify monitoring arrangements, periodic reviews and exit strategies.

2023/24 discount rates

43. HM Treasury has issued PES (2023)10* to announce changes in the discount rates for general provisions, post-employment benefit liabilities, leases, and financial instruments as at 31 March 2024.

General provisions

44. The nominal discount rates to be applied as at 31 March 2024 for discounting general provisions recognised under IAS 37 are set out in the following table:

Category	Period	Percentage
Short term	Within 5 years	4.26%
Medium term	Between 5 and 10 years	4.03%
Long term	Between 10 and 40 years	4.72%
Very long term	More than 40 years	4.40%

45. As nominal rates do not take inflation into account, cash flows require to be inflated separately. There is a rebuttable assumption that the inflation rates specified in the paper will be used (unless other rates are clearly more applicable). The specified rates are:

- 3.6% for up to one year from the year end
- 1.8% between one and two years
- 2.0% for after two years.

Post-employment benefits

46. The discount rates for post-employment benefits are set out in the following table:

Use	Rate from 31 March 2024
Real rate used for valuing unfunded pension scheme liabilities and early departure provisions	2.45%
Nominal rate for unwinding discount on liabilities (interest)	5.10%
Rate used for funded pension schemes	Based on returns from AA corporate bonds at 31 March

Financial instruments

47. The financial instrument discount rates to be applied at 31 March 2024 are set out in the following table:

Type		Rate
Nominal rate when financial instrument is not linked to an inflationary index		2.05%
Real rate when financial instrument indexed to RPI	In excess of RPI:	
	Until February 2030	(1.05%)
	From February 2030	(0.05%)

Leases

48. Where a body cannot determine the interest rate implicit in a lease, they are required to use the nominal lease discount rate of 4.72%. This is relevant for new leases that commence or are remeasured between 1 January 2024 and 31 December 2024.

5 Professional matters

Revised ISA on external confirmations

49. The Financial Reporting Council (FRC) has issued a revised edition of ISA (UK) 505 External Confirmations. The main revisions are summarised in the following table:

Area	Change
Clarification on what constitutes an electronic external confirmation	Paragraph 6 (a) has been amended to reflect the fact that confirmations may be obtained thorough directly accessing information held by third parties through web portals or software interfaces.
Prohibition on the use of negative confirmations	Paragraph 6(c) prohibits the use of negative confirmations, where the confirming party responds directly only if they disagree with the information provided in the request. This aims to improve the quality of audit evidence obtained when auditors make use of external confirmations.
Designing confirmations to provide evidence for relevant assertions	Paragraphs 7(c) and A6-1 include additional material to ensure that auditors design confirmations to obtain sufficient appropriate audit evidence in relation to all assertions identified in respect of ISA (UK) 330. This is applicable to all means of confirmation but can be particularly relevant to certain forms of digital confirmation.
Enhanced requirements in relation to investigating exceptions	Paragraph 14-1 includes enhanced requirements when investigating exceptions. They direct auditors to consider if exceptions are indicative of fraud or a deficiency in the entity's system of internal control and how follow-up procedures will allow the auditor to obtain sufficient appropriate audit evidence.

Proposed revisions to ISA on laws and regulations

50. The FRC has issued an invitation to comment on proposed revisions to ISA (UK) 250A on laws and regulations. The main proposed revisions are summarised in the following table:

Area	Proposal
Removal of distinction between different categories of laws and regulations	The proposal removes the distinction between laws and regulations that determine material amounts and those that do not. There is a proposed requirement for auditors to identify those laws and regulations where non-compliance may have a material effect on the financial statements. A more robust risk assessment process is proposed to provide an effective mechanism for identifying the above laws and regulations.
Implementing a more risk-based approach	There is a proposal to replace the current overly procedural approach with an overarching requirement for auditors to design and perform risk assessment procedures to obtain audit evidence for the identification of laws and regulations where non-compliance may have a material effect on the financial statements (paragraph 12-1). Additional risk assessment requirements are set out in proposed paragraphs 12-2 and 12-3 . Paragraphs 14-1 and 15-1 introduce explicit requirements in respect of the risks of material misstatement due to fraud or error relating to non-compliance with laws and regulations. Paragraph 16-1 requires auditors to stand back and assess whether they have obtained sufficient appropriate audit evidence regarding whether there is a material misstatement of the financial statements relating to non-compliance with laws and regulations.
Adequacy of disclosures	There is a proposed new requirement for auditors to conclude whether the financial statements adequately reflect or, where appropriate, disclose the non-compliance or suspected non-compliance with laws and regulations.

51. There are also proposals to replace ISA (UK) 250B with a more principles-based standard covering reporting and communication with an appropriate authority.

52. The FRC is requesting comments on this consultation by 12 January 2024. Comments should be sent to: AAT@frc.org.uk.

Thematic review on audit sampling

53. The FRC has published a thematic review on audit sampling. Audit sampling is a fundamental audit tool which allows conclusions to be drawn about a population based on the sample selected. The FRC reviewed the sampling methodologies of the largest audit firms to:

- identify areas of good practice

- highlight any concerns that will drive improvements and support the FRC's monitoring of the firms' systems of quality management.

54. The review concluded that:

- audit sampling for tests of detail and controls is still prevalent despite the advent of tools such as Audit Data Analytics
- most firms' methodologies are based on similar statistical models with firms building on these with their own guidance and preferences.
- significant professional judgements are made in audit sampling, particularly when using sample size calculators, including when assessing inherent risk and determining the contribution of evidence from other procedures. However, the review found insufficient evidencing of the key professional judgements made when determining sample sizes.

55. The review also highlighted the specific points summarised in the following table:

Area	Finding
Key items selection and selecting specific items This involves selecting specific items to test from the population before then selecting a sample of the residual population.	Most firms focus on high value items. The FRC founds insufficient documentation of the reasons for selecting specific items. Justification was generally focused on size, such as "selecting everything over 50% of performance materiality", with no consideration of why that was an appropriate threshold.
Haphazard selection versus random selection: • Haphazard selection involves the auditor selecting the sample without following a structured technique. • Random selection is applied through random number generators and reduces the risk of bias in sample selection.	Haphazard sampling was historically most useful when transaction listings were not available from audited entities in an electronic format that would allow for random sampling. Haphazard sampling may still be appropriate in limited circumstances, but justification should be documented. Random selection is preferable and should be used when feasible to do so. The FRC identified confusion in the sample selection method applied, e.g. where the sample calculator stated "Random" as the means of sample selection but "Haphazard" was actually used by the audit team.

Area	Finding
Testing the reliability of information produced by the entity (IPE) IPE testing used fixed sample sizes to determine if system-generated or manually produced information is reliable before audit procedures are performed on it to obtain audit evidence.	Some audit teams did not understand that IPE testing assesses the reliability of the information to be used as audit evidence, rather than being a test over the monetary value of a population.
Compliance with quality management standards ISQM (UK) 1 states that even when firms belong to networks and make use of resources, the firm “remains responsible for its system of quality management, including professional judgements made in the design, implementation and operation of the system of quality management”.	All the firms’ methodologies were driven by a global methodology, usually developed centrally outside the UK, and then adopted by the member firms worldwide. Firms need to ensure they have a proper and full understanding of the sampling techniques developed globally, and are able to understand and apply those methodologies in the UK. Some firms struggled initially to explain how, often due to the time that had elapsed from the model’s original development. Firms need to be able to clearly explain how they developed their methodologies from more general statistical models even when the deployment was some years ago.

6. Fraud and irregularities

This chapter contains a summary of fraud cases and other irregularities facilitated by weaknesses in internal control at audited bodies that have recently been reported by auditors to Professional Support.

Auditors should consider whether weaknesses in internal control which facilitated each fraud or irregularity may exist in their bodies and take the appropriate action.

Expenditure

Kinship care (1)

56. A kinship carer received £30,000 over a two-year period after a child's placement with them ended.

Key features
The overpayment was identified by the council internal audit service when they were carrying out testing on the council's social work system. The overpayment occurred as the social worker responsible for the child did not undertake regular monthly checks to ensure that the child was still placed with the stated carer. Procedures have been strengthened and pre-payment accuracy checking has been introduced on scheduled payment runs. Recovery action is being taken.

Kinship care (2)

57. A kinship carer received over £5,000 over a six-month period after a child's placement with them ended.

Key features
The overpayment occurred as the kinship carer did not follow due process when the child returned to parental care. In addition, social work staff were unaware of the required process which resulted in a failure to complete appropriate documentation to terminate the kinship placement payments. The overpayment was identified when an employee was reviewing their caseload in advance of their retirement and identified that the kinship carer was still being paid.

Key features

Although a criminal investigation was carried out, the case was not referred to the Procurator Fiscal as the service was unable to produce admissible evidence in the form of the relevant kinship agreement form.

Following investigation:

- **annual reviews of kinship placements have been introduced**
- **checks are now carried out on children's names to prevent duplicate payments**
- **staff have been reminded that kinship carer agreements must be completed and retained**
- **staff involved in kinship care have been provided with a practical guide which they must acknowledge as having read, understood, and accepted.**

Bank mandate fraud (1)

58. An unknown individual compromised a manager's email account at a public body and committed bank mandate fraud. Payments totalling £15,700 were made to a fraudulent bank account.

Key features

An unsecure internet connection used by the manager appears to have been used to gain access to the manager's email account. Email instructions, purporting to come from the manager, were then sent requesting a change to a supplier's bank details.

The fraud was identified during a review of authorised expenditure on a project.

The fraud was possible due to inadequate procedures around the confirmation of new bank details with suppliers.

The public body has since heightened the vigilance of finance employees and strengthened procedures for verifying new or changes to bank account details. In addition, existing supplier's bank details are being verified.

Bank mandate (2)

59. An unknown individual compromised the systems of a business working with the public body to request a change to bank details. Payments totalling £5,800 were subsequently made to a fraudulent bank account.

Key features

The systems of a business working with the public body were compromised, and correspondence was intercepted.

A similar email address to that of the business was used to send an email to the public body requesting a change in bank details. The public body sought explanation for the change in bank details and accepted the explanations given. However, this was done through the fraudulent email account.

Key features
The fraud was identified when the legitimate business reported that the payments had not been received. The public body have since strengthened procedures for changes to bank account details. This involves a telephone call to the business or customer using the contact details stored centrally, and monthly management checking of payments made. The case has been reported to Police Scotland.

Misuse of assets

60. An employee misused a council vehicle and the corporate time recording system to obtain benefits worth over £5,200.

Key features
An employee used a council vehicle for personal use during business time, as well as accruing time on the corporate time recoding system that they had not worked. The fraud was identified following receipt of an anonymous allegation that the employee was using a council vehicle to take their child to and from school. The fraud was possible due to a lack of review or monitoring of time records. Steps have since been taken to ensure staff are aware of the requirements of the flexible working hours policy, the time recording guide and any service-specific requirements. Stricter monitoring by service managers of employees' time recording has been put in place and staff have been reminded that fleet vehicles must not be used for personal use. The employee's actions have been reviewed under the council's disciplinary policy and full recovery is being progressed through salary deductions.

Technical Bulletin 2023/4

Technical developments and emerging risks from September 2023 to December 2023

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:
www.audit-scotland.gov.uk/accessibility

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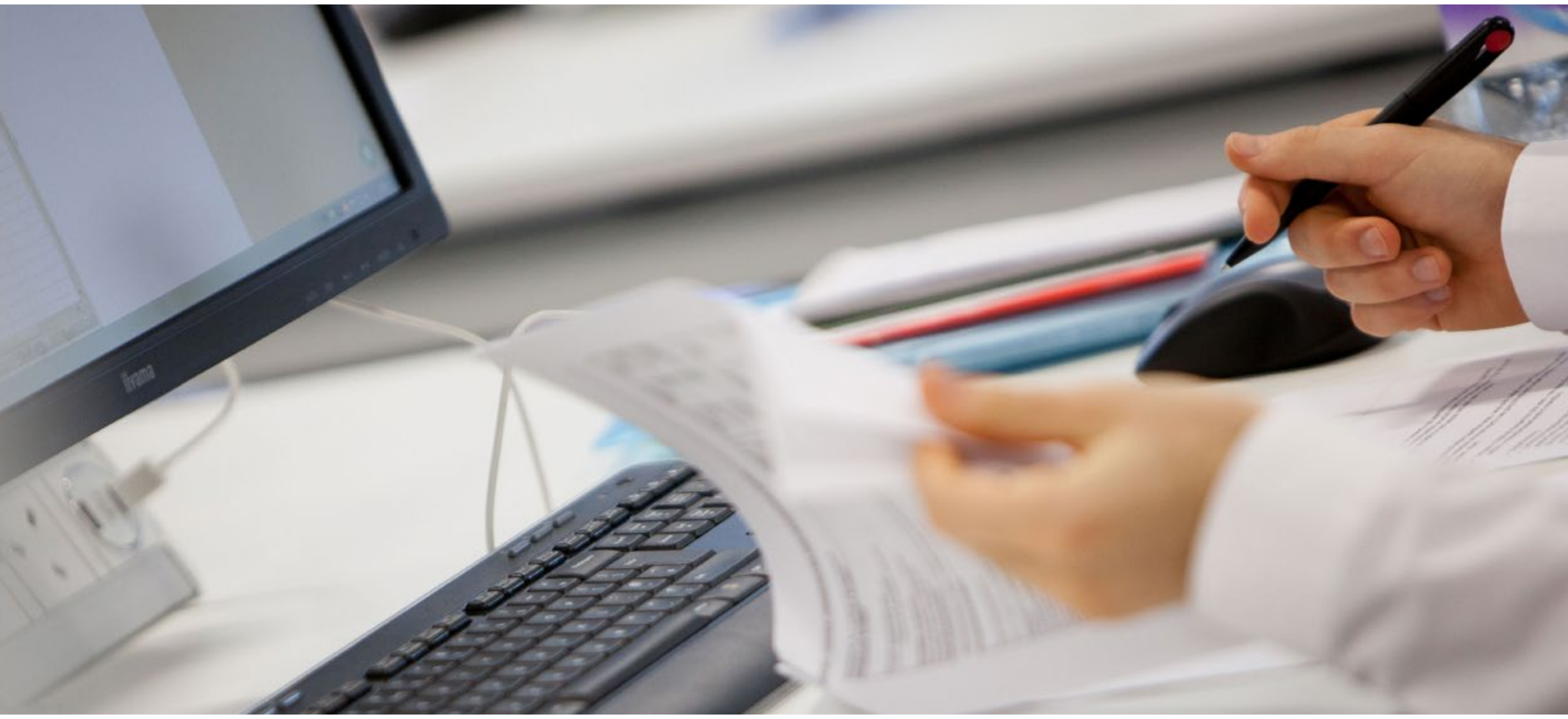
AS.4.0

Our approach to setting audit fees



Audit appointments are made by the Auditor General or the Accounts Commission. This helps ensure the independence of external audit.

Find out more

AUDIT SCOTLAND

Key messages

1 We have completed a review and consultation on funding and fee setting arrangements.

2 We carried out a successful audit procurement exercise leading to new audit appointments being made for the 2016/17 to 2020/21 audits.

3 Our aim is to deliver independent, consistent, high quality, wider scope public audits while achieving best value in our use of resources.

4 Fee changes will vary across individual bodies and overall we will reduce average fee levels for the 2016/17 audits by 6.7% (8.6% in real terms).

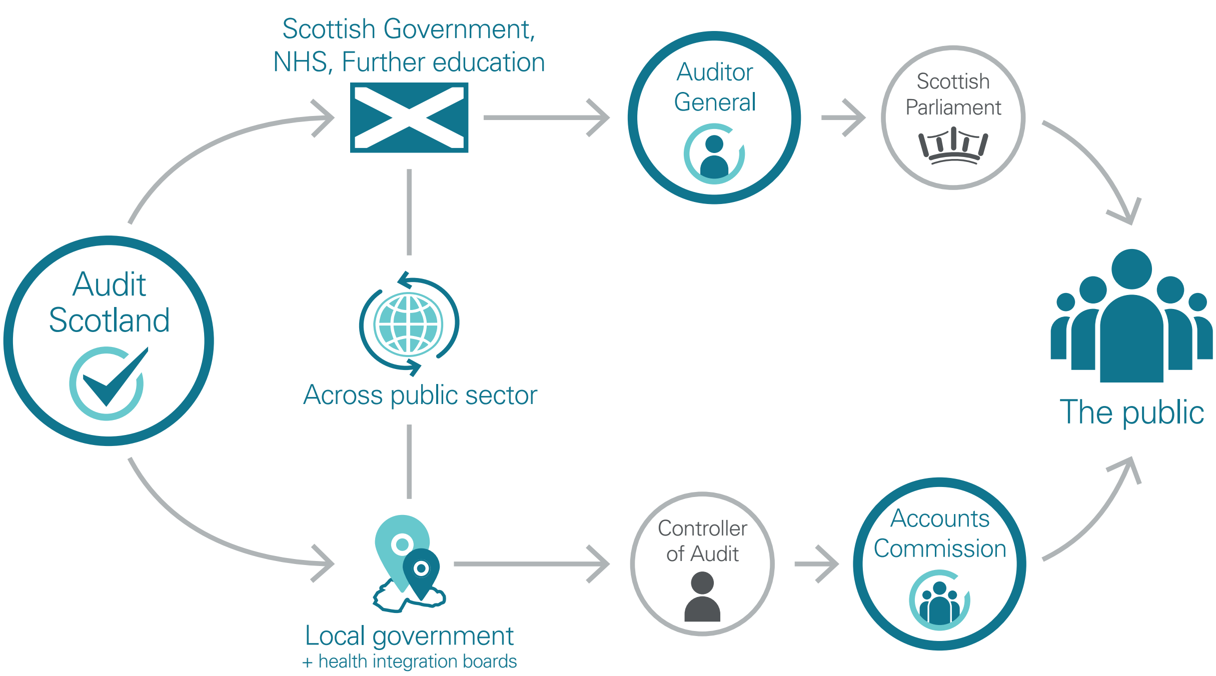
5 We expect to make further real terms reductions in fee levels for 2017/18 and 2018/19 audits.

6 These are on top of a 24% reduction on average in real terms between 2010/11 and 2015/16 audits.

7 Our 2017/18 budget proposal includes the transfer of funding for NHS performance audit from audit fees, to the SCF (Scottish Consolidated Fund). The proposed transfer is cost neutral as we will reduce audit fees by the same amount.

Introduction

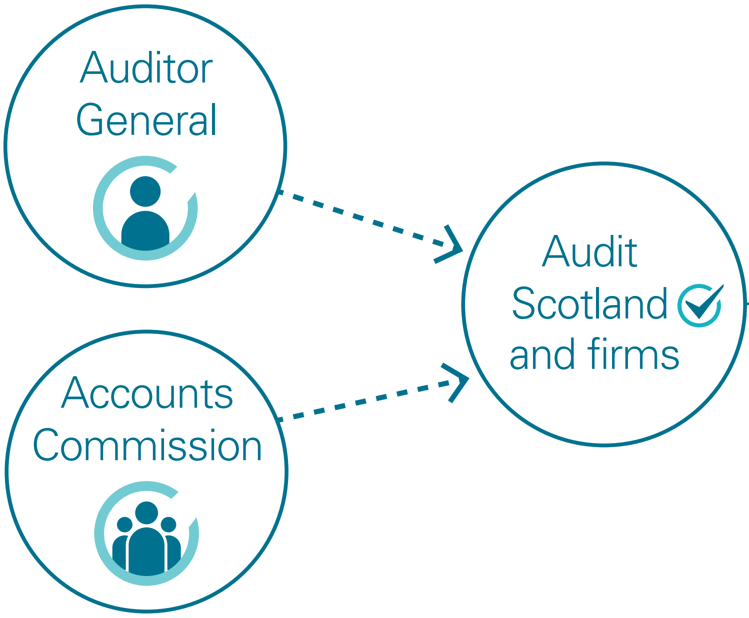
The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland. The Auditor General and the Accounts Commission appoint external auditors to most public bodies in Scotland. Audit Scotland provides services to the Auditor General and the Accounts Commission, including carrying out annual audits, performance audits and Best Value audits.



Our purpose

- We carry out relevant and timely audits of the way the public sector manages and spends money.
- We report our findings and conclusions in public.
- We identify risks, making clear and relevant recommendations.

we provide independent assurance to the people of Scotland that public money is spent properly and provides value



Private firms are appointed as auditors by the Auditor General and the Accounts Commission to undertake around a third of the annual audit work with Audit Scotland staff appointed to audit the remainder.

About our audits

high-quality audit, independence, five-year rotation

Annual audits are undertaken by Audit Scotland staff and private firms appointed by the Auditor General and the Accounts Commission.

Performance audits are carried out by Audit Scotland staff with assistance from external specialists and appointed auditors where appropriate.

Best Value audit work is carried out by appointed auditors of councils as part of the annual audit. Reports by the Controller of Audit to the Accounts Commission are prepared for each council at least once in each five-year audit appointment period.

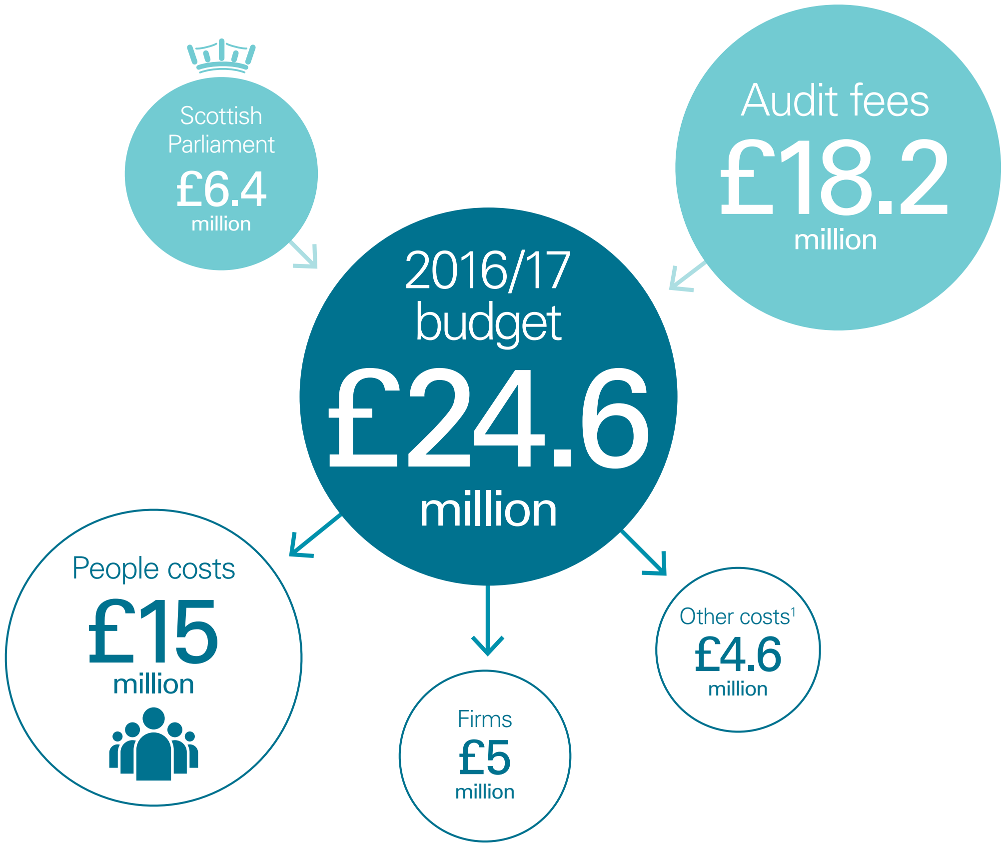
To support our vision of world-class high-quality audit and to maintain independence, audit appointments are rotated every five years. During 2015/16 we carried out an audit procurement exercise leading to appointments of in-house teams and external firms being made to over 220 bodies for five years from 2016/17.

How we are funded

Audit Scotland's work is funded by a combination of fees charged to audited bodies and resources provided by the Scottish Parliament. About three quarters of our income comes from fees.

Audit Scotland is responsible for setting the level of fees charged to audited bodies.

The projected fees form part of Audit Scotland's budget proposal to the Scottish Commission for Public Audit which considers the proposal, takes evidence on it in public and reports to the Finance Committee of the Scottish Parliament as part of the overall scrutiny of the annual Budget Bill.



Note: 1. Other costs include property, IT, travel and subsistence, and depreciation.

Find out more:

Annual report and accounts, 2015/16

Corporate Plan, 2016/17

Fee strategy

About our fee strategy

Our vision is to be a world class audit organisation that improves the use of public money.

In order to deliver our world class vision we have:
Consulted stakeholders about their expectations of audit
Published *Public Audit in Scotland*, a high-level statement on the scope of public audit by the Auditor General, the Accounts Commission and Audit Scotland
Revised the *Code of Audit Practice* to raise expectations of auditors in conducting wider scope public sector audits and increase the transparency of audit work
Carried out an audit procurement exercise to underpin new audit appointments by the Auditor General and the Accounts Commission for the period 2016/17 to 2020/21

establish a transparent framework for the setting of fees and charges in a stable and predictable way

In 2016, we completed a review and consultation of our approach to funding our work and the fee setting arrangements. This was to improve transparency, making them easier to understand and operate. These new arrangements apply from the 2016/17 audits.

consistent, transparent and sustainable

In setting a fee strategy our aim is to provide high-quality independent public audit in Scotland while delivering best value in our work.

This means our fee strategy needs to:

- comply with statute
- maintain the independence of Audit Scotland and its auditors
- reflect the way in which public services are organised and audited
- be transparent, easy to understand and simple to operate
- be sustainable and not volatile from year to year without reason.

Key principles

To achieve this the Audit Scotland Board established two key principles:

- That audit fees should be set with the objective of recovering the full cost of audit work in each sector.
- That the cost of the audit should not depend on the identity or location of the auditor.

Consultation on Audit Scotland fee setting arrangements

Consultation feedback

In the summer we consulted with audited bodies and other stakeholders on the principles underlying the strategy and the approach to calculating fees:

We asked stakeholders whether they:

- agreed that audit fees should be set with the objective of recovering the full cost of audit in each sector
- supported the principle that an audited body should pay the same fee irrespective of who is appointed to deliver the audit
- agreed that some costs should be pooled across each sector
- agreed with the proposed approaches to sharing pooled costs between bodies
- thought that we could be more transparent in showing how fees were constructed.

The respondents agreed with the principles of full cost recovery and that the audit fee should be the same whoever carried out the audit. They also agreed with the concept of cost pooling and the approaches to sharing these costs between bodies.

Bodies also welcomed the commitment to greater transparency and the proposal to provide a breakdown of the total fee. Some respondents suggested that we should provide a detailed breakdown of the time to be spent on each audit. Our approach to appointing auditors means that it is for each auditor to use their professional judgement to determine the grades of staff and length of time to be spent on the audit rather than the time being set centrally.

About the fees we charge

We reviewed and revised the costs of individual audits using information on the actual cost of delivering the audits. In some sectors this has resulted in increases for some smaller bodies and reductions for larger bodies.

We have revised the way in which audit fees are presented and explained to audited bodies and the mechanism for agreeing adjustments to fees to reflect local circumstances.

Which organisations pay audit fees?

- Fees are set for all local government audit work and the costs of annual audit work in the NHS, central government, Scottish Water and further education colleges.
- Local government has separate democratic accountability and its funding includes an amount for scrutiny costs such as audit. Therefore local government bodies pay for all audit work across the sector. This includes Performance & Best Value audit work.
- The same principles are used to calculate notional fees for the central government audits that we cannot charge for.

What does Parliamentary funding pay for?

- Annual audits of the central government audits that we cannot charge for.
- All performance audit work in central government, further education and Scottish Water.
- In our 2017/18 budget proposal to the Scottish Commission for Public Audit, we include a proposal to transfer to parliamentary funding the remaining proportion of the cost of NHS performance audit work currently funded through fees.
- The cost of supporting Parliament and its committees, the National Fraud Initiative and the costs of the Auditor General, Accounts Commission and Audit Scotland Board.

Calculating and communicating audit fees

For 2016/17 audits onwards we will provide the following breakdown of the total audit fee for each audited body:

	Current year	Prior year (from 2017/18)
Auditor remuneration	£-	£-
Pooled costs	£-	£-
Performance audit and Best Value (where relevant)	£-	£-
Audit support costs	£-	£-
Total expected fee	£-	£-

Please refer to your individual fee letter

Auditor remuneration

Auditor remuneration for an individual body is based on our assessment of the audit work likely to be required to deliver an audit. The audit must comply with the Code of Audit Practice for a body of that size facing the normal risks for its part of the public sector.

The auditor remuneration assumes that the body has sound governance arrangements in place and operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for the audit.

Fees can be agreed between the auditor and audited body by varying the auditor remuneration by up to 10% above the level set, for example, where significant local issues require additional work to be undertaken. In exceptional circumstances higher remuneration can be agreed with the prior agreement of Audit Scotland.

If the auditor and audited body agree that a permanent reduction in audit cost is appropriate then we will consider the proposal taking account of any potential impact on audit quality.

Pooled costs

We aim, as far as possible, to ensure an audited body should pay the same fee irrespective of whether the auditor is an Audit Scotland team or any of the appointed private firms. This supports auditor independence and the rotation of auditors.

This means we pool some costs which would otherwise lead to different fees being charged depending on the identity or location of the appointed auditor. These pooled costs are currently distributed across the audited bodies in each sector in proportion to the expected level of auditor pay. Pooled costs are:

- travel and subsistence costs
- procurement savings above those reflected in the auditor remuneration level
- any difference between the full costs of Audit Scotland teams and the auditor remuneration amount for their audits
- recoverable input VAT (local government only).

Performance audit and Best Value audit costs (local government only)

Local government bodies pay for the cost of **all** audit work carried out in the sector. All councils carry out a similar range of services and therefore they benefit from the recommendations for improvement and good practice identified in Best Value reports at other councils.

For **performance audit work**, including the costs of responding to correspondence from elected representatives and members of the public about issues in local government bodies, the budgeted costs are distributed between significant local government bodies (councils, Integration Joint Boards and Strathclyde Passenger Transport) in proportion to the level of auditor remuneration.

For **Best Value audit and housing benefit audit** the amount of money received by councils towards the cost of this work is divided between the 32 councils only on the basis of relative populations in June 2015.

Audit support costs

Audit Scotland incurs ongoing costs, eg making audit appointments, providing assurance on audit quality and providing technical guidance and support to appointed auditors. These costs are shared across all audits relative to the level of auditor remuneration.

Audit fees for 2016/17 audits

Fee levels

We're proposing, subject to consideration of our 2017/18 budget by the Scottish Commission for Public Audit, to reduce average audit fees for 2016/17 audits by 6.7%, building on real terms reductions of 24% since 2010/11, through a combination of the review of fees and funding the recent audit procurement exercise and further Audit Scotland budget savings.

Table 1 shows there is variation between sectors. These differences arise from the varying prices bid for audit work in different sectors and applying a revised cost distribution methodology consistently across all sectors. The NHS reduction includes the effect of the proposed transfer of performance audit costs to the Scottish Consolidated Fund.

	2016/17 total fees £m	Average change on 2015/16 fees (percentage)
Local government	11.1	-4.5
NHS	3.0	-20.5
Central government-chargeable audits	1.8	3.3
Further education	0.5	2.2
Overall average cash reduction		-6.7

The fee movements shown in Table 1 are based on us achieving a break even position for the 2017/18 financial year in all sectors.

Summary information on fee movements by sector

Local government

The average reduction in audit fees from the 2015/16 audit fees for local government bodies is 4.5% arising from Audit Scotland savings and the recent audit procurement exercise. For councils the reductions range from 0% for smaller councils to 12% for the largest. For Integration Joint Boards 2016/17 will be the first full year of operation and fees will be agreed locally between auditor and audited body depending on the scope of IJB activity and the arrangements in place to obtain robust financial information. For other local government bodies fees will be held at 2015/16 levels.

The fees are on a like-for-like basis and do not take account of any changes in the volume of audit work required as a result of, for example, changes in accounting requirements. For 2016/17, council fees do not take account of any additional audit work that may be agreed with auditors to prepare for the full audit of Highways Network Assets now expected to be required for 2017/18.

NHS

The average reduction for NHS bodies is 20.5%. Mainland territorial boards will see fee reductions of 26%–30% including the reduction attributable to the proposed transfer of funding for performance audit work. Special health boards, apart from NHS 24, will see fees remain at 2015/16 levels. NHS 24 will see an increase in its expected fee of £5,500 to reflect the actual fee levels being charged in recent years. Island health boards will see increases of £2,500–£7,500 reflecting the actual cost of carrying out these audits over recent years.

Further education

Overall the sector will see an increase in fees of £10,000 (2.2%) to bring income fully into line with the actual cost of auditing in the sector. Several recently merged colleges will see reductions of 3%–4% and others an increase of 3%. Colleges that have not undergone mergers will see increases of £1,650–£2,200 to better reflect the actual cost over a number of years of delivering these audits in compliance with the Code of Audit Practice.

Central government – chargeable

Overall chargeable central government fees will increase by 3.3%. For larger bodies the increases will be around 2% and for smaller bodies generally 5%–6% (£130–£1,000) to better reflect the actual cost of carrying out these audits in recent years.

Central government – non-chargeable

For those central government audits where Audit Scotland cannot charge a fee, the notional audit cost notified to the bodies will increase by an average of 1.9%.

Our approach to setting audit fees

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