

6.	Risk Management a) Commentary b) SLC Strategic Risk Register c) Regional Strategic Risk Register	Y Y Y	HoF
	Matters for Information		
7.	Skills Development Scotland (SDS) Audits	Y	HoF
8.	Audit Scotland a) Extract from Technical Bulletin 2022/3 b) Audit of Colleges 2021/22 ~ Technical Guidance c) Statutory Fees 2022/23	Y Link Y	HoF

9.	Annual Report from the Scottish Public Services Ombudsman. Cover letter attached. Link to the report: Annual Report: Performance Report 2021-22 SPSO	Y	AP
10.	Summation of Actions and Date of Next Meeting	N	CB
11.	Next Meeting - TBC	N	CB
12.	Any Other Business	N	CB
13.	Risk & Equalities	N	CB

Key:	Chair	Chair of the Audit & Risk Committee
	AP	Acting Principal
	DP	Depute Principal
	CB	Clerk to the Board
	HoF	Head of Finance
	HL	Henderson Loggie (Internal audit service)
	MZ	Mazars (External audit service)

AUDIT & RISK COMMITTEE

Minutes

Audit & Risk Committee on 5th September 2022 at 08.00 in Boardroom and via Microsoft Teams.

Present

Craig McLaughlin (Committee Chair)
R Calin
A Docherty
F Whittaker

In Attendance

D Archibald (Henderson Loggie)
Y Finlayson (NCL)
S Graham (Mazars)
L Nutley (Mazars)
K McAllister
S McManus
A Sherry (Acting Principal)
C Gibb (Chair of ARC)
P Scott (Acting Clerk)

Apologies

D Hogan

Agenda Item	
1.	Declaration of Members' Interest
	Declarations would be minuted against individual agenda items as appropriate.
2.	Minutes of Previous Meeting – 9th May 2022
	These minutes were read and approved subject to addition of F Whittaker who had attended via Teams
3.	Matters Arising
	No matters arising
	Matters for Decision
	None listed
	Matters for Discussion
4.	<p>External Audit</p> <p>The External Auditors delivered an update on progress and the Committee noted that appropriate progress had been made and a provisional date set for completion of the annual accounts. Clarity was sought on some points of detail.</p> <p>On a point of Order, the Clerk advised that SLC and NCL historically had sought to sign off the accounts at the same time and the Colleges would liaise with the Regional Board to ensure consistency.</p> <p>The Chair of FRC advised that the Financial Statements were concerned with numeric accuracy and some of the detail might need to be revisited.</p>

	<p>The Chair of ARC reported that, with the Clerk, he had attended a most productive meeting with the External Auditors and had agreed a timeline with them for completion.</p> <p>It was accepted that there was a Strategic Risk if the Acting Principal demitted office before a permanent incumbent was in post, but it was stressed that there was a strong system of corporate governance in place, and it was the view of the Committee that the strategic risk could be effectively managed.</p> <p>The Clerk reminded the meeting that his stated view was that risk management was concerned not merely with mitigation but also minimisation and from a governance perspective he was confident that the College would suffer no detriment.</p> <p>The Committee did not accept that there was any inherent strategic risk in the appointment of the current Chairing member but that any such would be a matter for the Regional Board as it was, they who made the appointment.</p> <p>In course of discussion the Committee urged management to be mindful of the impact of uncertainty on the Executive Team.</p> <p>The Clerk was asked to minute that the supporting documents were not for publication as they represented work in hand and the Final Accounts would be published in due course.</p> <p>The Committee then noted the terms of an exchange of confidential letters regarding potential risk by virtue of the appointments of successive Acting Principals. Given his own involvement the acting Principal offered to withdraw but this was not felt necessary. The discussions, already minuted, with the External Auditors had been helpful and any concerns appeared to have been addressed</p>
5.	<p>Internal Audit</p> <ul style="list-style-type: none"> • The Committee considered the paper submitted on Risk Management and noted that the overarching classification was Low Risk but there were opportunities for enhancement. There were strengths at both strategic and operational levels and overall, the position was satisfactory. The Committee noted that the Internal Auditors were comfortable with the mitigating actions taken by the college. • The Committee considered the submitted paper on Health & Safety and noted that risks were well managed with good engagement with the Unions. A few details needed clarification and it would be helpful to improve refresher training. The Depute Principal advised that work on a review of the Health & Safety Policy was proceeding apace • The committee considered the submitted paper as it affected cyber security. The benchmarks were clearly established, and review was ongoing with a target date for completion by the end of March 2023. Penetration Testing was discussed and on this and other matters SLC would continue to explore with NCL any areas where economies of scale might be achieved. <p>The Clerk advised that as the papers contained sensitive information regarding the measures taken by the College to protect itself from external risk factors, it was not his intention to publish the papers but</p>

	would summarise the nature of the discussion in the interests of openness and transparency
6.	<p>Internal Audit Recommendation Tracker</p> <p>The Head of Finance reported that of eight recommendations from previous Internal Audits, six had been successfully closed off, two were substantially completed and were at the point of being closed off and two were partially completed but with good progress having been made.</p> <p>This was felt to be entirely satisfactory</p>
7.	<p>Azets Report & Management Responses</p> <p>Good progress continued to be made but it was felt that no further report should be published until the ongoing investigation is concluded. An update had been published in May and had shown significant progress at that time, but other responses might need to be informed by the outcome of the investigation. The Clerk was authorised to share with the Unions such information as was appropriate in advance of publication</p>
8.	<p>Quality Audit – EMA Spot-check</p> <p>The Head of Finance spoke to the Quality Audit – the second of two annual spot-checks.</p> <p>Neither spot-check had revealed any areas of concern but the Committee Chair wanted clarification as to whether or not the sample was large enough. The Committee was assured that SFC Guidelines had been followed to the letter but asked management to consider whether or not it would be informative to take a larger sample at some point in the future</p>
9.	<p>Risk Management</p> <p>The Committee considered the paper as submitted – which should not be published for reasons of commercial confidentiality but in summary:</p> <ul style="list-style-type: none"> • Given the economic challenges ahead a Risk Group might be beneficial – especially given the concerns already raised with regard to the Five-Year Forecast. The College had to be mindful that staffing costs and funded credits were outwith college control but did note that an expansion of Apprenticeships was in prospect • So far as concerned the College Risk Register, in terms of the amended Committee Terms of reference all committees now had risk as a standing item which would inform the College as to emerging and ongoing risk factors. The Clerk was asked to take on board the possibility of including Risk appetite in future training sessions – especially given that the recent training session on Strategic Risk Management had been so well received. • The Regional Risk Register was even more problematic as the state of the national economy is a matter for speculation. All that the Committee could suggest was that SFC work as closely with NCL to identify and address common risks

	Matters for Information
10.	Accounts Direction 2021 SFC publication The Committee was directed to this online resource
11.	Audit Scotland Bulletin 2022/2 The Committee was directed to the content of this Bulletin which is also available online
12.	Summation of Actions and Date of Next Meeting
	The Acting Clerk confirmed that there were no Actions required and confirmed that the next meeting would be held on 7 th November 2022 – and would be a joint meeting with FRC in the Boardroom and on Teams
13.	Any Other Business There being no other business the meeting was declared closed.
14.	Risk & Equalities Strategic Risk had been addressed and throughout the proceedings and would be minuted accordingly. No specific equalities issues were raised but it was generally recognised that social inequality might operate to the detriment of areas of multiple deprivation, and this had been fully considered at the August Training Day



SFC Guidance

Good practice in college governance

Issue date: 23 September 2016

Reference: SFC/GD/19/2016

Summary: Requirements for colleges to comply with the revised Code of Good Governance for Scotland's Colleges

FAO: Principals, Directors and Board Secretaries of Scotland's colleges

Further information: **Contact:** Claire Taylor
Job title: Senior Financial Analyst
Department: Finance
Tel: 0131 313 6604
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Good practice in college governance

Purpose

1. This guidance sets out SFC's determination of the principles of good governance which will apply to colleges in Scotland, in accordance with SFC's statutory duty under the Post-16 Education (Scotland) Act 2013 ("the 2013 Act")

Background

2. Section 14 of the 2013 Act amended the Further and Higher Education (Scotland) Act 2005 ("the 2005 Act") to state that "The Scottish Ministers may, under section 9(2), impose a condition that SFC must, when making a payment to a college of further education which is a fundable post-16 education body, require it to comply with any principles of governance which appear to SFC to constitute good practice in relation to colleges of further education".
3. It is a condition of our grant to institutions in the Financial Memorandum that the institution complies with the principles of good governance as set out below.

Principles of Good Governance

4. When the first version of the Code of Good Governance for Scotland's Colleges ("the Code") was published in November 2014, we undertook a review of the Code and confirmed that in SFC's view, the Code met the principles of good practice. Colleges were expected to comply with the Code retrospectively from 1 August 2014.
5. The Good Governance Steering Group recently undertook a review of the Code. As part of this exercise, a consultation took place to seek views from key stakeholders on the revisions proposed by the steering group. This review has now concluded and the updated Code ("the revised Code") was sent to Chairs and Principals on 7 September 2016.
6. Having reviewed the revised Code, SFC confirms that it still meets the principles of good practice. Colleges are expected to comply with the principles of the updated Code from 1 August 2016 and the first year of compliance with the updated Code should therefore be reported in the Corporate Governance statement included in the 2016-17 annual financial statements of the college.
7. Within section D.23 of the revised Code there is the following requirement:

"The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online."

8. College boards should therefore send these documents to SFC as soon as they are available.

Comply or explain

9. Each board must state its adoption of the Code in the corporate governance statement contained in its annual financial statement.
10. Page 3 of the revised Code requires college boards, where for whatever reason a board's practice is not consistent with any particular principle of the Code, to make this known to the SFC or for assigned colleges, the Regional Strategic Body. This should be done immediately they become aware of an inconsistency and, without exception, in advance of publishing the information. Also, an explanation for that inconsistency must be clearly stated in the college's corporate governance statement. Boards will be expected to offer a clear rationale for exceptions in the context of their college's operational model and to identify mitigations.

Further information

11. A copy of the revised Code is available on the [Colleges Scotland website](#).
12. PDF copies of the board self-evaluation and board development plan should be emailed to Angela Iannetta, email: aiannetta@sfc.ac.uk when available.
13. Please contact Claire Taylor, Senior Financial Analyst, Finance Directorate for further information, tel: 0131 313 6604, email: ctaylor@sfc.ac.uk



Martin Fairbairn
Chief Operating Officer

AUDIT and RISK COMMITTEE

DATE:	7 November 2022
TITLE OF REPORT:	Internal Audit
AUTHOR AND CONTACT DETAILS	Keith McAllister Keith.mcallister @slc.ac.uk
PURPOSE:	<p>To present reports on internal audit assignments, including the follow up to prior year recommendations, and the annual internal audit report.</p> <p>The internal audit service also reviewed the work that has been undertaken by the College on the Governance Improvement Plan and their report is attached.</p>
KEY RECOMMENDATIONS/ DECISIONS:	<ul style="list-style-type: none"> • Committee to note and approve progress that has been made in addressing prior audit recommendations made, work on the Governance Improvement Plan (GIP) and to review and note the results of recent internal audit assignments. • Given the advanced, positive, state that the work in the GIP is, the Committee are asked to allow the GIP to be closed, with the outstanding work being transferred to the College's rolling review of outstanding audit recommendations.
RISK	<ul style="list-style-type: none"> • That the College cannot maintain financial stability. • That there is a failure of Corporate Governance arrangements • That there is a failure of financial controls
RELEVANT STRATEGIC AIMS:	<ul style="list-style-type: none"> • Highest quality education and support. • Sustainable behaviours.
SUMMARY OF REPORT:	<p>The College has made significant progress in addressing the recommendations made in prior year internal audit assignments, with only one item outstanding and this one has been partially completed. This is also the case re the Governance</p> <p>The 2021/22 assignments, as noted in the Annual Report, show a number of recommendations and items of good practice, but there are no high risk findings.</p> <p>The reports presented are:</p> <ol style="list-style-type: none"> a) Student activity b) Follow Up c) Governance Improvement Plan d) Annual report

South Lanarkshire College

2021/22 Student Activity Data

Internal Audit report No: 2022/05

Draft issued: 31 October 2022

Final issued: 4 November 2022



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Management Summary

Introduction

The Guidance Notes issued by the Scottish Funding Council (SFC) on 16 August 2022, '*FES Return and Audit Guidance 2021-22*' requested submission by South Lanarkshire College ('the College') of the FES return for session 2021/22, which includes the Credits data relating to College activity for the academic year 2021/22.

Guidance on completion of the 2021/22 return was issued by the SFC on 2 August 2021.

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

Scope of the Audit

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

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

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

Audit Staffing

An Audit Director with 29 years' experience in the further and higher education sectors had overall responsibility for the planning, control and conduct of the audit and supervised and reviewed work performed by a Senior Auditor with four years' experience in the sector. A Manager with 17 years' experience in the sector was also involved at the planning, review and reporting stage.

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

The total number of audit days was 8, split ½ day for the Audit Director, 1 day for the Manager and 6½ days for the Senior Auditor.

Audit Findings

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

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



Audit Findings (continued)

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

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

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

Conclusion

Our report was submitted to the SFC on 18 October 2022. We reported that, in our opinion:

- the student data returns have been compiled in accordance with all relevant guidance.
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- we can provide reasonable assurance that the FES return is free from material misstatements.

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

Acknowledgments

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



Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date
2.2.1	<p>Non-Fundable Activity</p> <p>R1 In-year and end of year FES data integrity checks should include a review of non-vocational programmes to ensure the Credits claim is accurate.</p>	3	In-years Credit checks are completed however it is accepted that more focus on the non-vocational programmes can be done. The Head of MIS can include this into the quarterly data checks with the MIS team.	Yes	Chris Sumner – Head of MIS	Q2 2022/23
2.3.2	<p>Superclass codes</p> <p>R2 Ensure that appropriate superclass codes are assigned to courses in line with the Credits guidance.</p>	3	Accepted. Part of the data checks in R1 can also include this check for the superclass codes. Communication of the year's superclass codes should also be displayed to the Curriculum Managers when planning the courses.	Yes	Chris Sumner – Head of MIS	Q2 2022/23
2.6.1	<p>Multiple Enrolments</p> <p>R3 In-year and end of year FES data integrity checks should include a review to ensure that Credits are not claimed for more than one full-time course per year in line with the Credits guidance.</p>	3	Accepted. Multiple enrolments are checked and currently have a Power Bi report that can display any students with a multiple claim.	Yes	Chris Sumner – Head of MIS	Q2 2022/23



2021/22 Student Activity Data

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date
2.7.2	<p>ESF Students</p> <p>R4 For ESF students, ensure that Credits are only claimed for completed modules / units.</p>	3	Accepted. ESF funding is no longer available in 2022/23. However, improvements have still been made to the systems to ensure module Credits match the student claim in the system.	Yes	Chris Sumner – Head of MIS	Q2 2022/23
2.8.2	<p>Distance Learning</p> <p>R5 The College should ensure that evidence of progression is available for all students enrolled on open / distance learning programmes where Credits are being claimed.</p>	3	Accepted. The College will ensure that records of work and timetabling / attendance are recorded for the open / distance learning courses and where possible ensure that there are outlines to the courses / hours through the curriculum planning system.	Yes	Chris Sumner – Head of MIS	Q3 2022/23



Main Report

1. Introduction

1.1 SFC Guidance

1.1.1 The Credits Audit Guidance issued by the Scottish Funding Council (SFC) on 16 August 2022 sets out, at Annex E, the key areas of risk in relation to the preparation of the FES return. These are:

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

1.1.2 This is the first year that we have carried out the Credits audit for the College. For academic year 2021/22 we documented the systems and procedures used in the completion of the returns. We then carried out detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily. Detailed analytical review was carried out, including a comparison with last year's data, and obtaining explanations for significant variations by Price Group.

1.1.3 As requested by the Credits Audit Guidance this report indicates: the scope of the audit; the approach taken; an indication of analytical review work performed; the extent of checking undertaken; the external data examined; review of prior year recommendations; and the main findings from our audit work. As requested by the guidance, the report also includes a summary of adjusted and unadjusted errors found during the course of the audit.



2. Systems and Procedures for Compilation of Returns

2.1 Introduction

- 2.1.1 Detailed testing at the year-end Credits audit included two main tests on courses and individual students.
- 2.1.2 The following tests were carried out for a sample of 15 courses selected from the FES1 and FES2 reports:
- Ensured that the course met the criteria for fundable activity set out in the Credits guidance.
 - Where applicable, ensured that the course met the definition of further or higher education set out in the Credits guidance.
 - Ensured that courses recorded as full-time met the definition for full-time as set out in the Credits guidance.
 - Checked the student total for a programme against course / class lists or course / class register. Checked calculation of the required date and ensured that students who had withdrawn prior to this date had been excluded from the Credits count; and
 - Checked allocation of Credits to courses is in accordance with the Credits guidance.
- 2.1.3 For a total of 52 students selected from the above courses the following tests were carried out, where applicable:
- Ensured that the student met the criteria for fundable activity set out in the Credits guidance.
 - Checked back to signed enrolment forms, or electronic equivalent, for the 2021/22 academic year.
 - For infill courses, ensured that Credits were allocated according to the modules attended by individual students rather than by the default value for the courses being infilled.
 - Checked to student attendance / engagement records and, for withdrawals (including a further sample of 15 full-time students who withdrew within two weeks after the Credits qualifying date), checked that the withdrawal date noted on the system was the last date of physical attendance; and
 - For students undertaking work experience ensured that the credits value had been calculated in line with the Credits guidance.
- 2.1.4 The following tests were carried out by reviewing records for all College courses:
- Ensured that there were no claims for more than one full-time enrolment per student for 2021/22 and ensured that Credits had not been claimed in respect of courses that were related in respect of subject area, unless progression could be clearly established;
 - Confirmed that there were no claims for overseas students, associate students and students enrolled on full cost recovery commercial courses; and
 - Confirmed that Credits had not been claimed for distance learning students resident outwith Scotland.
- 2.1.5 In relation to European Social Funds (ESF), for a sample of 10 students selected from the College's ESF funded programmes, testing was carried out on the College's systems for administering the additional funding, in line with conditions of grant. This included:
- reviewed the eligibility of students flagged for ESF Credits;
 - ensured that supporting documentation was held for ESF students, including: a completed participant form; proof of nationality and appropriate notification issued to the student; and
 - ensuring that Credits are only claimed for completed modules.



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

2.1 Introduction (continued)

- 2.1.6 We reviewed the systems for recording fee waiver entitlement and carried out an analytical review to ensure the accuracy of the fee waiver element of the FES return. For a random sample of 10 part-time students, we confirmed that College staff had verified the entitlement to benefit in each instance. One student in our sample was recorded in the FES as being in Source of Finance (SoF) 53 - Universal Credit, however per SITS the student was recorded as SoF 26 – Cost Borne by College and therefore no evidence of eligibility was required. The College confirmed that the code should be changed and amended this on the FES.
- 2.1.7 It was confirmed by the Head of Information Systems and Services that there had been no collaborative activity during 2021/22 and no such courses were identified during our audit testing.
- 2.1.8 Before signing our audit certificate, we reviewed the final FES online report and the explanations for remaining errors.
- 2.1.9 From our review and testing of the systems and procedures used in the compilation of the returns, we concluded that overall, they were adequate to minimise risk in the areas identified in Annex E of the Credits Audit Guidance and were working satisfactorily as described to us.
- 2.1.10 The remainder of this section discusses issues identified during our review of the 2021/22 student activity data.

2.2 Non-Fundable Activity

- 2.2.1 During our review of the FES data, we identified a total of four non-vocational programmes for which Credits were being claimed. Through discussion with the Head of Information Systems and Services it was determined that Credits for these courses were originally counted in error due to the SoF being miscoded. The SoF was updated at the time of our audit resulting in a total of 15.5 Credits being removed.

Recommendation

R1 In-year and end of year FES data integrity checks should include a review of non-vocational programmes to ensure the Credits claim is accurate.

2.3 Superclass Codes

- 2.3.1 SFC recognises that some subject areas are more expensive to deliver than others and has worked with the sector to categorise all programmes across five individual Price Groups, based on the course subject classification (superclass). A mapping from superclass subject areas to Price Group is provided at Annex A of the Credits Guidance. The mapping is based on the superclass coding for the course which should best describe the academic subject area.
- 2.3.2 For the 15 courses sampled, we checked the superclass code and ensured that this had been assigned in line with the Credits guidance. Our testing identified one course, Summer Leavers Hair and Beauty, which was classified as superclass code HD: Basic Skills (Price Group 1), however, when reviewing the content of the course we agreed with the Head of Information Systems and Services that the course was better aligned with Superclass code HL: Hair/Personal Care Services (Price Group 3). The superclass code was adjusted at the time of our audit.

Recommendation

R2 Ensure that appropriate superclass codes are assigned to courses in line with the Credits guidance.



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

2.4 Infill Courses

- 2.4.1 An essential element of the funding process requires the differentiation between full-time (FT) and other modes of attendance. Colleges need to record these elements correctly and accurately. Per the Credits guidance, any student that undertakes 15 Credits or more, on a single programme of study, in a single academic year should be considered full-time. Our sample of courses tested included one infill programme (HND Human Resource Infill) recorded as a part-time mode of attendance where we identified that a total of 18 Credits were being claimed for one student enrolled on the course. Due to the student undertaking more than 15 Credits, it was agreed with the Head of Information Systems and Services that this programme would be reclassified as a full-time course. We noted that additional monitoring would be implemented by the College for academic year 2022/23 to ensure that the programmes are correctly classified in line with the definitions outlined in the Credits guidance.

2.5 Student Attendance

- 2.5.1 For full-time students, the number of students to be counted in the Credits claim is the number enrolled on the course in the summer session who continue their participation after the 'required date' of 1 November. Colleges should have procedures for identifying and recording student withdrawals and the correct withdrawal date. Colleges should have a procedure that ensures the withdrawal date is compared with the 'required date', to determine whether the student is to be included in the Credits claim.
- 2.5.2 For a sample of 15 full-time students included in the return, whose withdrawal date was within two weeks after the Credits qualifying date of 1 November, we checked for attendance evidence and accuracy of the recorded withdrawal against the required date. Our testing identified that one student had a withdrawal date recorded as 5 November 2021 however, when reviewing attendance information, we confirmed that the final date of attendance was 5 October 2021. A total of 18 Credits were removed from the final claim. No other differences were noted from attendance testing during our wider sampling of students and eligibility testing and therefore we are satisfied that this was an isolated incident due to a manual administration error when updating the student records system.

2.6 Multiple Enrolments

- 2.6.1 A maximum of one full-time course / programme per year can be claimed per student. We obtained a report showing all students enrolled on more than one course to identify where a student may be undertaking two full-time courses in one academic year. We identified four students who were undertaking two full-time courses in 2021/22. For one student it was noted that they were undertaking one full-time course for 2021/22 and completing a full-time course which had been deferred from 2020/21 due to Covid restrictions, and this was accepted in line with the Credits guidance for 2021/22. The remaining three students were noted to have transferred from one full-time course to another during the academic year after the required date and that the College had counted the Credits for both courses in error. It was agreed with the Head of Information Systems and Services at the time of the audit that a total of 54 Credits for the second full-time course were not eligible, however no adjustment was made for these in the final FES submitted to the SFC.

Recommendation

R3 In-year and end of year FES data integrity checks should include a review to ensure that Credits are not claimed for more than one full-time course per year in line with the Credits guidance.



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

2.7 ESF Students

- 2.7.1 The FES data showing ESF Credits claimed was provided by the College during the audit from which we selected a sample of 10 students with testing carried out on the College's systems for administering the additional funding, in line with conditions of grant. This included the tests noted at paragraph 2.1.5 above.
- 2.7.2 For three students tested we identified that the Credits claimed per the FES did not fully reflect the Credits undertaken by the students per the student records system. A total of 9 Credits were removed from the FES. Further analysis was undertaken on the courses included in our ESF sample in conjunction with a wider review of all ESF students conducted by the College resulting in a total of 33.5 Credits being removed from the FES data, including the 9 Credits identified from our sample testing.

Recommendation

R4 For ESF students, ensure that Credits are only claimed for completed modules / units.

2.8 Distance Learning

- 2.8.1 The Credits guidance states that the number of Credits claimed for distance learning provision should be commensurate with the college staff time spent on developing and delivering the course. The Credits audit guidance requires that colleges should have procedures to agree the likely duration of study for open / distance learning programmes. Records of work of such students which record formal progress against a schedule with milestones agreed at enrolment must be maintained.
- 2.8.2 Our sample of 15 courses tested included one distance learning programme. Sample testing of enrolled students noted that a total of 2.5 Credits were claimed for two students where the College was unable to provide evidence of the students having engaged on or completed units. As a result, these Credits were removed from the final claim. A further review of all other students on the course did not identify any other instances where Credits should be removed.

R5 The College should ensure that evidence of progression is available for all students enrolled on open / distance learning programmes where Credits are being claimed.



3. Analytical Review

3.1 The analytical review by Price Group for the current year, included at Appendix III of this report, showed significant variances either in value or percentage terms in Price Groups 2, 4 and 5. These were discussed with College management. The explanations we received provided us with additional assurance that the Credits claim does not contain material errors:

- Price Group 2: decrease of 737 Credits. This is reflective of the overall reduction in enrolments for programmes in this Price Group between 2020/21 and 2021/22. The full-time withdrawal rate increased from 4.5% in 2020/21 to 7.6% in 2021/22 which impacted this Price Group;
- Price Group 4: increase of 481 Credits due to Introduction of Horticulture courses which ran in 2021/22; and
- Price Group 5: increase of 876 Credits due to an increase in the number of supported students coming back to College in 2021/22 following the easing of Covid restrictions.



Appendix I – Copy of Audit Certificate

South Lanarkshire College
College Way
East Kilbride
G75 0NE

18 October 2022

Dear Sirs

Auditor's Report to the Members of the Board of Management of South Lanarkshire College

We have audited the FES return which has been prepared by South Lanarkshire College under SFC's Credit Guidance for colleges issued 2 August 2021 and which has been confirmed as being free from material misstatement by the College's Principal in his Certificate dated 10 October 2022. We conducted our audit in accordance with guidance contained in the 2021-22 audit guidance for colleges. The audit included an examination of the procedures and controls relevant to the collection and recording of student data. We evaluated the adequacy of these controls in ensuring the accuracy of the data. It also included examination of evidence relevant to the figures recorded in the student data returns. We obtained sufficient evidence to give us reasonable assurance that the returns are free from material misstatements.

In our opinion:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- we can provide reasonable assurance that the FES return is free from material misstatements.

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

18 October 2022

Date FES returned: 10 October 2022



Appendix II – Summary of Adjusted and Unadjusted Errors

Report Para	Error identified	Adjusted/unadjusted	Approx. Value
2.2.1	Credits were incorrectly claimed for non-vocational programmes	Adjusted	-15.5 Credits
2.5.2	Credits claimed for a student who withdrew before the required date	Adjusted	-18 Credits
2.6.1	Credits were incorrectly claimed for three students enrolled on two full-time courses in the year	Unadjusted	-54 Credits
2.7.2	Incorrect number of Credits were claimed for a number of ESF students	Adjusted	-33.5 Credits
2.8.2	No records of engagement or progression for students enrolled on distance learning programmes	Adjusted	-2.5 Credits

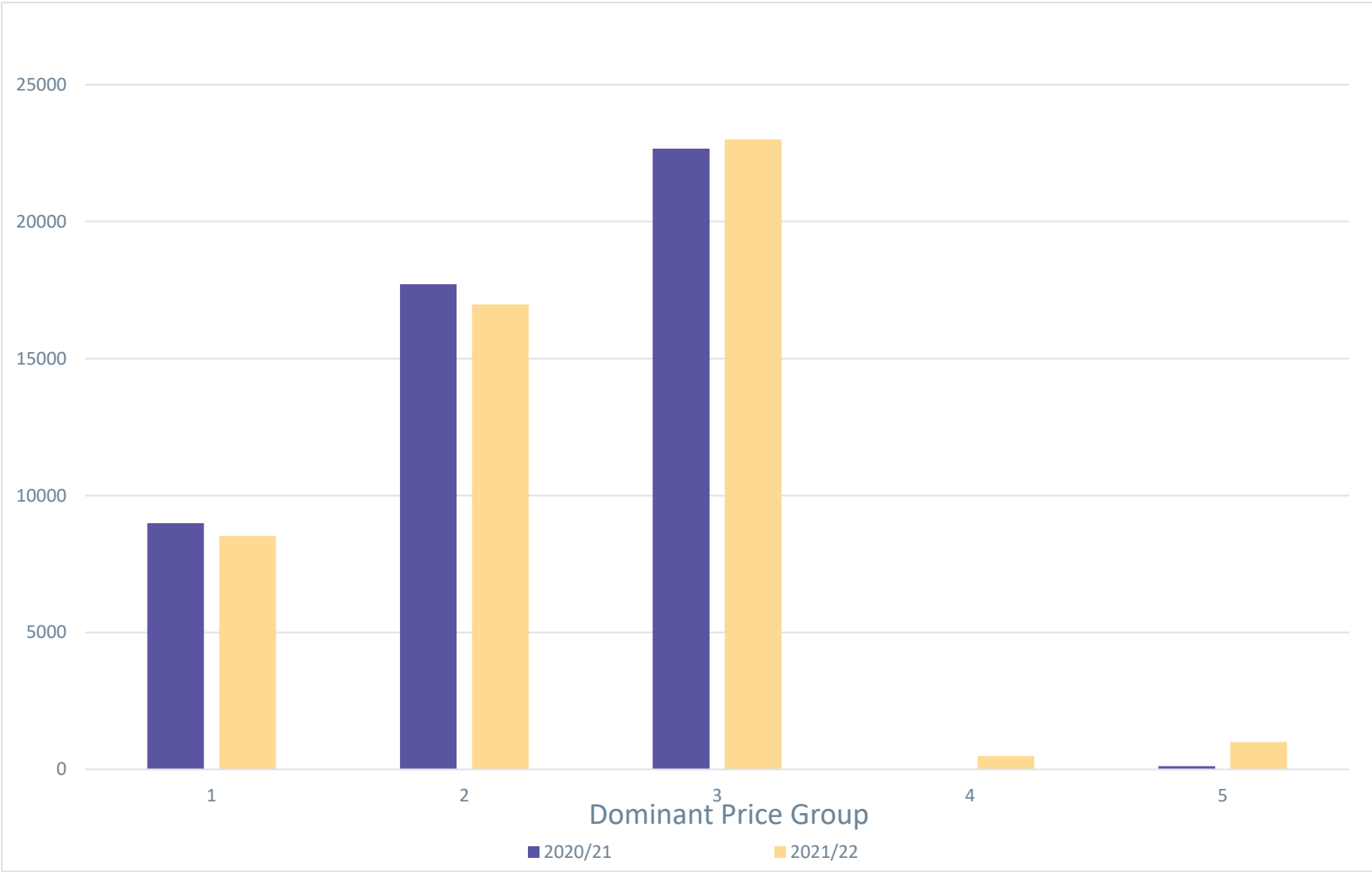


Appendix III – Price Group Analytical Review 2020/21 and 2021/22 – Figures

Price Group	2020/2021		2021/2022		Variance	Variance
	Credits		Credits		Credits	%
1	8,991		8,522		(469)	(5.2)
2	17,717		16,980		(737)	(4.2)
3	22,665		23,002		337	1.5
4	-		481		481	-
5	120		996		876	730.0
	49,493		49,981		488	1.0
<hr/>						
Total Target Activity			50,704			
Including ESF Target Activity of:			3,140			
ESF Actual Activity			3,166			
<hr/>						



Appendix IV – Price Group Analytical Review 2020/21 to 2021/22 – Graph



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South Lanarkshire College

Follow Up Reviews 2021/22

Internal Audit report No: 2022/06

Draft issued: 1 November 2022

Final issued: 3 November 2022



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Appendices

Appendix I	Updated Action Plan – Internal Audit Report - Follow Up 2020/21
Appendix II	Updated Action Plan – Internal Audit Report - Curriculum Planning 2020/21



Management Summary

Introduction and Background

We have been appointed as Internal Auditors to South Lanarkshire College ('the College) for the period 2021/22 to 2023/24. The Internal Audit Plan for 2021/22 includes two days for a follow-up of the recommendations made in Internal Audit reports issued during 2020/21 by the previous internal auditors, AZETS. These were:

- Follow Up 2020/21
- Curriculum Planning 2020/21

Objectives of the Audit

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

Audit Approach

For the recommendations made in each of the reports listed above we ascertained by enquiry or sample testing, as appropriate, whether they had been completed or what stage they had reached in terms of completion and whether the due date needed to be revised.

Action plans from the original reports, updated to include a column for progress made to date, are appended to this report.

Overall Conclusion

The College has made very good progress in implementing the recommendations followed-up as part of this review with eight of nine (89%) of the recommendations reviewed categorised as 'fully implemented' and the remaining single recommendation (11%) assessed as 'partially implemented'. This partially implemented recommendation will be subject to follow-up at a later date.



Overall Conclusion (Continued)

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

From Original Reports			From Follow-Up Work Performed				
Area	Rec. Priority	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	Not Past Agreed Completion Date	Considered But Not Implemented
Follow Up 2020/21	4	-	-	-	-	-	-
	3	-	-	-	-	-	-
	2	4	3	1	-	-	-
	1	1	1	-	-	-	-
Total		5	4	-	-	-	-
Curriculum Planning 2020/21	4	-	-	-	-	-	-
	3	-	-	-	-	-	-
	2	3	3	-	-	-	-
	1	1	1	-	-	-	-
Total		4	4	-	-	-	-
Grand Totals		9	8	1	-	-	-

The grades, as detailed below, denote the level of importance that should have been given to each recommendation within the internal audit reports:

Gradings for recommendations from AZETS internal audit reports:

Grade 4	Very high risk exposure -major concerns requiring immediate senior attention that create fundamental risks within the organisation.
Grade 3	High risk exposure -absence / failure of key controls that create significant risks within the organisation.
Grade 2	Moderate risk exposure -controls are not working effectively and efficiently and may create moderate risks within the organisation.
Grade 1	Limited risk exposure -controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general house-keeping issues.

Acknowledgements

We would like to thank all staff for the co-operation and assistance we received during the course of our follow up reviews.



Appendix I - Updated Action Plan

Internal Audit Report - Follow Up Review 2020/21

Original Recommendation	Priority	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at October 2022
2018/19 – Payroll and Expenses					
The College should review and, if necessary, update the Expense Procedural Manual in line with its version control information.	2	Head of Finance	October 2020	<p>April 2020 The Finance Dept is in the process of reviewing all of its policies and procedures as part of a College-wide exercise. An update in the internal process for changing policies and procedures requires that any changes are run through an internal management cycle. The expenses procedures are not expected to change per se, but they will have to be formally reviewed as above via the SLT and CLT.</p> <p><i>Partially Implemented</i></p> <p>Revised Date of Completion: December 2021</p>	<p>The Expenses Policy is currently being revamped and will be presented to the Senior Leadership Team in November 2022 with a view to it being approved by the Board in November / December 2022.</p> <p><i>Partially Implemented</i></p> <p>Revised Date of Completion: 31 December 2022</p>



Follow Up Review 2021/22

Original Recommendation	Priority	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at October 2022
2019/20 – Risk Management					
The Risk Management section on the College's website should be updated to include the latest approved versions of the risk management policy and procedures and risk register template.	1	Head of Finance	March 2020	<p>April 2020 The College is implementing a new approach to Risk. This will replace its current Risk Register, which is operational in nature, with a more strategic one. All areas will have to incorporate a risk register into its Business Plan and will be expected to revisit the risk register at each departmental meeting. The membership of the Risk Management Group has been revisited and the Head of Student Services will now attend. A programme of training has been started.</p> <p><i>Partially Implemented</i></p> <p>Revised Date of Completion: November 2021</p>	<p>New Risk Management procedures are in place and links to this and to the Risk Register template are now enabled.</p> <p><i>Fully Implemented</i></p>



Follow Up Review 2021/22

Original Recommendation	Priority	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at October 2022
2019/20 – Strategic Planning					
<p>SLC should conduct a structured and documented analysis of stakeholders and key groups to record and assess the level of influence and interest each has with the SLC's operations.</p>	<p>2</p>	<p>Depute Principal</p>	<p>To be confirmed – for the next round of Strategic Planning</p>	<p>April 2020 The Board of Management is having a Strategic Planning session (August 2021) and will have one each year to ensure that the strategic focus of management is in sync with Board thinking. The College also published a Strategic Framework document for the period 2020 - 2025 after extensive consultation with stakeholders, both internal and external.</p> <p><i>Partially Implemented</i></p> <p>Revised Date of Completion: August 2021</p>	<p>Following on from the previous update, there has been some revision, due to the pandemic, and the approach to stakeholder engagement has been amended to include:</p> <ul style="list-style-type: none"> • Strategy Days held in February, May and August 2022 with the Board of Management and the Senior Leadership Team. • Strategic session with the Headteachers of South Lanarkshire including the Head of Education to inform them of the work of the College as well as collaborative opportunities. • A Stakeholder newsletter now is issued to all externals on a quarterly basis. • Business breakfast on behalf of Collette Stevenson MSP being held on 25 November 2022 to review how the College and local businesses can work together and to identify key priorities. <p><i>Fully Implemented</i></p>



Follow Up Review 2021/22

Original Recommendation	Priority	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at October 2022
2020/21 – Expenditure and Payables					
<p>The Purchasing Procedures document should be revised to reflect current working practices and should be updated on a regular basis. The document should also include:</p> <ul style="list-style-type: none"> • a process for ensuring there is consideration of the budget position before raising a purchase order to mitigate the risk of overspend; and • a list of delegated authority levels setting out approval levels for all purchases. 	2	Head of Finance	March 2021	<p>April 2020 All purchase orders now go through the online PECOS procurement system, with the Principalship authorising every order. Procurement procedures now require all relevant orders to have quotes or contract details attached and these are retained within the PECOS system itself for reference. The College's thresholds are being reviewed and will be presented to the Finance and Resources Committee in Dec 2021 for review after they have been through the internal review process.</p> <p>Partially Implemented</p> <p>Revised Date of Completion: December 2021</p>	<p>College thresholds updated and approved by Finance and Resources Committee in February 2022.</p> <p>Fully Implemented</p>



Follow Up Review 2021/22

Original Recommendation	Priority	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at October 2022
2020/21 – Student Experience					
<p>Action plans should be developed for any actions arising from the ICQ. The actions should be framed in SMART (specific, measurable, achievable, relevant, and timely) terms and monitored on a periodic basis. The actions taken should be communicated to students to ensure an effective feedback loop exists</p>	<p>2</p>	<p>Depute Principal</p>	<p>November 2021</p>	<p>N/A – not previously followed up as had not passed target date of completion</p>	<p>Quality, Student Services and the Principalship have regular meetings with the Student Association, once per block as a minimum.</p> <p>The Students' Association now hosts a channel on the Class Representatives' Teams page. Teams supports direct communication between the Students' Association, Quality and Class Representatives. Training materials, reports and updates are shared regularly.</p> <p>164 Class Representatives are now in place to support Course Evaluation which allows them to participate directly in the course level action planning.</p> <p>Course level hubs created to support self-evaluation and quality enhancement planning at a course level. The ICQ has been rebranded to Student Experience Survey (SES). Course level reports directly inform the evaluation and enhancement planning, which is the action plan</p> <p>Class Reps. have direct input and feedback from teams regarding the Course Team Enhancement Plans (SMART). The Quality Enhancement plan template is SMART by design.</p> <p>SES 2021-22 return of 27.4% SES 2022-23 return of 45.5%</p> <p>Fully Implemented</p>



Appendix II - Updated Action Plan

Internal Audit Report 2020/21 – Curriculum Planning and Online Resources

Original Recommendation	Management Response	Priority	To Be Actioned By	No Later Than	Progress at October 2022
<p>1.1 A procedural document should be prepared to provide guidance to staff on the process to be followed for developing and approving curriculum plans. The document should define roles and responsibilities and timescales for completing key tasks.</p> <p>This procedural document should include a requirement for each curriculum plan to be mapped to the Regional Outcome Agreement, demonstrating how plans will help achieve the outcomes.</p>	<p>The documents for the business planning process are under review, and to date curriculum managers have completed an online curriculum planning system to simply update their new course portfolio.</p> <p>The approach to planning for curriculum areas in 2021-22 will be:</p> <ul style="list-style-type: none"> Using guidance pack, which will include labour market intelligence information, discuss their offer with their teams, then complete initial presentation outlining plan and their curriculum intent. Formally present this to SLT to review and consider. Once SLT approval is gained. The newly developed curriculum plan will be completed, alongside finance and MIS. (Note this records version control) <p>Once completed this will be checked to ensure it meets both funding and financial targets.</p> <p>This work consists of reviewing information such as income and costs, at course level, at curriculum area and whole College level.</p> <p>The regional plan sets out key priorities and targets, which the college has to meet through its planning and records this via the self-evaluation. Using the above approach it will be referenced more explicitly when planning to show how these key priorities can be achieved.</p>	<p>2</p>	<p>Stella McManus - Depute Principal</p>	<p>November 2021</p>	<p>A revised approach to curriculum planning took place as outlined in the management response and was completed for the 2021-22 academic year. The approach to curriculum planning was:</p> <ul style="list-style-type: none"> All managers and teams had access to an analysis of information about their curriculum areas. All managers and teams had access to labour market intelligence such as the Skills Development Scotland's Regional Assessment Tool, the Regional Outcome Agreement, Scottish Colleges Statement of Commitment on the Climate Emergency and the SFC's Review of Tertiary Education. Each area formally presented to SLT on their areas. Once agreed this was converted to the new Power BI Curriculum Planning Tool which detailed funding targets, teaching hours v students and credits in order to plan the budgets. <p>This has been documented and a Teams page has been set up, with recorded 'how to' guides on how to use the new online curriculum planning tool</p> <p>Fully Implemented</p>



Follow Up Review 2021/22

Original Recommendation	Management Response	Priority	To Be Actioned By	No Later Than	Progress at October 2022
<p>2.1 All courses and activity that require staffing should be included in the College's curriculum planning portal in order to calculate resource needs accurately. A requirement to set out sufficient detail in curriculum plans should be included in the procedural document (referred to in MAP 1.1 above) in relation to staffing requirements, which will assist in monitoring and reporting.</p>	<p>Much work has taken place to develop a new planning tool which records all college activity and income. This now means that going into the new academic year the following information is available.</p> <ul style="list-style-type: none"> All course hours and staff hours (for all activity) so that the actual balance of staff required at curriculum area, faculty and college level can be identified. This means pay budgets can be set, and only minimal changes made in year if new business arises or staffing changes occur. All income can be tracked which sets out the appropriate link between MIS and finance. This then allows for monthly income reviews with the appropriate forecasting and risk management able to be developed. Senior managers are expected to be able to present, and justify their pay and non-pay budgets. <p>The Estates Strategy does need to be updated in line with the curriculum refresh and this will be undertaken as part of the curriculum planning process by the end of 2021-22.</p>	<p>2</p>	<p>Stella McManus - Depute Principal</p>	<p>September 2021</p>	<p>This has been completed and is outlined in the new online curriculum planning tool.</p> <p>In addition a new management accountant has been appointed to build "bottom up" budgets and to provide one to one support and monitoring with budget holders.</p> <p>There is a currently an intrusive building survey in train, with the main building survey having been completed. The Estates Strategy will be updated in line with this and the enhanced curriculum review for the next few years.</p> <p>Fully Implemented</p>
<p>3.1 The process for requesting and approving changes to the curriculum should be agreed, documented and communicated to relevant staff.</p>	<p>There a course approval system, which records electronically any changes.</p> <p>Yearly changes will now be captured in the new curriculum planning process and documented via the curriculum planning presentation and subsequent SLT planning discussion.</p> <p>In addition, the refreshed budgeting process allows the contribution of each curriculum area to be seen to support the rationale for running the course or not.</p>	<p>2</p>	<p>Stella McManus - Depute Principal</p>	<p>October 2021</p>	<p>As part of the new curriculum planning process course approvals are recorded electronically and there is a workflow of approval.</p> <p>The starting point is of course the initial curriculum planning presentations and once approval is given for new courses it will follow the online course approval process.</p> <p>Fully Implemented</p>



Follow Up Review 2021/22

Original Recommendation	Management Response	Priority	To Be Actioned By	No Later Than	Progress at October 2022
<p>5.1 The College should ensure changes to the curriculum are communicated internally to staff. This could take the form of an email or an update on the intranet to inform them of key updates to the upcoming curriculum.</p>	<p>There will be an overview of the curriculum this year and through that new process it will be made clear which courses that the college is running. In addition, the website is being updated which will provide much clearer information to all stakeholders. All curriculum teams will be involved in the planning of their provision, but non curriculum staff will be made aware of any changes to the college's portfolio.</p>	<p>1</p>	<p>Stella McManus - Depute Principal</p>	<p>December 2021</p>	<p>All course content has been completely rewritten and updated by our curriculum and marketing teams. This was launched on the current website and all staff were directed to it. In addition, course information was available via the Student Services teams.</p> <p>This information was shared with the College and in November 2022 the new website will go live with much clearer and accessible information being provided to all staff and stakeholders.</p> <p>Fully Implemented</p>



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LEVEL OF ASSURANCE

Good

South Lanarkshire College

Corporate Governance - Governance Improvement Plan

Internal Audit report No: 2022/07

Draft issued: 4 November 2022

Final issued: 4 November 2022



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Section 2	Main Findings and Action Plan	4 - 7

Level of Assurance

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

Gradings are defined as follows:

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

Action Grades

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



Management Summary

Overall Level of Assurance

Good	System meets control objectives.
-------------	----------------------------------

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the South Lanarkshire College ('the College') Strategic Risk Register:

Risk 13 - "That there is a failure of Corporate Governance arrangements." (Residual risk level: High).

Risk 14 - "The College does not comply with the requirements of the Code of Good Governance for Scotland's Colleges re the financial year 2021/22." (Residual risk level: High).

Background

As part of the Internal Audit programme at the College for 2021/22, we carried out a review of the organisation's arrangements to progress the Governance Improvement Plan.

Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

This work was injected in to the 2021/22 internal audit programme at the request of the College, and the decision to accelerate time from the Corporate Governance budget, which was already included within the 2022/23 programme of work, was endorsed by the September 2022 meeting of the Audit and Risk Committee.



Scope, Objectives and Overall Findings

Following discussion at the Audit and Risk Committee meeting on 5 September 2022 it was agreed that one of the internal audit days earmarked for work on Corporate Governance in the 2022/23 internal audit Annual Plan would be accelerated into the 2021/22 programme of internal audit work so that a focused review could be carried out to independently verify the accuracy of the status attached to each of the actions in the Governance Improvement Plan developed by the College.

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

Objective	Findings			
The objective of our audit was to confirm that:		1	2	3
		No. of Agreed Actions		
1. To examine the evidence which supports the status attached to each of the actions in the governance Improvement and confirm that the status attached to each of the actions is accurate.	Good	-	-	2
Overall Level of Assurance	Good	-	-	2
		System meets control objectives.		

Audit Approach

Through discussion with the Acting Clerk to the Board and the Head of Finance, and review of procedural documentation, we reviewed the latest iteration of the Governance Improvement Plan 2021/22 presented to the Board (dated August 2022) to independently verify that the RAG status assigned to each of the 16 actions was supported by the available evidence.



Summary of Main Findings

Strengths

- Our review of the comprehensive bank of evidence presented confirms that 13 of the 16 actions on the Governance Improvement Plan can be classified as completed;
- Since the production of the August 2022 iteration of the Governance Improvement Plan progress has been made on two of the improvement actions (11 and 13) which would improve the RAG status from the previous amber status;
- For action point 11, it is our view that the production of a schedule, which tracks the status of College policies and procedures, fulfils the requirement to review College policies, albeit that the work to update these policies is an ongoing task; and
- For action point 13 we have confirmed that the first of the bi-annual stakeholder newsletter was issued in August 2022, following a stakeholder analysis exercise. In our view this completes this action.

Opportunities for improvement

- With regard to Improvement Point 6, which relates to the creation of a development plan for Board members, we were satisfied that agendas for training events, which include staff and student board member presentations, have been produced and that a refreshed skills matrix and CPD log has been developed. It is our view that this delivers the requirements set out within the original improvement point. However, it was noted that although a process is now in place, to identify the development needs of Board members, the level of engagement by some Board Members is impacting on the effectiveness of these arrangements. Therefore, further work to encourage a higher level of engagement would help to deliver the intended benefits; and
- Given the relatively small number of improvement actions ongoing within the Governance Improvement Plan we would recommend that the remaining actions are subsumed into a rolling Governance Action Plan, which will be topped up by any actions arising from the annual self-evaluation exercise conducted against the Code of Good Governance for Scotland's Colleges, and any actions arising from the periodic externally facilitated effectiveness reviews. The status of the rolling Governance Action Plan should be reported to the Board of management annually.

Acknowledgments

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



Main Findings and Action Plan

1. To examine the evidence which supports the status attached to each of the actions in the governance improvement and confirm that the status attached to each of the actions is accurate.

Our review of the comprehensive bank of evidence presented confirms that 13 of the 16 actions on the Governance Improvement Plan can be classified as completed. This includes evidence to confirm the progress made in the areas such as:

- Review of Board committee remits
- Work to discuss and develop a suite of KPIs
- Delivery of Board/SLT workshop events
- Summaries produced of key business for Committees to aid forward planning
- Scheme of delegation and Conflict of Interests details published
- Adoption of a new Code of Conduct
- Training days and pre meetings introduced to enhance relationships between the Board and Executive
- Creation of a development plan for Board members, which include staff and student board member presentations, have been produced and that a refreshed skills matrix and CPD log
- Committee membership and attendance list produced
- Diversity Paper delivered at a Board development event
- Appointment of an Acting Clerk to the Board
- Strategy day to inform the development of the Leading and Learning Scheme
- Production of a schedule of all College policies and procedures to allow status to be tracked
- Scheme of delegation around policies
- Revised standard approach for the layout of Board agendas and papers
- Work to develop a bi-annual stakeholder newsletter, following a stakeholder analysis exercise informed by the discussion at the May 2022 Board development event
- Increased prominence attached to the Student Association Report when compiling agendas
- Work to improve engagement with the Regional Strategic Body
- Enhanced sharing of committee dates with the regional strategic body to allow movement towards alignment of meeting schedules.



1. To examine the evidence which supports the status attached to each of the actions in the governance improvement and confirm that the status attached to each of the actions is accurate. (Continued)

Since the production of the August 2022 iteration of the Governance Improvement Plan progress has been made on two of the improvement actions (11 and 13) which would improve the RAG status from the previous amber status. For action point 11, it is our view that the production of a schedule, which tracks the status of College policies and procedures, fulfils the requirement to review College policies, albeit that the work to update these policies is an ongoing task; and For action point 13 we have confirmed that the first of the bi-annual stakeholder newsletter was issued in August 2022, following a stakeholder analysis exercise. In our view this completes this action. Although no formal Stakeholder Engagement plan was evidenced the specific discussions at the May 2022 Board development event has informed a stakeholder analysis which will shape the bi-annual stakeholder engagement bulletins going forward.

The improvement actions which are not fully completed are Improvement Actions 9, 10 and 16.

Improvement action 9 relates to the need to review the role of the Clerk to the Board to provide a long term solution which fulfils the requirement sets out in the Code of Good Governance. We were advised that this is an ongoing matter to be considered at the end of the term of office of the current Acting Clerk to the Board and that the new iteration of the Code of Good Governance will inform this discussion. Therefore, it is our view that this improvement action cannot be closed off at this time.

Improvement action 10 relates to improved engagement with staff and students and although the May 2022 Strategy session was driven by working groups which consisted of both Board and College staff and has been adopted as the template for such meetings, the engagement with the Students' Association in consulting on the creation of a Board 'Leading and Learning' Scheme has been delayed and will be progressed during the current academic year.

Improvement action 16 relates to the improved alignment of timings of Board and Committee meetings of the RSB and the college. Although the RSB meeting schedule has been obtained up until 31 December 2023, further work is required to synchronise meeting schedules, which will involve dialogue with Committee Chairs.



Corporate Governance - Governance Improvement Plan

1. To examine the evidence which supports the status attached to each of the actions in the governance Improvement and confirm that the status attached to each of the actions is accurate. (Continued)

Observation	Risk	Recommendation	Management Response	
<p>With regard to Improvement Point 6, which relates to the creation of a development plan for Board members, we were satisfied that agendas for training events, which include staff and student board member presentations, have been produced and that a refreshed skills matrix and CPD log has been developed. It is our view that this delivers the requirements set out within the original improvement point.</p> <p>However, it was noted that although a process is now in place, to identify the development needs of Board members, the level of engagement by some Board Members is impacting on the effectiveness of these arrangements.</p>	<p>Inconsistent engagement in development activity may mean that board development needs are not addressed in a timely manner, thereby impacting on Board Effectiveness.</p>	<p>R1 We recommend that a reminder be issued to all members of the Board of Management reiterating the importance of ongoing engagement with Board development activity.</p>	<p>Accepted.</p> <p>To be actioned by: Acting Clerk</p> <p>No later than: 6 December 2022</p>	
			<p>Grade</p>	<p>3</p>



Corporate Governance - Governance Improvement Plan

1. To examine the evidence which supports the status attached to each of the actions in the governance Improvement and confirm that the status attached to each of the actions is accurate. (Continued)

Observation	Risk	Recommendation	Management Response		
As highlighted above, only three improvement actions remain ongoing from the original Governance Improvement Plan. Therefore, it is our view that the number of 'live' recommendations no longer merits separate reporting and therefore these actions should be subsumed into a rolling action plan which is linked to the annual evaluation of compliance with the Code of Good Governance.	The remaining actions on the existing Governance Improvement Plan will not be progressed in the context of the actions arising from the annual evaluation of compliance with the Code.	R2 Given the relatively small number of improvement actions ongoing within the Governance Improvement Plan we would recommend that the remaining actions are subsumed into a rolling Governance Action Plan, which will be topped up by any actions arising from the annual self-evaluation exercise conducted against the Code of Good Governance for Scotland's Colleges, and any actions arising from the periodic externally facilitated effectiveness reviews. The status of the rolling Governance Action Plan should be reported to the Board of Management annually.	Accepted. To be actioned by: Acting Clerk No later than: The Board Strategy Session May 2023.		
			<table border="1"> <tr> <td>Grade</td> <td>3</td> </tr> </table>	Grade	3
Grade	3				



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South Lanarkshire College

Annual Report to the Board of Management and the Principal on the Provision of Internal Audit Services for 2021/22

Internal Audit report No: 2022/08

Draft issued: 4 November 2022

Final issued:



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Annual Report and Opinion

Introduction

- 1.1 We were appointed as internal auditors of South Lanarkshire College ('College') for the period from 08 November 2021 to 31 July 2025, with the possibility of a further 12 month extension. This report summarises the internal audit work performed during 2021/22.
- 1.2 An Audit Needs Assessment (ANA), based on the areas of risk that College is exposed to, was developed following discussion with members of the Management Team and the Chair of the Audit and Risk Committee and from a review of various College documents, previous internal audit reports and College's risk registers. This was supplemented by our own assessment of the risks faced by the College. Following on from the ANA, a Strategic Plan was formulated covering the normal three-year internal audit cycle from 2021 to 2024 (Report 2022/01 - Strategic Plan 2021 to 2024 and Internal Audit Annual Plan 2021/22) and this was approved by the Audit and Risk Committee on 9 May 2022 .
- 1.3 The internal audit work undertaken in the year followed that set out in the Strategic Plan for 2021/22, with the exception of the work on Bursary, Childcare and Hardship Funds and Education Maintenance Allowance, which is ongoing but has not yet been concluded. In addition an additional review of corporate Governance, focusing specifically on the governance improvement plan, was added to the 2021/22 programme utilising one day accelerated from the 2022/23 programme of work. This change to the programme was agreed at the meeting of the Audit and Risk Committee on 5 September 2022.
- 1.4 The reports submitted during 2021/22 are listed in Section 2 of this report and a summary of results and conclusions from each finalised assignment is given at Section 3.
- 1.5 An analysis of time spent against budget is included at Section 4.

Public Sector Internal Audit Standards (PSIAS) Reporting Requirements

- 1.6 College has responsibility for maintaining an effective internal audit activity. You have engaged us to provide an independent, risk-based assurance and consultancy internal audit service. To help you assess that you are maintaining an effective internal audit activity we:
 - Confirm our independence;
 - Provide information about the year's activity and the work planned for next year in this report; and
 - Provide quality assurance through self-assessment and independent external review of our methodology and operating practices.
- 1.7 Self-assessment is undertaken through:
 - Our continuous improvement approach to our service. We will discuss any new developments with management throughout the year;
 - Ensuring compliance with best professional practice, in particular the PSIAS;
 - Annual confirmation from all staff that they comply with required ethical standards and remain independent of clients;
 - Internal review of each assignment to confirm application of our methodology which is summarised in our internal audit manual; and



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

- 1.8 External assessment is built into our firm-wide quality assurance procedures. Henderson Loggie LLP is a member of Prime Global, a global association of independent accountancy firms. Continued membership of Prime Global is dependent on maintaining a high level of quality and adhering to accounting and auditing standards in the provision of our services. Annual quality reviews are conducted to confirm our continuing achievement of this quality. The independent review conducted by MHA Macintyre Hudson in March 2019 included our internal audit service. Overall, the review confirmed that the firm's policies and procedures relating to internal audit were compliant with the PSIAS in all material respects.
- 1.9 In the intervening years between formal external assessment against PSIAS we conduct our own self-assessment annually. The result of our latest self-assessment, conducted in April 2022, confirms that our service is independent of College and continues to comply with the PSIAS.

Significant Issues

- 1.10 There were no issues identifying major internal control weaknesses noted from the internal audit work carried out during the year. In general, procedures were operating well in the areas selected, but a few areas for further strengthening were identified and action plans have been agreed to address these issues. The agreed actions will be followed-up as part of our planned activity in 2022/23.

Opinion

- 1.11 In our opinion, the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2021/22.



Reports submitted

Number	Title	Overall Grade	Recommendations	Priority 1	Priority 2	Priority 3
2022/01	Strategic Plan 2021 to 2024 and Internal Audit Annual Plan 2021/22	N/A	N/A	N/A	N/A	N/A
2022/02	Risk Management	Satisfactory	4	-	-	4
2022/03	Cyber Security	Satisfactory	10	-	1	9
2022/04	Health and Safety	Satisfactory	5	-	-	5
2022/05	Credits	Audit opinion unqualified	5	-	-	5
2022/06	Follow Up	N/A	1 of the 9 recommendations reviewed will require further action	-	-	1
2022/07	Corporate Governance – Governance Improvement Plan	Satisfactory	2	-	-	2

Overall gradings are defined as follows:

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

Recommendation grades are defined as follows:

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



Summary of Results and Conclusions

2022/01 – Strategic Plan 2021 to 2024 and Internal Audit Annual Plan 2021/22

The purpose of this document was to present for consideration by management and the Audit and Risk Committee the final annual operating plan for the year ended 31 July 2022. The plan is based on the proposed allocation of audit days for 2021/22 as set out in the Internal Audit Strategic Plan 2021 to 2024. The preparation of the Strategic Plan involved dialogue with senior management and the Chair of the Audit and Risk Committee.



2022/02 – Risk Management

This audit covered the risk management framework, which encompasses all risks on South Lanarkshire College's ('the College') Risk Register. As a result, no linkage from the audit work to specific risks has been made.

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

Strengths

- The College has established strategic risk management and reporting arrangements. The risk management framework is documented in the College's Risk Management Policy and Procedures (approved by the Board in March 2022). These are available on a dedicated risk management page on the College's public website.
- The Colleges Combined Financial Regulations (April 2022) also note the arrangements for financial risk management and the duties established for budget holders and management review of risk during project appraisals.
- There is a Strategic Risk Register that is managed by the Head of Finance and reported quarterly to the Audit and Risk Committee (last reported in May 2022) and Board of Management twice a year (last reported in March 2022).
- There are also external risk reporting arrangements established to the Lanarkshire Regional Board via its Lanarkshire Audit and Risk Committee. This group comprises of representatives from New College Lanarkshire, South Lanarkshire College, and the Regional Board to ensure sharing of information and action planning. The College's Strategic Risk Register was last Reported to the group in May 2022.
- Discussions with the Leadership Team noted that roles and responsibilities in relation to risk management are understood and embedded. Risk reporting is also a set agenda item at the Senior Leadership Team meetings.
- The College's Strategic Risk Register documents the risks with appropriate narratives to understand their implications. They are aligned to the College's Quality Indicators and are risk scored (inherent and residual) using a four-by-four matrix. Risk escalation and reporting is established based on level of risk (high, medium, and low).

Final Issued – August 2022

Overall grade: Satisfactory

The objective of this audit was to obtain reasonable assurance that:	
1. There is a process in place to provide reasonable assurance to the Board and to the Principal in relation to the declaration on risk required for the financial statements	Satisfactory
2. The process in place applies good practice in risk management	Satisfactory
3. Key risks have been identified and are being appropriately controlled, mitigated, reported, and discussed at appropriate levels of management and the Board	Satisfactory
Overall level of Assurance	Satisfactory



Annual Internal Audit Report 2021/22

2022/02 – Risk Management (continued)

Strengths (continued)

- The Audit and Risk Committee and Finance and Resources Committee play an active role in the scrutiny of risks and review of assurance arrangements. This is supported by an Internal Audit Strategic Plan.
- Operational risk management arrangements have been developed and training with operational leads held by the Depute Principal in September 2021.
- Operational areas use an Operational Risk Register that is part of the AIR (Action, issue, and risk) Log that adopts the same format as the College's Strategic Risk Register.

Areas for improvement

- Currently, all strategic risks have a low-risk appetite and actions aim to lower all to green (i.e. low risk). This results in all having equal priority to the College. While the generalised low appetite around financial risks is appropriate, this may not align to higher risk areas relating to projects and change management. The College's risk appetite for differing risk categories requires to be set by the Board. This will ensure that resources (people, time, and money) can be aligned to actions to mitigate risks that are approaching or exceeding risk appetite. Risk appetite should also be reviewed annually, or where there are significant changes in Board membership.



2022/03 – Cyber Security

This audit included a review of the College’s current position with regard to information and cyber security in order to advise on areas that should be addressed in line with the latest guidance produced by the National Cyber Security Centre (NCSC), the UK Government’s national technical authority for information assurance.

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

Strengths

- a risk management regime has been established, which includes identifying information / cyber security as key strategic risks, and there are structures in place which act as appropriate bodies for evaluating and monitoring information security risks within the College.
- a quarterly security review is conducted of the College IT environment which includes vulnerability scans of the firewall and internal network to identify vulnerabilities and exploits.
- a baseline security build for workstations, servers, firewalls, and routers is in place.
- hardware and software inventories have been created.
- processes are in place for applying updates and patches to all devices connected to the network.
- the IT architecture protects the network through use of firewalls and segregation prevents direct connections to untrusted external services and protects internal IP addresses.
- management of user accounts is linked to the organisation’s starter, leaver and change of role procedures.
- administrator access to network components is carried out over dedicated network infrastructure and secure channels using protocols that support encryption.

Final Issued – August 2022

Overall grade: Satisfactory

<p>The objective of this audit was to obtain reasonable assurance that:</p>	
<p>The internal controls in place which ensure that the security of the IT network, the configuration of key elements of IT infrastructure which protect access to data, plus the policy and procedures giving guidance as to how security should be managed by both the IT department and users is in line with the NCSC 10 Steps to Cyber Security guidance.</p>	<p>Satisfactory</p>
<p>Overall level of Assurance</p>	<p>Satisfactory</p>



2022/03 – Cyber Security (Continued)

Strengths (Continued)

- data in transit is protected through encryption and secure communication channels.
- network hardware/endpoints are protected by an antivirus solution, which automatically scans for malware.
- good practice controls in user authentication are being maintained which support remote working for users whilst maintaining the security of the ICT infrastructure.
- The College subscribes to HE/FE Shared Technology & Information Services (HEFESTIS) which provides the College with access to information security expertise and advice and guidance on the latest cyber threats and development of policies and procedures.

Weaknesses and Opportunities

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



2022/04 – Health and Safety

This audit reviewed the systems in place for management of Health and Safety.

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

Strengths

- Through our discussions with the Depute Principal and the Head of Facilities and through our review of the Occupational Health and Safety Policy ('the Policy') we confirmed that the College appoints a competent person, which fulfils the requirements set out within the Management of Health and Safety at Work Regulations 1999;
- Specific external expertise has been brought into the College to assist with the review of the Occupational Health and Safety Policy and the supporting policy and procedural framework;
- The current approved version of the Occupational Health and Safety Policy, and related documentation, is comprehensive and fit for purpose and the Policy is readily accessible via the staff portal and the Staff handbook lists of all of the policies and procedures;
- The Policy is currently undergoing a significant review, led by the external Health and Safety Advisor, in order to streamline the policy and make it more accessible and user friendly;
- A step-by-step risk assessment process is included within the Risk Assessment Form and Action Plan, which is appended to the Occupational Health and Safety Policy;
- A specific Health and Safety policy amendment – COVID 19 was issued in September 2020 to reflect the changes to the College operations arising from the COVID-19 pandemic;
- Consistent application and prominent display of completed risk assessments was observed during our visit to the College;

Final Issued – August 2022

Overall grade: Satisfactory

The objective of this audit was to obtain reasonable assurance that:	
1. A competent person is in post, within the meaning of Regulation 7 of the Management of Health and Safety at Work Regulations 1999, with a remit to lead on health and safety across the organisation.	Good
2. A Health and Safety Policy, and documented procedures, are in place which have been communicated to all relevant staff.	Satisfactory
3. A formal Health and Safety risk identification and assessment process is in place and is operating effectively.	Good
4. A Health and Safety training programme has been established, which includes induction training, refresher training and training for new equipment and legislation.	Satisfactory
5. There is regular monitoring of Health and Safety systems to ensure that they are functioning effectively including Health and Safety audits, carried out either internally or by external agencies such as the Health and Safety Executive.	Satisfactory
6. There is regular reporting on Health and Safety matters to senior management and to Committee.	Satisfactory
Overall level of Assurance	Satisfactory



2022/04 – Health and Safety (Continued)

Strengths (Continued)

- Risk assessments are routinely updated during the Summer recess with input provided from the team working in the relevant area to ensure that risks are properly discussed and understood. These risk assessments are submitted to the Head of Facilities for review and sign off before they are finalised and displayed;
- All staff are required to complete an induction checklist, which contains specific requirements around health and safety training, and a reminder email is issued by HR if this induction checklist is not signed off as completed within two weeks and returned to HR within three months;
- Training on health and safety is available via the e-learning platform and staff have protected staff development time to complete this training activity, with completion rates monitored by HR;
- During academic session 2021/22 there was a particular focus around training for Mental Health First Aiders. In addition, we confirmed that, where relevant, COSHH training has been provided by equipment suppliers to ensure that equipment is used in line with manufacturers guidelines and manual handling training has been provided for specific members of staff;
- A weekly inspection rota is in place which ensures coverage of the entire College in a two-month cycle. These “walkabouts” involve trade union representation and the results of these inspections are captured on a weekly form and issues are flagged to the relevant head of department as the person responsible for arranging remedial action;
- A Health and Safety Committee is in place which allows two-way communication around health and safety issues between Facilities and teaching/no-teaching areas;
- A number of managers highlighted the good working relationship with Facilities and the positive “tone from the top” around the importance of maintaining good behaviours around health and safety.
- A Health and Safety Update is provided by the Depute Principal to each meeting of the Human Resources Committee.



Annual Internal Audit Report 2021/22

2022/04 – Health and Safety (continued)

Weaknesses

- It was observed that the Occupational Health and Safety Policy, and related procedures, and guidance are currently under review. However, a Timetable for Policy / Guidance Approval has not yet been developed, which sets out the anticipated timelines for consideration and approval of each document listed;
- Although there is an established process in place for reporting and recording accidents and incidents it was apparent from our discussions with managers that the reporting of near misses is not operating in practice, as described within the Policy;
- During our discussions with managers it became apparent that staff would welcome refresher training on health and safety to coincide with the launch of the revised Occupational Health and Safety Policy;
- A master spreadsheet has been developed, which is used as the mechanism to record all issues highlighted through the “walkabouts” and to monitor the resolution of issues identified. This master spreadsheet has not been updated for several months and therefore the mechanism to show that the issues identified have been dealt with is not functioning as intended; and
- It was observed that the Health and Safety Update presented to the February 2022 meeting of the Human Resources Committee provided a summary of the health and safety performance during the year. However, it did not set out the priorities and targets for health and safety for the coming year



Annual Internal Audit Report 2021/22

2022/05 – 2021/22 Student Activity Data

Final Issued – November 2022

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

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

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

This is the first year that we have carried out the Credits audit for the College. For academic year 2021/22 we documented the systems and procedures used in the completion of the returns. We then carried out detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily. Detailed analytical review was carried out, including a comparison with last year's data, and obtaining explanations for significant variations by Price Group.

Our report was submitted to the SFC on 18 October 2022. We reported that, in our opinion:

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

Five recommendations were made in our internal audit report, which direct the College as follows:

1. In-year and end of year FES data integrity checks should include a review of non-vocational programmes to ensure the Credits claim is accurate.
2. To ensure that appropriate superclass codes are assigned to courses in line with the Credits guidance.
3. In-year and end of year FES data integrity checks should include a review to ensure that Credits are not claimed for more than one full-time course per year in line with the Credits guidance.
4. For ESF students, ensure that Credits are only claimed for completed modules / units.
5. The College should ensure that evidence of progression is available for all students enrolled on open / distance learning programmes where Credits are being claimed.



Annual Internal Audit Report 2021/22

2022/06 – Follow Up Reviews

Final Issued – November 2022

The Internal Audit Plan for 2021/22 included two days for a follow-up of the recommendations made in Internal Audit reports issued during 2020/21 by the previous internal auditors, AZETS. These were:

- Follow Up 2020/21
- Curriculum Planning 2020/21

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

The College has made very good progress in implementing the recommendations followed-up as part of this review with eight of nine (89%) of the recommendations reviewed categorised as 'fully implemented' and the remaining single recommendation (11%) assessed as 'partially implemented'. This partially implemented recommendation will be subject to follow-up at a later date.

From Original Reports			From Follow-Up Work Performed				Considered But Not Implemented
Area	Rec. Priority	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	Not Past Agreed Completion Date	
Follow Up 2020/21	4	-	-	-	-	-	-
	3	-	-	-	-	-	-
	2	4	3	1	-	-	-
	1	1	1	-	-	-	-
Total		5	4	-	-	-	-
Curriculum Planning 2020/21	4	-	-	-	-	-	-
	3	-	-	-	-	-	-
	2	3	3	-	-	-	-
	1	1	1	-	-	-	-
Total		4	4	-	-	-	-
Grand Totals		9	8	1	-	-	-



2022/07 – Corporate Governance – Governance Improvement Plan

This was a focused review to independently verify the accuracy of the status attached to each of the actions in the Governance Improvement Plan developed by the College.

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

Strengths

- Our review of the comprehensive bank of evidence presented confirms that 13 of the 16 actions on the Governance Improvement Plan can be classified as completed;
- Since the production of the August 2022 iteration of the Governance Improvement Plan progress has been made on two of the improvement actions (11 and 13) which would improve the RAG status from the previous amber status;
- For action point 11, it is our view that the production of a schedule, which tracks the status of College policies and procedures, fulfils the requirement to review College policies, albeit that the work to update these policies is an ongoing task; and
- For action point 13 we have confirmed that the first of the bi-annual stakeholder newsletter was issued in August 2022, following a stakeholder analysis exercise. In our view this completes this action.

Opportunities for improvement

- With regard to Improvement Point 6, which relates to the creation of a development plan for Board members, we were satisfied that agendas for training events, which include staff and student board member presentations, have been produced and that a refreshed skills matrix and CPD log has been developed. It is our view that this delivers the requirements set out within the original improvement point. However, it was noted that although a process is now in place, to identify the development needs of Board members, the level of engagement by some Board Members is impacting on the effectiveness of these arrangements. Therefore, further work to encourage a higher level of engagement would help to deliver the intended benefits; and
- Given the relatively small number of improvement actions ongoing within the Governance Improvement Plan we would recommend that the remaining actions are subsumed into a rolling Governance Action Plan, which will be topped up by any actions arising from the annual self-evaluation exercise conducted against the Code of Good Governance for Scotland’s Colleges, and any actions arising from the periodic externally facilitated effectiveness reviews. The status of the rolling Governance Action Plan should be reported to the Board of management annually.

Final Issued – November 2022 Overall grade: Good

The objective of this audit was to obtain reasonable assurance that:	
1. To examine the evidence which supports the status attached to each of the actions in the governance Improvement and confirm that the status attached to each of the actions is accurate.	Good
Overall level of Assurance	Good



Time Spent - Actual v Budget 2021/22

	Report number	Planned days	Actual days feed	Days to fee at November 2022	Days to spend / WIP	Variance
Organisational issues						
Risk Management	2022/02	5	5	-	-	-
Corporate Governance – Governance Improvement Plan	2022/07	-	-	1	-	1
Information & IT						
Cyber Security	2022/03	5	5	-	-	-
Reputation						
Health & Safety	2022/04	5	5	-	-	-
Other Audit Activities						
Management and Planning	N/A	3	2	2	-	-
Credits Audit	2022/05	6	-	6	-	-
Bursary, Childcare & Hardship		5	-	-	5	-
EMA Audit		2	-	-	2	-
Follow-Up Reviews	2022/06	2	-	2	-	-
ANA	2022/01	2	2	-	-	-
Total		35	19	10	7	1
		=====	=====	=====	=====	=====



Operational Plan for 2022-23

- 5.1 Following our re-appointment as internal auditors for the period from 1 April 2022 to 31 March 2024 we prepared an Audit Needs Assessment and Strategic Plan for 2021 to 2024 (Internal Audit report 2022/1, issued 29 April 2022).
- 5.2 An extract from the Strategic Plan, in relation to 2022/23, is attached.
- 5.3 As highlighted in paragraph 1.3, one day has been accelerated from the Corporate Governance budget included in the 2022/23 programme into the 2021/22 programme to allow the focused piece of work around the Governance Improvement Plan to be completed.



Proposed Allocation of Audit Days 2022/23

	Category	Priority	Planned 22/23 Days
Reputation			
<i>Publicity and Communications</i>	Gov	M/H	5
<i>Health and Safety / Wellbeing</i>	Gov	H	
Student Experience			
<i>Curriculum</i>	Perf	M	
<i>Quality</i>	Perf	M	6
<i>Student support</i>	Perf	M	
<i>Student recruitment and retention</i>	Fin/Perf	M	
<i>Student welfare – Duty of Care</i>	Perf	M	
<i>Students Association</i>	Gov	L	
Staffing Issues			
<i>Staff recruitment and retention</i>	Perf	L/M	5
<i>Staff development</i>	Perf	M	
<i>Payroll</i>	Fin	M/H	
<i>Teaching staff utilisation</i>	Perf / Fin	M	
Estates and Facilities			
<i>Building maintenance</i>	Fin/Perf	M	
<i>Estates strategy / capital projects</i>	Fin/Perf	M	
<i>Space management / room utilisation BPR</i>	Perf	M	
<i>Asset / fleet management</i>	Perf	M	
Financial Issues			
<i>Budgetary control</i>	Fin	M/H	5
<i>Student invoicing and debt management</i>	Fin	M	
<i>General ledger</i>	Fin	L	
<i>Procurement and creditors / purchasing</i>	Fin	M/H	
<i>Debtors / Income</i>	Fin	M	
<i>Cash & Bank / Treasury management</i>	Fin	M	
<i>Fraud Prevention, Detection and Response</i>	Fin	M	
<i>Financial sustainability</i>	Fin	M	



Proposed Allocation of Audit Days (continued)

	Category	Priority	Planned 22/23 Days
Commercial Issues			
<i>Business Development</i>	Fin/Perf	M	
<i>External Activities</i>	Gov/Fin/Perf	M	
Organisational Issues			
<i>Risk Management</i>	Perf	H	
<i>Business Continuity</i>	Perf	M	
<i>Corporate Governance</i>	Gov	M	5
<i>Corporate Planning</i>	Perf	M	
<i>Performance reporting / KPIs</i>	Perf	M	
<i>Partnership Working</i>	Gov/Perf	M	
<i>Equalities</i>	Gov	L	
<i>Environmental Sustainability</i>	Gov/Perf	M	
Information and IT			
<i>Cyber security</i>	Perf	M/H	
<i>Data protection / records management</i>	Gov	H	
<i>FOI</i>	Gov	M	
<i>ICT and Digital Transformation Strategy implementation</i>	Perf	M/H	
<i>Licencing</i>	Perf	L	
Other Audit Activities			
Credits Audit	Required		6
Bursary, Childcare and Hardship Funds Audit	Required		5
EMA Audit	Required		2
Management and Planning)			3
External audit / SFC)			
Attendance at A&R Committee)			
Follow-up reviews			2
Audit Needs Assessment			
Total			44
			=====

Key

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

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



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AUDIT AND RISK COMMITTEE

DATE	7 November 2022
TITLE OF REPORT	Strategic Risk Register Commentary
REFERENCE	6 A
AUTHOR AND CONTACT DETAILS	Keith McAllister keith.mcallister@slc.ac.uk
PURPOSE:	To inform members of the movement in strategic risk assessment in the College and the Region.
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to: <ul style="list-style-type: none"> • review and approve the strategic risk analysis; • to note the risks identified in the Regional Risk Register; and • note that the SLC Head of Finance attends the meetings of the Regional Risk Group and presents the SLC Strategic Risk Register.
RISK	<ul style="list-style-type: none"> • That College strategic risks are not identified, and mitigating actions are not taken. • That the Region is not identifying strategic risks and mitigating actions are not taken.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Highest quality education and support. • Sustainable behaviours.
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The main challenge for the College continues to be the central cash settlement is • The College's Strategic Risk Register is attached as document 7b. The risk previously separated out to focus on the Governance Improvement Plan and the compliance with the Code of Governance for Scotland's Colleges has been closed due to the work undertaken to address the particular issues and the positive review of the Plan by the internal audit service. Governance is now encompassed in Risk 13. • The Regional Risk Register is completed and maintained by NCL staff and is presented to SLC Board meetings for information. The summary document is attached as document 7c.

1. INTRODUCTION

1.1. This paper provides a commentary of the movement the both the College's strategic risk register as well as the Regional one.

2 RISK ONE FINANCIAL SUSTAINABILITY

2.1 The College's financial statements for the year to 31st July 2022 show an operating surplus and are currently being audited. It is not anticipated that there will be any adjustments of significance. The College does have funds in hand, but these are ring-fenced for specific projects leaving adequate working capital.

2.2 The Region has received its indicative Grant in Aid allocation for 2022/23 and this is effectively a decrease in funding, albeit to deliver slightly less activity. Whilst the College can flex its temporary lecturing staff complement and non-salary expenditure to an extent, the cost base is not as easy to control as we would like. With inflation increasing to a possible 18% in 2023, and salary award increases from 1 Sept 2022 potentially at a rate well above the anticipated levels six months ago, coping with a decrease in funding this year and flat cash settlements in the following four years, as the College has been told by the SFC to assume, leaves the financial forecast showing an alarming set of deficits.

2.3 As noted at the September meeting of the Audit & Risk Committee, this was considered by the Finance and Resources Committee in August 2022 and members were content to propose the approval of a small deficit to the Board of Management for 2022/23. However, the Board sought an assurance from management that all possible avenues would be explored to move the deficit nearer to break even. However, the Committee would not approve the significant deficits that were forecast for the four years from 2023/24 to 2026/27. This is the period of review that is covered by the SFC's financial forecast return (FFR).

2.4 To date, SFC have not made comment on the FFR.

2.5 The unmitigated risk has been scored at the maximum of 16, but it was felt that, given that all colleges will be reporting similar huge deficits, the situation of flat cash settlements is not feasible and that the SFC will have to offer increased funding for the years 2023/24 to 2026/27 and thus it would be acceptable to reduce the mitigated risk scoring for "Probability" from a 4 to a 3 and the overall score to 12. This is, though, still within the range of critical concern. As background, the sector finance directors have surmised that given all colleges will be reporting similar significant deficits then it was expected that the SFC would need to offer increased funding. However, there is no evidence that that will be the case, and this is speculation at this point.

3 RISK TWO FAILURE OF FINANCIAL CONTROLS

The College has had six internal audits to date since the new providers, Henderson Loggie, took up their appointment. Three were reported upon at the September ARC meeting with six minor recommendations made. The service provider will report on the remaining audits at the November ARC and the meeting will also receive the report from the external auditors. It is not anticipated that there will be problems in terms of financial controls. Added to this, a significant amount of work has been undertaken by the Governance Professional, the Board of Management and the Senior Leadership Team on reviewing relevant policies and procedures and updating as necessary.

4 RISK THREE CREDIT TARGET

4.1 The College met its core credit target for 2021/22, with a small shortfall in Deferred Credits activity. There is a risk that this may result in a small clawback; the college sector has not been told whether this will be the case. However, the College did receive £82k in respect of an additional delivery of credits for 2020/21 which will be added to income for the 2022/23 financial year. This will offset any potential clawback. It should be noted that the College has accrued for any potential clawback in respect of ESF projects in its 2021/22 accounts and will continue to hold these potential liabilities until confirmation is received from SFC that they are no longer required.

5 RISK FIVE CAPITAL FUNDING REQUIREMENTS

5.1 Although the College has ring fenced its own funds for capital replacement and more general investment via the Strategic Investment Fund, the capital allocation via the Backlog Maintenance Fund for 2022/23 is only £75k, and the SFC have indicated that there will not be an allocation thereafter.

5.2 The SFC has also indicated that they do not envisage increases in the ring-fenced, formulaic capital funds in future years. This gives the increased risk from the last review that there be very limited resources available to support major maintenance in the medium to long term. The College has brought in a robust system of review for all capital / investment proposals which should help to ensure that funds are appropriately directed.

5.3 As mitigation, the College has earmarked funds via its Strategic Investment Fund. It has also commissioned a QS report on the fabric of the building. This will allow funds to be directed to the more appropriate areas.

6 RISK EIGHT DAMAGE TO THE INTEGRITY OF MANAGEMENT INFORMATION SYSTEMS

6.1 The College has recently achieved Cyber Essentials Plus certification and the recent internal audit on Cyber Security gave a positive report

7 RISK 10 THERE IS A FAILURE TO PROVIDE AN ENGAGING AND EFFECTIVE EMPLOYEE JOURNEY

7.1 With staff and students returning to campus in August 2022, the previously higher ranking for this risk was decreased as it will be easier to deliver a more effective HR service, particularly with a new HR Strategy having been formulated and approved.

9 RISK 11 THERE IS A FAILURE TO SAFEGUARD THE HEALTH AND WELLBEING OF STAFF AND STUDENTS

9.1 The College is mindful of the particular strain on staff and students over the COVID period and the current challenges re inflation will add to the issues that both staff and students may experience. Additional resources have been brought in to assist both staff and students. As reported previously, the HR Department has been involved in tendering for a new HR management system which will assist with the management of employee wellbeing and development. A provider has been identified and a recommendation to accept their submission will be considered by the Board in November 2022.

9.2 As regards student welfare, the SFC did provide increased funding in 2021/22 to assist in this regard and the College has increased its counselling staff, both funded and unfunded. This will be reviewed in 2022/23. The College also a Health and Safety Group which meets quarterly and has also recently employed a Health & Safety officer.

10 RISK THIRTEEN FAILURE OF CORPORATE GOVERNANCE

10.1 A review of the enhancements in corporate governance has allowed the overall risk rating in this area to be downgraded.

10.2 In addition, the Risk Management Group has agreed that this work, allied to the positive results from the review of the Governance Improvement Plan by the internal audit providers (the report on which will be presented to the ARC in November 2022), allows the removal from the Register of the risk that was set up specifically to focus on the risk of not meeting the requirements of the Code of Good Governance for Scotland's Colleges.

11 EQUALITIES

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

12 DECLARATIONS OF INTEREST (ADD ONLY IF REQUIRED)

RECOMMENDATIONS

Members are recommended to:

- review and approve the strategic risk analysis;
- to note the risks identified in the Regional Risk Register; and
- note the removal of the risk specifically raised to monitor the compliance with the Code of Good Governance for Scotland's Colleges and that governance risk will be addressed via the remaining relevant risk (Risk 13).

Strategic Risk Register

Dated reviewed by Senior Leadership Team
 Dated reviewed by Risk Management Group
 Next date of review

25 October 2022
 27 October 2022
 January 2023

No.	Date Raised	Link to Quality Indicators	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	3	12	12	0	That the College would not be able to meet its financial obligations and for that investment in student activity could not be maintained to an appropriate level.	SFC funding in 2020/21 was increased from previous years and was in excess of budget, allowing the College to meet, and more, any additional requirements. The College also reached its credit target in 2020/21, so no clawback of central funding will occur. Increased scrutiny of spend and improved approaches to budgetary management introduced. Enrolments and consequent fee income currently below budget level. Current cash holding is, though, sufficient to sustain a one-year drop in income. Note that the College's current cash holding balance is higher than anticipated, which creates a risk of SFC clawback. This is being actively managed, including via providing clarity to the SFC about funds ring-fenced for repayment to SFC (cf. bursary funds) or for committed estates investment, as well as the funding earmarked for our Strategic Investment Plan, currently being drafted. SFC May 2022 Indicative allocations have now been issued, which show a -3.4% decrease for the region. August 2022 The College is fully aware of its flat cash allocation for the next year, and the SFC planning process means the College plans over a 5 year cycle so is aware of its financial forecast. College has also planned based on realistic assumptions. Key actions include: Establishment of the value for money group Budget assumptions in terms of proposed savings have been approved by the June 2022	4	3	12	12	0	Faculties actively planning for January recruitment and enhanced budgetary controls will ensure that spend and income is monitored closely to allow action to be taken swiftly, as required. On the higher than anticipated cash holding, the College has reported to SFC that some of this is earmarked for current spend, and that it will be utilised to support its Strategic Investment Plan, which will incorporate a refreshed Estates Strategy. Jan 2022 Risk score now being impacted by: SFC informed the sector of the flat cash budget for next year, which is a decrease of £52m for the sector. Increase of energy costs*** Addition NI contributions cost*** Recruitment shortfall across the sector and the college. May 2022 Increased risk due to SFC indicative allocation for 2022-23 and "flat cash" situation. Inflation will be anywhere between 2.5% and 3%. Risk of pay awards.***Pay awards beyond college control.***Additional professional costs being incurred. August 2022 The College is aware that the current flat cash allocations, affecting the entire sector, has resulted in progress to green being curtailed over the next possible 5 year period.***College as part of its forecasting has included realistic forecasting with the information available to date.*** Confirmation that the College has met its credit target for academic year 2021-22. October 2022 College has met its core and ESF targets for the year 2021-22 after completing the FES return. The FFR has been completed with both the SFC and Finance Directors options to provide realistic planning assumptions for the next 5 years. Year 1 of this has been agreed by the Board of Management.	College reporting surplus for 2021/22 and the years of modest surpluses have allowed the College to build up a cash balance that is sufficient to maintain short term financial stability Finance Action Jan 2022: Undertake scenario planning and modelling to look at the impact of the funding against our costs. May 2022 Modelling of college budget now in progress. August 2022 Realistic planning assumptions being presented to the Board of Management as part of its 5 year forecasting. October 2022 Value for Money format agreed and on agenda for the unions for the next meeting. Work will now start in earnest with a view to reporting back to the FRC in March 2023. More robust monitoring of the budget in place due to additional appointment of a management accountant.
2	26/04/2021	3.1, 3.2, 3.5, 3.6	That there is a failure of financial controls	4	3	12	12	0	Insufficient or incorrect information available to senior management and the Board of Management; potential for fraud.	Programme of internal and external audit, overseen by Audit and Risk Committee. Ongoing review of financial controls, policies and processes in train. Management response to IA review in relation to improvements to financial and other controls. Introduction of a new approach to control, assurance and risk management arrangements now in train. College to institute its own rolling review of audit recommendations to ensure that all IA recommendations are followed through according to timetable. This to be reviewed by the Audit and Risk Committee at each meeting. College is undertaking a fundamental review of its procurement arrangements, supported by a College-wide training programme to ensure that (a) the College's arrangements for procurement are appropriate, and (b) all relevant staff are fully aware of these arrangements and their responsibilities. College is looking at the feasibility of introducing stock control systems. August 2022 Update Updated and Revised Financial Regulations have been approved by the Board. New position of Management Accountant appointed in June 2022 and part of their remit will be to ensure that policies and procedures, particularly re procurement, are being followed and that spend variances are followed up. Anti-Bribery Policy and Procedures revised and updated approved by the Board of Management. October 2022 Internal Auditor programme of work has now commenced with 3 audits completed to date. On track with External Auditors to complete the financial statements for 2021/22.	3	3	9	9	0	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. May 2022 New auditors appointed. Internal audit plan approved. August 2022 Management Response to Assets report has almost completed its actions. Audit process is fully underway with three audits to date including cyber security, risk and health and safety. With a further 2 planned in the next couple of weeks. Board strategy day is also planned for 23 August 2022 which is centred on risk. October 2022 Extensive work being done on budget to improve is n year monitoring.	Introduction of formal ARC monitoring on an ongoing basis.
3	26/04/2021	1.6, 2.2, 2.4	That there is failure to meet credit target and for failure to retain major public and private contracts.	3	3	9	9	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. August 2022 Credit reporting for 2022-23 has now started. Credits to date are: ESF records are owned by Head of Alternative Funding and meticulously maintained. MIS team submit monthly FES returns with excellent relationships with the SFC and data is cleansed monthly so there are no surprises. Community Open Day planned for 20 August 2022 Clearing Day took place on 8 August 2022. October 2022 Met core credit and ESF targets for 2021-22 Power BI reporting allows for weekly credit reports and forecasting in progress for 2022/23 College switching on January start courses to work to meet the credit target.	3	2	6	6	0	Marketing campaign now live for January 2022 courses with recruitment event planned for 25 November. National request from sector to SFC still awaiting response, on last year's flexibilities being carried over into 2021-22. For example, increase of 16-18 credits across all FT courses. Jan 2022 Additional flexibilities granted and applied. Credit Gap.***Current risk is the shortfall of 400 FA credits, which was a late allocation impacting on planning. There is a strong partnership model already in place for FA with the local authority. May 2022 Additional work taking place to meet credit gap. Forecast gap is 285, however this is a projected with actual gap being -1,813. Financial mitigation in budget. SFC 30 March 2022 letters emphasises that there may not be clawback for deferred credits of 866. August 2022 Credits nearing target; core target met 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.	College reached activity target for 2021/22 but enrolments are currently short of target in some areas. Target this year is 48,814. There is now a 2% tolerance on target so will not face clawback if under. All Jan 23 in train.
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 advise 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 policies have been developed and/or updated. Multi factor authentication in train Cybersecurity 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.	2	2	4	4	0	Info Asset Register links to be finalised to incorporate information required for ROPA; Records Retention Schedule and Policy to be compiled and signed-off. Data Protection Policy has been updated, final sign off required. October 2022 Updated Retention Policy in progress and due for sign off at SLT and the Board of 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 in progress.
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 reaching an age that will require constant monitoring and an appropriate level of funding to address major issues (e.g. roof, air handling, lifts, CCTV, 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 terms 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 2022 The College has a capital works plan which is in progress. A building conditioning survey has just been completed and once final reports are an estates plan of works will be progressed, informing the estates strategy. October 2022 CAPEX is available for all works. Capital works program continues incl Gutter works Phase 1 of building survey completed, intrusive survey work now in train.	3	2	6	1	5	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. May 2022 Building conditioning survey taking place to identify work plan. Risk is that further urgent work is required post survey. August 2022 Both roof and air conditioning work have been completed. Building conditioning survey in progress. October 2022 Work on condition reports has commenced (early stages)	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. Next steps are progression of lift shaft work and plant room project. August 2022 Plant room maintenance progress Lift work has been completed. October 2022 Multiple works in early stages of taking place
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.	3	2	6	6	0	Full review of H&S policy and procedure in train. Review of safeguarding processes in place for staff and students as part of our continual improvement cycle. May 2022 Review of Health and Safety policy is in train. Review of health and safety training. More regular health and safety catch ups now taking place outwith the regular Committee Meeting. Education Scotland Safeguarding progress visit planned for 16 May 2022. August 2022 Health and Safety Policy will go to Board in October 2022. October 2022 Health and Safety Policy Approved. First Aid Procedures renewed and due for sign off by SLT in October 2022.	
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	8	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 AS allows for enhanced protection. October 2022 AS licence in place and multi factor authentication in place.	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.	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. Update of Business Continuity Planning Documentation is planned.
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	8	-2	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	3	2	6	2	4	May 2022 Cyber security audit taking place. August 2022 Cybersecurity audit completed with minimal recommendations. October 2022 Cyber Essentials audit in progress.	College successfully completed its August 2021 Cyber security audit with no issues. Incident Response Policy Updated October 2022 Training being put

Strategic Risk Register	Dated reviewed by Senior Leadership Team	25 October 2022
	Dated reviewed by Risk Management Group	27 October 2022
	Next date of review	January 2023

No.	Date Raised	Link to Quality Indicators	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
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 acceptably 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.	2021-22 monitor of teaching KPIs across all subject areas and action taken to address areas of concern. Quality mechanisms undertaken through annual cycle including self evaluation and internal and external verification processes. Lots of activity has been undertaken by quality with course teams on new arrangements for assessment during COVID period. Review of quality processes in train to improve reporting against KPIs. Faculty staff work with students association, class reps and student feedback mechanisms to monitor feedback on quality and follow up on any issues. Enhance the monitoring of a range of KPI data on an ongoing basis to quickly identify any emerging negative trends in student performance. May 2022 Education Scotland progress visit was very positive. August 2022 Learning and Teaching policy going to CDD Committee in August 2022. Reviewed approach to the quality processes which included the Progress Reviews instead of the previous academic board. Commitment to ongoing professional development through staff development sessions. Commitment to TQFE Focus on career review process allows for reflection on practice. Improved reporting mechanisms allowing curriculum teams to plan more efficiently and to intervene in a more timely manner. Robust quality enhancement plan presented to Board and will be monitored at Committee level. October 2022 College deemed low risk by HMIE so will only have a one day annual engagement visit in February 2023. All quality processes in place and agreed by SLT, unions etc and in progress for the 2022/23 academic year. Full self evaluation in progress for the College for a thorough analysis of PI and College progress in 2021-22	2	2	4	4	0	Transitional quality cycle in place for the pandemic years. Self Evaluation completed for Faculties and for college. Continued utilisation of improved reporting to support business insight and action. Course Team Reports completed for block 1. Jan 2022 Risk to attainment especially for FE FT students as they are the most at risk due to not being on campus due to COVID. Action: to ensure that the college does not lose the learning from COVID for example what should the SLC blended model of the future look like. May 2022 Education Scotland visit positive, demonstrates progress against actions. 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.	Annual Engagement Visit from Education Scotland taking place Feb 2023.
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.	Ongoing, effective development of people managers to ensure the enablement of engagement, management and leadership practices. Effective response to the 2021 Employee Survey in progress. Re-launch and automation of the Career Review process, including manager training on performance feedback and coaching. Further staff engagement in train via the IP and LID re-accreditation processes, including surveys and focus groups, will provide further intelligence to support organisational response. HR support provided locally to support staff absence management. Regular meetings with JNC, which take place every 3 weeks. August 2022 HR Strategy approved by the Board of Management in June 2022 Career Review launched successfully. 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.	2	2	4	4	0	College accreditations are being refreshed.	
11	04/02/2021	2.1, 2.3, 2.5, 2.7, 3.1, 3.2, 3.4, 3.6	That there is a failure to safeguard the health and wellbeing of staff and students.	3	3	9	9	3	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 group meets quarterly. GBV Prevention Strategy and Action Plan / 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	3	2	6	6	0	Full review of Safeguarding policy and procedure planned for AY 2022-23 Review of safeguarding processes in place for staff and students as part of our continual improvement cycle. New safeguarder role and training remit produced with plans to create a network of safeguarders across the college that would feed into the College Safeguarding Group. May 2022 Additional training being put in place for August 2022 staff conference. August 2022 Mitigating actions are robust. All staff and students are on campus from August 2022, and sessions on well-being and mental health continue to be delivered and staff are able to self 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.	
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 barcodes, 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 information or the necessary access to support such as financial or health and wellbeing. *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. Jan 2022 Robust electronic innovative induction process in place for Aug 2022 starts as well as refreshers in Jan 2022 includes video content. August 2022 Online application process now in place, with additional modules to be added. Barriers to progression removed for students. Curriculum planning process started the work of focussing on the pathways within the College highlighting the increased focus on destinations. October 2022 Course team self-evaluations and student surveys in place 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.	3	2	6	6	0	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.	
13	26/04/2021	3.1, 3.2, 3.4, 3.5, 3.6	That there is a failure of Corporate Governance arrangements	4	3	12	12	0	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. August 2022 The College has robust corporate processes in place. New scheme of delegation approved by the Board Clerk has revised all Terms of Reference for the Committees. 2 Board Strategy days completed with a third in planned for 23 August 2022. Government Improvement Plan and Management Response to the Azets plans almost completed. New approach to register of interest. Revisited and reinvigorated relationships with the regional board. October 2022 Governance Audit is in train. 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.	3	2	6	9	-3	Awaiting finalisation of Board member induction programme. g 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. Governance training and induction session taking place on 1st Feb 2022 which addresses the majority of actions. May 2022 Board members have been inducted. Key policies 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. October 2022 Mitigating actions supporting progress to green.	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.

Risk Key
Low
Medium
High

Risk Key
1-4
5-11
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	22 August 2022
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 strategic 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.

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Regional Strategic Risk Register Summary	Page 3
Regional Strategic Risk Register (A3 printed version available upon request)	Page 4-6
Regional Strategic Risk Appetite (Reference)	Page 7
Regional Strategic Risk Profile & Scoring (Reference)	
Regional Business Plan Risk Register	
Regional Business Plan Risk Profile & Scoring (Reference)	Page 10
South Lanarkshire College Risk Register Summary	Page 11

Notes:

1. There are a total of 19 Strategic Risks logged.

2. Risk Movements.

No change since 6 June 2022 meeting. Risk T moved down and Risk W (new Risk) was included - Failure to adequately heat/light College buildings due to increase in energy costs.

3. Six risks are above the committee's threshold level and therefore are subject to Control Action Planning. 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)
- e) Governance: "J" Failure to establish and implement an effective regional governance model - medium (Above Green [low] threshold)
- f) Compliance : "V" Failure to hold and manage personal data appropriately in compliance with the requirements of the General Data Protection Regulations (GDPR) - low (Green [low] threshold)

4. SLC Risk register is attached

- a) There are a total of 13 risks logged.
- b) One risk moves up. Five risks move down. Seven risks remain the same.

5. Escalation of Risks

Estates - increasing cost of gas and electricity.

6. Under observation / analysis

- a) Global Supply Chain Issues (including Brexit).

7. Regional Business Plan Risk Register

- a) There are a total of 10 risks logged.
- b) There are no risk movements.

REGIONAL STRATEGIC RISK REGISTER SUMMARY

Originating Reference	Rank	RISK DEFINITION		RISK			RESIDUAL RISK			APPETITE	Trend	Control Action Plan? (Y/N)
		Ref to Regional Strategy	Risk	L	I	Total	L	I	Total	Risk Appetite Threshold		
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	7	2.6; 3.4; 4.2; 4.3	Failure to manage budgets, processes and controls appropriately.	4	4	16	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	6	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	8	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	9	4.6; 4.7	Loss of data or ICT service due to cyber-attack.	4	5	20	3	4	12	10-19	=	N
O	13	4.3; 4.6; 4.7	Inability to invest in the development of management systems and technology.	3	3	9	2	3	6	10-19	=	N
CHANGE												
K	3	1.1; 3.1; 3.2	Inability to maintain quality standards.	5	4	20	4	4	16	10-19	=	N
F	10	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	4	1.1; 3.1; 3.3; 4.3;	Failure to deliver SFC Credit targets.	5	5	25	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	17	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	Disruption to College business due to Covid-19 pandemic.	3	5	15	2	2	4	4-9	↓	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	5	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												
U	18	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	Failure to maintain and comply with Health and Safety standards in response to Covid-19.	2	5	10	1	3	3	1-3	=	N
G	19	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	20	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	16	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. 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 ; Perceived reputational damage; Unable	Productivity Student experience Reputational		5	5	25	Optimise Credit 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 developing nature of the pandemic and the implications. 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. Scenario planning initiated and readiness to reconvene. Sub-group of Executive Board set-up and ready to reconvene.	CAP initiated now ongoing and overall reviewed by Executive Board	Risk Owner: Chief Financial 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; 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. Partial consolidation of ESF Credits into Core Credits for session 2021/22.	5	4	20	CAP required to reduce risk exposure from Red (Very High) to Amber (High) Executive Board meeting regularly to respond to the developing nature of the pandemic. Advice and guidance from various external bodies and agencies is considered and actions taken as appropriate. Emergency student assessment procedures developed. Scenario planning initiated and ready to reconvene.	CAP initiated now ongoing and overall reviewed by Executive Board	Risk Owner: Chief Financial Officer (NCL) / Head of Finance (SLC) CAP Owner: Exec Board (NCL) Reporting: Principal (NCL); Chair (RSB).
B	7	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		4	4	16	Regional Financial Memorandum; Budget processes; College process, systems, effective training and review etc.	3	4	12	Not Required at this time.	N/A	Risk Owner: Chief Financial 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
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	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	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.	N/A	Risk Owner: Chief Financial Officer (NCL) / Head of Finance (SLC) CAP Owner: N/A Reporting: N/A
S	6	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 building 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.	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) / Head of Finance (SLC) CAP Owner: N/A Reporting: N/A
W	8	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	3	4	12	Not required at this time.	N/A	Risk Owner: Chief Financial Officer (NCL) / Head of Finance (SLC) CAP Owner: N/A Reporting: N/A
TECHNOLOGY															
P	9	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	4	5	20	Data backup and recovery procedure. Hardware and software monitoring and filtering. ICT system controls for authorised access. JANET network monitoring. Anti-Virus scanning and vulnerability scans. Containment and investment in parameter network. Externally hosted services. Staff communications to raise awareness of virus alerts Proactive monitoring of potential threats ICT staff cyber-security CPD. Cyber-security user awareness training Accreditation of cyber-security standard	3	4	12	Not Required at this time.	N/A	Risk Owner: Chief Transformation Office (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 and technology. 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. Succession planning. Inability to meet future reporting & monitoring requirements due to ageing technology.	Financial Change Productivity Student experience Reputational Compliance	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	3	9	Reduce hardware / software provision and maximise the use of the remaining technology. Utilise mobile technologies to provide flexible access to ICT. Renegotiate contracts to maximise best value for money. Identify alternative cost effective technologies. Implement systems development plan.	2	3	6	Not Required at this time.	N/A	Risk Owner: Chief Transformation Officer (NCL) CAP Owner: N/A Reporting: N/A
CHANGE															
K	3	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		5	4	20	Embedding of Quality Officers with newly formed Departments. Ongoing Review and updating of Quality Policies and Procedures. Audit scrutiny by Internal Audit Teams Maintenance of high profile Learner Engagement activities Annual curriculum evaluation and quality Improvement planning processes. Monitoring of learner perceptions through surveys and focus groups. Emergency Assessment Procedures.	4	4	16	Not Required at this time.	N/A	Risk Owner: Assistant Registrar (Quality) (NCL) CAP Owner: N/A Reporting: N/A
F	10	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	Reallocation of SFC funding resource; CPP and other partnership groups; College Dean leading on strategy and coordination of schools and DYW delivery. Structured meetings with School Heads and regional school/DYW leads. Focussed internal planning with Departments on delivery.	4	3	12	Not Required at this time.	N/A	Risk Owner: Assistant Principal (Education & Student Success) (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
PRODUCTIVITY															
H	4	1.1; 3.1; 3.3; 4.3;	Failure to deliver SFC Credit targets. inability to deliver ESF credits due to core target shortfall. Clawback of ESF funding due to requirement for 'wet' signatures. 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 / Executive Board.	5	5	25	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.	4	4	16	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. Access to the Job Retention Scheme to offset to income loss. Take advice from the SFC letters to Colleges in order to maximise Credit delivery. Lobby SFC/SG to change requirements for 'wet' signatures on documentation.	CAP initiated now ongoing and reviewed quarterly by RSRMG	Risk Owner: Chief Transformation Officer (NCL) / DP (SLC) CAP Owner: AP P&I (NCL) Reporting: Principal (NCL); Chair (RSB).
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		4	3	12	Ensure best value for money in selection of external SD events. Ensure staff participation in a wide range of sectorial and in house events tailored to future strategic needs. Continued supportive dialogue between Board/EB/Staff/Trade Unions. Ensure efficiency of staff deployment to facilitate continuation of added value activities. Ensure sharing of good practice cross college. Robust PDR Process.	2	3	6	Not Required at this time.	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.	2	3	6	Not Required at this time.	N/A	Risk Owner: Head of Estates (NCL) CAP Owner: N/A Reporting: N/A
T	17	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.	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.	2	2	4	No CAP required at this time	CAP initiated now ongoing and reviewed daily by Executive Board	Risk Owner: Health, Safety & Wellbeing Manager (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; external contacts/ partners relationship management; Regular meetings with trade unions;	3	3	9		N/A	Risk Owner: College Registrar (NCL) / DP (SLC) (SLC) CAP Owner: N/A Reporting: N/A
STUDENT EXPERIENCE															
L	5	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	Regular and ongoing Departmental monitoring of PIs. Continued investment in staff CPD Teaching qualifications. Learning & Teaching Strategy. Learner Engagement Strategy. Operational Planning. Curriculum review. Annual Curriculum Evaluation process. Self evaluation process. Guidance policy. Strategic Prioritisation KPI Dashboard Student Funding Development Project Evaluation of Learning and Teaching	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.	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).

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
COMPLIANCE															
U	18	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	Failure to maintain and comply with Health and Safety standards in response to Covid-19. Increase in Covid-19 infections. Increase in staff and student absence. Potential enforcement notices, prosecution and fine. Loss of staff specialist capability. Potential fatality. Reputational damage. Closure of campus.	Productivity Financial Reputational Social Student Experience	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group / Executive Board.	2	5	10	Covid Secure risk assessment. Specific risk assessments and SSoW (staffing groups/activities), with regular review. Scenario Plans. Social distancing. Staggered break times. Hybrid working model Increased cleaning regimes. PPE. Attendance records for test and protect. Health and wellbeing support. Policy and procedure. safe disposal methods to suit waste types. Reduced travel between campuses. Review of the latest legal, H&S, Government and health advice to ensure compliance. Blended learning (remote and on-campus) Use of technology for remote working.	1	3	3	Not Required at this time.	N/A	Risk Owner: Health, Safety & Wellbeing Manager (NCL) / Head of Finance (SLC) Reporting: Principal (NCL); Principal (SLC); Chair (RSB).
G	19	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	Productivity Reputational Governance	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy 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	Not Required at this time.	N/A	Risk Owner: Chief Financial Officer (NCL) / Head of Finance (SLC) Reporting: Principal (NCL); Principal (SLC); Chair (RSB).
V	20	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).	Financial Compliance Reputational	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group / Executive Board.	5	4	20	In response to the Audit by Wylie & Bisset (of Feb 2022) an action plan has been developed to address all of the 8 recommendations. A response to these recommendations has been to the Audit & Risk Committee of the Regional Board. The actions will be implemented and reviewed.	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: GDPR 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
GOVERNANCE															
J	16	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 / 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 Governance 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 Curriculum) (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
Compliance	←→																							
Governance	←→																							
	<p>Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategic Risk Management Group / Senior Management Team.</p>			<p>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.</p>					<p>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.</p>									<p>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.</p>						
Reputational	←→			←→																				
Productivity	←→			←→																				
Environmental	←→			←→																				
Social	←→			←→																				
Student experience	←→			←→																				
	<p>Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategic Risk Management Group / Senior Management Team.</p>			<p>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.</p>					<p>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.</p>									<p>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.</p>						
Financial	←→								←→															
International development	←→								←→															
Technology	←→								←→															
Change	←→																							
	<p>Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategic Risk Management Group / Senior Management Team.</p>			<p>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.</p>					<p>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.</p>									<p>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.</p>						

REGIONAL STRATEGIC RISK PROFILE & SCORING

Likelihood	Risk Profile				
	5	4	3	2	1
Very high (76% or more chance of occurring within the next 12 months)	5	10	15	20	25
High (51-75% chance of occurring within the next 12 months)	4	8	12	16	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	6	9	12	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	4	6	8	10
Remote (1-5% chance of occurring within the next 12 months or may occur in at least 10 years time)	1	2	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.
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

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 Transformation Grant Staff consultation process. Staff communications strategy. Continuing dialogue with SFC colleagues. Staff severance strategy. Monitoring of temporary staff contracts. BP monitoring and review. BoM subcommittee monitoring and review.	5	4	20	AP:OD	Executive Board; College Registrar; HoMark; Project leads; BoM Sub-com Chairs.	=	Risk D
B	2	Ensure efficient workforce deployment	Financial	Inability to achieve required levels of learner early retention over the duration of the plan.	5	4	20	SFC Transformation Grant offsetting key staff reductions Business Plan monitoring and review. SG Retention and Attainment initiative. Pre-enrolment programme. Retention & Achievement Group activity. Operational plan priorities & monitoring.	4	4	16	AP:L&T	Executive Board; Assistant Principal : Education & Student Success; Chair of CSAO sub-com.	=	Risk L
C	3	Deliver a high quality relevant curriculum with high levels of outcomes for students	Learner experience	Inability to deliver SG targets and objectives including MD10 tgts; ASN provision; delivery to priority industries; STEM; schools activity at historic levels.	4	4	16	Curriculum planning to reflect efficient delivery project; Learner retention & outcomes project; Quality of learning and teaching project.	3	4	12	VP:CP&P	Executive Board; Assistant Principal : Education & Student Success 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. Staff communications strategy. Curriculum planning to reflect efficient delivery project. Learner retention & outcomes project. Quality of learning and teaching project. BoM subcommittee monitoring and review.	3	4	12	AP:LS&Q	Executive Board; Assistant Principal : Education & Student Success 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. Staff communications strategy. Organisational development project; workforce plan projects. BoM subcommittee monitoring and review.	3	4	12	AP:OD	Principal; Executive Board; College Registrar; HR Man; Chair of RGP sub-com.	=	Risk E
F	6	Ensure efficient workforce deployment	Financial	Inability to achieve required average class group size.	4	4	16	Curriculum planning to reflect efficient delivery project. Learner retention & outcomes project. Quality of learning and teaching project. Pre-enrolment programme. Retention & Achievement Group activity. Operational plan priorities & monitoring.	3	4	12	AP:L&T	SMT; VP:CP&P; AP:L&T; AP:LS&Q 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 in line with business plan requirements.	4	4	16	Business Plan. SFC assurance of cash flow support. Financial analysis and planning project.	3	4	12	VP:R	SMT; VP:R; F Cont; 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	Communications strategy. Student association engagement. SFC SSES survey to monitor satisfaction levels.	1	4	4	AP:LS&Q	Executive Board; Assistant Principal : Education & Student Success Chair of CSAO sub-com.	=	Risk E
I	9	Provide financial sustainability	Financial	Unable to achieve sufficient surplus position by year three resulting in inability to payback any funding advance.	2	3	6	Business Plan. BP Project Streams and project monitoring and review. Senior Budget Monitoring Group	1	3	3	VP:R	Executive Board; Chief Financial Officer; 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	Business Plan. Recruitment & enrolment project. Curriculum planning project. Learner retention & outcomes project.	1	3	3	VP:CP&P	Executive Board; Chief Transformation Officer; Chair of CSAO sub-com.	=	Risk H

REGIONAL BUSINESS PLAN RISK PROFILE & SCORING

Likelihood	Risk Profile					
Very high (76% or more chance of occurring within the next 12 months)	5	5	10	15	20	25
High (51-75% chance of occurring within the next 12 months)	4	4	8	12	16	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	9	12	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	8	10
Remote (1-5% chance of occurring within the next 12 months or may occur in at least 10 years time)	1	1	2	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.
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 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
 Dated reviewed by Senior Leadership Team
 09 November 2021
 09 December 2021
 Next date of review

No.	Date Raised	Link to Quality Indicators	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		That the College cannot maintain financial stability	4	2	8	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.	SFC funding in 2020/21 was increased from previous years and was in excess of budget, allowing the College to meet, and more, any additional requirements. The College also reached its credit target in 2020/21, so no clawback of central funding will occur. Increased scrutiny of spend and improved approaches to budgetary management introduced. Enrolments and consequent fee income currently below budget level. Current cash holding is, though, sufficient to sustain a one-year drop in income. Note that the College's current cash holding balance is higher than anticipated, which creates a risk of SFC clawback. This is being actively managed, including via providing clarity to the SFC about funds ring-fenced for repayment to SFC (cf. bursary funds) or for committed estates investment; as well as the funding earmarked for our Strategic Investment Plan, currently being drafted.	3	2	6	9	↑ -3	Faculties actively planning for January recruitment and enhanced budgetary controls will ensure that spend and income is monitored closely to allow action to be taken swiftly, as required. On the higher than anticipated cash holding, the College has reported to SFC that some of this is earmarked for current spend, and that it will be utilised to support its Strategic Investment Plan, which will incorporate a refreshed Estates Strategy.	College reporting surplus for 2020/21 and the years of modest surpluses have allowed the College to build up a cash balance that is sufficient to maintain short term financial stability.
2	26/04/2021		That there is a failure of financial controls	4	3	12	12	→ 0	Insufficient or incorrect information available to senior management and the Board of Management; potential for fraud.	Programme of internal and external audit, overseen by Audit and Risk Committee. Ongoing review of financial controls, policies and processes in train. Management response to IA review in relation to improvements to financial and other controls. Introduction of a new approach to control, assurance and risk management arrangements now in train. College to institute its own rolling review of audit recommendations to ensure that all IA recommendations are followed through according to timetable. This to be reviewed by the Audit and Risk Committee at each meeting. College is undertaking a fundamental review of its procurement arrangements, supported by a College-wide training programme to ensure that (a) the College's arrangements for procurement are appropriate, and (b) all relevant staff are fully aware of these arrangements and their responsibilities. College is looking at the feasibility of introducing stock control systems.	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.	Introduction of formal ARC monitoring on an ongoing basis.
3	26/04/2021		That there is failure to meet Credit target and /or failure to retain major public and private contracts.	3	3	9	9	→ 0	Clawback of SFC activity funding and shortfall in income. Failure to meet credit targets on a consistent basis may affect annual activity allocation. Failure to meet ESF target is likely to affect income as this income is fully dependent on achieving the core and ESF credit target.	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. Faculty teams are reviewing their course offer to maximise credits as well as offer new courses. Marketing campaign now live for January 2022 courses, with information event planned for 25 November.	3	2	6	2	↓ 4	Marketing campaign now live for January 2022 courses with recruitment event planned for 25 November. National request from sector to SFC still awaiting response, on last year's flexibilities being carried over into 2021-22. For example, increase of 16-18 credits across all FT courses.	College reached activity target for 2020/21 but enrolments are currently short of target in some areas. Target this year is 50,435 and for the first time includes 700 credits for FAs that are non transferable. Gap with best case scenario for Jan recruitment, not including SFC flexibilities is 3000 credits. Retention due to covid restrictions may also impact. All Jan 22 start courses are advertised, marketing campaign in progress.
4	26/04/2021		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 advise 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.	2	2	4	4	→ 0	Info Asset Register links to be finalised to incorporate information required for ROPA; Records Retention Schedule and Policy to be compiled and signed-off. Data Protection Policy has been updated, final sign off required.	Data protection team have worked through a number of ROPA with each area and are currently pulling together Info Asset Register. Records Retention Policy in progress.
5	26/04/2021		That there are insufficient funds for capital project and maintenance requirements	4	2	8	8	→ 0	The College estate is reaching an age that will require constant monitoring and an appropriate level of funding to address major issues (e.g. roof, air handling, lifts, CCTV, 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.	1	1	1	6	↑ -5	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.	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.
6	26/04/2021		That there is a failure to meet statutory and legislative health and safety as well as safeguarding requirements.	3	3	9	6	↓ 3	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.	3	2	6	6	→ 0	Full review of H&S policy and procedure in train. Review of safeguarding processes in place for staff and students as part of our continual improvement cycle.	Interim H&S consultant in post whilst recruiting for perm.
7	26/04/2021	2.6	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.	3	2	6	2	↓ 4	Editing business continuity arrangements being reviewed in light of recent events.	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.
8	26/04/2021		That there is a theft of, or damage to, Management Information System (incl. cyber crime)	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.	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.	2	1	2	2	→ 0		College recently successfully completed its August 2021 Cyber security audit with no issues.
9	26/04/2021		That there is a failure to achieve acceptably high standards of learning and teaching.	4	2	8	6	↓ 2	Impacts on the student experience, the college's reputation and Education Scotland risk ratings. Impacts on student recruitment leading to financial risk.	2021-22 monitor of teaching KPIs across all subject areas and action taken to address areas of concern. Quality mechanisms undertaken through annual cycle including self evaluation and internal and external verification processes. Lots of activity has been undertaken by quality with course teams on new arrangements for assessment during COVID period. Review of quality processes in train to improve reporting against KPIs. Faculty staff work with students association, class reps and student feedback mechanisms to monitor feedback on quality and follow up on any issues. Enhance the monitoring of a range of KPI data on an ongoing basis to quickly identify any emerging negative trends in student performance.	3	2	6	3	↓ 3	Review of the quality cycle in progress. Self Evaluation completed for Faculties in train for the college. Continued utilisation of improved reporting to support business insight and action.	Power BI being used to generate much improved business insights. To date the following reports have been established: Retention and Achievement Credit Projection Curriculum Planning
10	26/04/2021		That there is a failure to provide an engaging and effective employee journey.	4	2	8	6	↓ 2	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.	Ongoing, effective development of people managers to ensure the enablement of engagement, management and leadership practices. Effective response to the 2021 Employee Survey in progress. Re-launch and automation of the Career Review process, including manager training on performance feedback and coaching. Further staff engagement in train via the IP and LD re-accreditation processes, including surveys and focus groups, will provide further intelligence to support organisational response. HR support provided locally to support staff absence management.	2	2	4	4	→ 0	Implementation of College wide training; need analysis, employee engagement processes and measures and effective talent management (including succession planning). Review and enhance the employee experience processes and consider automation where appropriate.	Concerns over retention of students especially FT FE due to limited blended learning. Higher than usual volume of students requiring additional learning support, which if staff are not recruited timely enough could impact on attainment.

No.	Date Raised	Link to Quality Indicators	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
11	26/04/2021		That a lack of clarity of the learner journey means that there is a failure to provide an appropriate learner experience and support to students.	4	2	8	4	↓ 4	Impacts on the student experience, and on recruitment should students not receive bursaries or necessary support, including wellbeing. Recruitment impacted by website, and application process. 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 SFC	3	2	6	4	↓ 2	Additional central funding has been resourced 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, evidence and support etc. including student	As regards student support funds, SFC funds have proved to be more than sufficient in previous years and the current year's funding should be more than adequate for the FE body. Previous years have seen there to be insufficient funds available to support HE students to the same levels, but with a reduced HE intake, this problem will not be as acute in 2021/22.
12	26/04/2021		That there is a failure of Corporate Governance arrangements	4	3	12	12	→ 0	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	3	3	9	9	→ 0	Awaiting finalisation of Board member induction programme. Awaiting Board discussion on SFC report to progress recommendations. Awaiting clarification from SFC/SG on timeframe for dissolution to allow for planning.	

Risk Key
Low 1-6
Medium 5-11
High 12-26

Risk Key
Low 1-4
Medium 5-11
High 12-26

AUDIT AND RISK COMMITTEE

DATE	7 November 2022
TITLE OF REPORT	Report on Compliance Audits
REFERENCE	Agenda item 7
AUTHOR AND CONTACT DETAILS	Keith McAllister – Head of Finance keith.mcallister@slc.ac.uk
PURPOSE:	To present the reports of the work on compliance undertaken by Skills Development Scotland (SDS).
KEY RECOMMENDATIONS/ DECISIONS:	The Board is asked to: <ul style="list-style-type: none"> • Note the “clean” audit report re the two audits undertaken by SDS on activity which the College delivers as part of the contracts with that organisation.
RISKS	<ul style="list-style-type: none"> • That the College does not have appropriate internal controls to safeguard its staff, students and assets • That there is a failure to meet credit targets and / or failure to retain major public and private contracts.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<p>SDS undertake periodic audits on the activity which the College delivers as part of the contract with that body.</p> <p>The audits reviewed the transactions for the period 1st April 2021 to 6th October 2022 in respect of the Employability Fund and the Modern Apprenticeships contracts.</p> <p>The two Summary of Findings documents are attached and show that there were no issues identified by auditors in that period in either project’s activity.</p>

Summary of Findings

EMPLOYABILITY FUND



Provider/Period
South Lanarkshire College 01/04/21 – 06/10/22

Results of Transaction Testing

FIPS	Sample		*Sample Breach	
	Volume	Value	Volume	Value
Starts/Eligibility	5	£4,250	0	0
Allowances	5	£308	0	0
Outputs	7	£4,254	0	0
Outcomes	11	£3,100	0	0

*Please note the full extent of the breach/recovery identified as a result of these findings may change after consideration, in line with SDS Policy

Testing Issues
All evidence available to support claims, no issues arising.

Signed on behalf of SDSCS:		Signed on behalf of Provider:	
Name (block caps):	HELEN MULLEN	Name (block caps):	ELISE BONINI
Date:	14/10/2022	Position in organisation:	ALTERNATIVE FUNDING ADVISOR
		Date:	14/10/22.

Summary of Findings

Modern Apprenticeship

South Lanarkshire College (01/04/21 – 06/10/22)



Results of Transaction Testing

FIPS	Sample		*Sample Breach	
	Volume	Value	Volume	Value
Starts	5	£750	0	0
Milestones	30	£11,953	0	0
Outcomes	n/a			

*Please note the full extent of the breach/recovery identified as a result of these findings may change after consideration, in line with SDS Policy

Testing Issues

All evidence available to support claims, no issues arising.

Signed on behalf of SDSCS:		Signed on behalf of Provider:	
Name (block caps):	HELEN MULLEN	Name (block caps):	ELISE BONINI
Date:	12/10/2022	Position in organisation:	ALTERNATIVE FUNDING ADVISOR
		Date:	14/10/22

AUDIT AND RISK COMMITTEE

DATE	7 November 2022
TITLE OF REPORT	Audit Scotland Guidance and Information
REFERENCE	Agenda item 8
AUTHOR AND CONTACT DETAILS	Keith McAllister – Head of Finance keith.mcallister@slc.ac.uk
PURPOSE:	To inform the Committee of guidance and information as issued by Audit Scotland.
KEY RECOMMENDATIONS/ DECISIONS:	The Board is asked to: <ul style="list-style-type: none"> • Note the extract from Audit Scotland’s Technical Bulletin 2022/3 as it refers to the college sector. • Note the link to the guidance given to external auditors for the 2021/22 audit of college accounts. • Note the communication from Audit Scotland re the statutory fees for 2022/23
RISKS	<ul style="list-style-type: none"> • That there is a failure of financial controls College does • That there is a failure of Corporate Governance arrangements
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<p>Audit Scotland issue quarterly technical bulletins for the public sector in Scotland and Bulletin 2022/3 has guidance notes on making, and auditing, professional judgements, which the College has noted in the preparation of its financial statements for 2021/22.</p> <p>Audit Scotland appoint external auditors for the college sector. Their Scotland Technical Guidance Note 2022/6 (C) refers specifically to the 2021/22 independent auditor’s report for colleges and can be accessed via:</p> <p>Technical Guidance Note 2022-6(C) - 2021-22 Independent Auditor's Reports for Colleges (audit-scotland.gov.uk)</p> <p>Audit Scotland has issued a note (as added below) on statutory fees for the year to 2022/23 citing increased work required and an acknowledgement of the risk involved in meeting the requirements of the relevant International Standards and the Code of Audit Practice.</p>

Sent on behalf of the Auditor General and the Chair of the Accounts Commission



Dear Chief Executive/Director of Finance

Audit Scotland statutory fees – 2022/23 audits

We are writing to you to inform you of changes to audit fees from the commencement of the audit of the 2022/23 year. We also want to take this opportunity to set out the factors affecting fees.

Over the past year Audit Scotland, on behalf of us as the commissioners of public audit, has worked to secure and finalise the appointment of auditors for the next five years. You will have recently received notification of your new appointed auditor; either one of Audit Scotland's in-house teams or one of the six firms contracted to deliver audit on our behalf.

The key aim of this appointment process was to secure the delivery of public audit at the best possible price while maintaining and strengthening the quality of audit work and meeting statutory and regulatory requirements and standards.

The result of this is that your audit fee will increase from the commencement of audit work later this calendar year. This increase will be above the normal inflationary rises typically applied, and we will communicate the specific details for your organisation to you later this year, after the Audit Scotland Board has approved its 2023/34 budget. As in previous years, this is likely to be in December.

As part of the appointment process, we evaluated and assessed the audit market, and it was clear that the audit profession continues to experience considerable scrutiny and increasing requirements and expectations. We highlighted this in our 2021/22 fee notification letter, where we said the price reductions secured in the last two appointment rounds were not sustainable based on the evidence we were seeing from the private sector and English public sector.

As expected, a fee rise is needed to meet the increased demand and risk identified in delivering an International Standards on Auditing (ISA's) and [Code of Audit Practice](#) (CoAP) compliant audit.

Under the Public Finance and Accountability (Scotland) Act 2000, Audit Scotland is also required to aim to break even on audit work that is charged for, taking one year with another, either for each audit or for classes of audits. Audit Scotland have determined each sector as being a class of audits.

In order to achieve the break even requirement the fee setting arrangement for 2022/23 will continue to be based on the principles of:

- Audit fees 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.

Expected Fee

As in previous years the components of the expected fee for 2022/23 will be based on:

Auditor remuneration

Pooled costs

Performance audit (Local Government only)

Audit Scotland costs.

The expected fee calculation is an integral part of the budget process requiring Audit Scotland Board and Scottish Parliament approval.

For the 2022/23 audit year your expected fee will also include a rebate that you are due following the completion of your 2019/20 and 2020/21 audits. This is due to the 'pooled costs' element of previous fees having an allocation of Audit Scotland travel and subsistence costs as well as the private firms' expenses, which is based on budget estimates. The Covid-19 pandemic led to uncertainty on the amount of audit work that could be delivered onsite at audited bodies with the fee charged being higher than the actual costs incurred.

As above, the details of your new fees will be communicated to you, via email, later this year.

We can assure you that every effort is being made to keep the increase to the minimum possible while maintaining our commitment to audit quality.

Yours sincerely

Stephen Boyle

Auditor General for Scotland

Accountable officer for Audit Scotland

William Moyes

Chair Accounts Commission

Technical Bulletin

2022/3

Technical developments and emerging risks from
July to September 2022



 AUDIT SCOTLAND

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

20 September 2022

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1: Introduction

Contact: Paul O'Brien, Pobrien@audit-scotland.gov.uk

Purpose

The purpose of Technical Bulletins from Audit Scotland's Professional Support 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 selected responses to 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, where provided.

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

The following table highlights a selection of items in this Technical Bulletin:

Highlighted items		
Professional Support has published guidance for auditors on examining and reporting on the 2020/21 WGA returns [paragraph 1] .	CIPFA/LASAAC has issued a statement on its consultation on infrastructure assets [paragraph 8] .	The Scottish Government has issued statutory overrides in respect of accounting for infrastructure assets in local government [paragraph 11] .
The Scottish Government has issued revised statutory guidance on accounting for service concession arrangements and leases in local government [paragraph 14] .	CIPFA/LASAAC has issued the local government accounting code for 2022/23 [paragraph 18] .	CIPFA/LASAAC has issued an exposure draft of the accounting code for 2023/24 [paragraph 25] .
Professional Support has published guidance on certifying the 2021/22 HB subsidy claim [paragraph 34] .	Professional Support has provided responses to requests for technical consultations from auditors [paragraph 38] .	Professional Support has published guidance on risks of misstatement in the 2021/22 annual report and accounts of colleges [paragraph 39] .
Professional Support has published model forms of Independent Auditor's Reports for colleges for 2021/22 [paragraph 42] .	The SFC has issued the 2021/22 accounts direction for colleges [paragraph 47] .	The SFC has issued guidance on the 2021/22 accounts direction [paragraph 49] .
The FRC has issued a new framework to assist auditors in making professional judgements [paragraph 51] .	The FRC has issued a report on current practice in auditor reporting [paragraph 60] .	The FRC has issued an updated thematic review on the disclosure of judgements and estimates [paragraph 61] .
The FRC has issued a thematic review on information on climate change in the annual accounts [paragraph 64] .	The FRC has issued a report on the disclosure of digital security risks in the annual accounts [paragraph 67] .	The FRC has issued a report on producing ESG data [paragraph 70] .

4: College sector

Contact: Neil Cameron, Ncameron@audit-scotland.gov.uk

TGN on risks of material misstatement in 2021/22

39. Professional Support has published Module 14 of TGN 2022/1. The TGN is intended to inform auditors' judgement when identifying and assessing the risks of material misstatement in the 2021/22 annual report and accounts of central government bodies generally. Module 14 provides:

- guidance on applying the other modules to the audit of the 2021/22 annual report and accounts of colleges
- supplementary guidance on the risks of misstatements in areas specific to colleges

40. Module 14 is available with the rest of the TGN and supporting material to auditors on [SharePoint*](#) and is also freely available to download from the Audit Scotland [website](#).

41. Auditors are expected to pay due regard to Module 14 and use it as a primary reference source when performing 2021/22 audits of colleges. Auditors should advise Professional Support of any intended departures from the guidance.

TGN on 2021/22 model IARs

42. Professional Support has published TGN 2022/6(C) to provide auditors with model forms of Independent Auditor's Reports (IAR) which should be used for the 2021/22 annual report and accounts of colleges.

43. Auditors are required by the Code of Audit Practice to prepare their IARs in accordance with the TGN. The TGN is available with supporting material to auditors on [SharePoint*](#) and are also freely available from the Audit Scotland [website](#).

44. The model form of IARs set out in Appendices 1 and 2 of the TGN have been tailored to reflect relevant public sector legislation and augmented by the reporting requirements of the Auditor General.

45. There are a number of changes to the model forms of IAR and to the application guidance in 2021/22. These are summarised in the following table:

Area	Change
Model IARs	<p>Changes have been made in the 'Conclusions relating to going concern' and the 'Responsibilities of the Board of Management' sections of the model IARs to better explain the application of going concern in the public sector.</p> <hr/> <p>There are also some minor wording clarifications.</p>
Application guidance	<p>Changes in the guidance include:</p> <ul style="list-style-type: none"> • permitting auditors to amend the specified wording that explains the extent to which the audit is capable of detecting irregularities • advice for auditors to encourage bodies to use the titles specified by the Statement of Recommended Practice – Accounting for Further and Higher Education 2019 (the SORP) or Government Financial Reporting Manual (FReM) • advice on how to deal with the inclusion of any voluntary reports.

46. Auditors should for 2021/22 audits:

- use the relevant model form of IAR for each college
- follow the specified wording other than where tailoring adjustments are set out in the application guidance in the TGN
- consult with Professional Support on any modified opinion or conclusion
- complete an auditor action checklist provided at Appendix 4 for each IAR prepared.

2021/22 accounts direction

47. The Scottish Funding Council (SFC) has issued their [Accounts Direction for Scotland's Colleges 2021/22](#). The direction requires colleges to:

- comply with the SORP in preparing their financial statements
- include a Performance Report and Accountability Report in their annual report and accounts in accordance with the FReM.

48. Specific mandatory disclosure requirements for colleges are set out in Appendix 2 to the direction. The main changes are as follows:

- Paragraph 8 has been added to require the performance analysis section of the Performance Report to include:
 - a description of the way in which the college has promoted equality of delivery of service to different groups and had due regard to public sector equality duty under the Equality Act 2010

- brief commentary outlining the Fair Work practices that have been developed in agreement with the college’s workforce and the progress the college has made in their implementation.
- A suggested table for the amended fair pay disclosure has been added to the example Remuneration Report at Appendix 8.

Guidance on 2021/22 financial statements

49. The SFC has issued [guidance notes](#) on completion of the 2021/22 financial statements which are designed to supplement the accounts direction. The guidance covers key disclosures in the financial statements, including model disclosure notes set out at Annexes A to F.

50. There are no significant changes from 2020/21.

5. Professional developments

Contact: Paul O'Brien, Pobrien@audit-scotland.gov.uk

New framework for making professional judgements

51. The [Financial Reporting Council](#) (FRC) has issued a new [framework](#) to assist auditors in making professional judgements. Professional judgement involves applying training, knowledge and experience in making informed decisions about appropriate courses of action. The effective exercise of professional judgement is a critical feature of any audit.

52. The framework is intended to enhance the quality and consistency of professional judgements by helping auditors take account of all relevant considerations and improve their more intuitive judgement-making.

53. Although written for auditors, the framework may be useful for others in the financial reporting chain, or for specialists providing expert input into an audit. It could also be useful for audit committees in enhancing their understanding of an auditor's judgement process.

54. The framework consists of the following four components:

- An appropriate mindset for exercising professional judgement.
- A suggested professional judgement process.
- Effective consultation with a range of relevant parties.
- Factors that can impact on how challenging it is to exercise professional judgement in an appropriate manner.

Mindset

55. The guidance highlights five aspects of mindset that are especially relevant to exercising professional judgement in an effective manner. They are summarised in the following table:

Aspect	Summary of guidance
Appreciation of the purpose of audit and its public interest benefits	<p>Understanding that the purpose of an audit is to enhance the confidence and understanding of users of the financial statements helps emphasise that the interests of the users should be paramount when making judgements.</p> <p>Awareness of the public interest benefits of an audit may motivate the auditor to be objective, professionally sceptical, and committed to quality.</p>

Aspect	Summary of guidance
Professional scepticism	Professional scepticism may be especially relevant when gathering and analysing information, and when effectively challenging management.
Understanding biases and other relevant psychological factors	<p>There are a range of biases that can subconsciously hinder objective reasoning (e.g. availability, confirmation, groupthink, and overconfidence).</p> <p>Certain personality traits may be detrimental to good judgement, e.g. an undue fear of conflict, unwillingness to challenge figures of authority, impatience or stubbornness.</p> <p>Some traits support an effective judgement process, e.g. perceptiveness and a willingness to consult and listen.</p> <p>An auditor's feelings and beliefs affect how susceptible they are to judgement traps such as allowing motivation to unduly influence how information is evaluated.</p> <p>Understanding the above factors assists the auditor in developing strategies to mitigate or cultivate such factors.</p>
Sensitivity to uncertainty	<p>An awareness of the presence of uncertainty can assist the auditor in identifying when they need to exercise professional judgement.</p> <p>An appreciation that some information sources may be more or less reliable than others allows auditors to direct their work efforts in a more effective way.</p> <p>An awareness that not all uncertainty can be eliminated allows the auditor to build mitigating actions into their judgement process.</p>
Commitment to quality	it is important that the auditor is committed to making quality judgements, e.g. by being willing to delay signing the audit opinion to provide the team with enough time to perform a robust professional judgement process.

Professional judgement trigger and process

56. This portion of the framework comprises a series of steps to structure the way in which a judgement is carried out. The steps are summarised in the following table:

Step	Summary of guidance
Remain alert to situations which require the exercise of professional judgement	In deciding whether to use a formal judgement process, auditors should consider the complexity and importance of the judgement being made, their experience and any precedents.

Step	Summary of guidance
Consider who is the right person to make the judgement	<p>Auditors consider the relevant knowledge, skills and experience required; the complexity and importance of the judgement; and the available time and resources.</p> <p>Where an auditor engages an expert to provide a view, the auditor remains responsible for the judgement.</p>
Appropriately frame the issue	<p>Taking the time to fully define and understand the problem, including relevant risks, is a key part of an effective judgement process.</p> <p>The main components of this step are:</p> <ul style="list-style-type: none"> • articulating objectives to clarify the intended outcomes • identifying the alternatives that will be judged.
Marshal your information	<p>This is a key step as it provides the evidence base.</p> <p>Page 16 of the guidance provides examples of the various enquiries, knowledge and experience from which relevant information may be drawn.</p> <p>Auditors should employ a questioning mindset in seeking information that may contradict as well as corroborate management assertions, while remaining alert to conditions that may indicate information may not be authentic, and to any inconsistencies between different information.</p>
Stand back, and conclude	<p>This includes considering whether:</p> <ul style="list-style-type: none"> • a judgement step has been inappropriately skipped • all relevant alternatives have been identified and assessed • the judgement has been unduly affected by bias • the course of action decided upon might undermine some of the auditor's other objectives.
Document, communicate and reflect	<p>Effective documentation allows others to understand how judgements were made and the rationale and quality of evidence for the decision reached.</p> <p>Documentation is unlikely to take place at a single point in the audit, but will iterate over time.</p> <p>Key audit matters reported may include significant professional judgments.</p> <p>Auditors should reflect on the process and assess what went well and what could be improved in future.</p>

Consultation

57. It is important that audit teams encourage a healthy culture of debate and challenge to facilitate the input of those with relevant experience and expertise, and provide the opportunity to coach less experienced members of the team.

58. Consultation outside the team, such as with an external expert or an engagement quality reviewer, can further widen the available pool of expertise.

Environmental factors

59. There are a number of factors which may impact on how challenging it may be to exercise professional judgement in a quality manner. The factors are summarised in the following table:

Factor	Summary of guidance
Audit firm: culture, resources, training and processes	An audit firm can facilitate professional judgements by setting an appropriate culture, providing appropriate resources and training, and aligning reward structures to behaviours that demonstrate a commitment to audit quality.
Quantity and quality of relevant information available	<p>If it is especially challenging to obtain relevant and reliable information, this could cause the auditor to place undue reliance on the few sources of information that are easily accessible.</p> <p>The quality of judgement reached should not suffer when information is scarce, though that judgement may have greater uncertainty attached to it which may lead to further work needing to be performed elsewhere.</p>
Time and resources available	<p>Auditors should push back if they feel under pressure to meet a timeline for making the judgement.</p> <p>Resources that can significantly improve the quality and range of information and insight available include:</p> <ul style="list-style-type: none"> • the capacity and capability of the audit team • access to experts • technological resources such as automated tools and techniques.
Audited entity: management and those charged with governance	<p>The audit committee can support or potentially undermine the auditor's attempts to promote a culture of healthy challenge of management and professional scepticism.</p> <p>The provision of clear and timely supporting information by management can reduce the risk of unnecessary delays, which could in turn lead to a rushed judgement process.</p>

Review of auditor reporting practice

60. The FRC has issued a [report](#) which sets out the findings from research it commissioned into the current state of auditor reporting within the UK. A sample of nearly 400 auditor's reports for companies was selected, and the findings have been set out under six themes. The findings that are relevant to public audit are summarised in the following table:

Themes	Areas considered	Findings summary
Understandability and useability of auditor's reports	<p>This explores how the length of reports varies between firms, industrial sectors, and market segments.</p> <p>Objective measures such as readability scores and measurement of standardised language have been used as a proxy for understanding how useability and understandability varies.</p>	<p>Most auditor's reports are located before the financial statements.</p> <p>The surveyed auditor's reports did not include any modified opinions, and nothing was reported by exception.</p> <p>'Boilerplate' text is most prevalent in shorter auditor reports, and in reports issued by firms outside the Big 4.</p> <p>Proxy measures of readability suggest that longer reports with less boilerplate can be harder to read.</p>
Communicating judgements on materiality and the scope of group audits	<p>This reviews how auditors set out the basis of judgements for the selection of materiality and performance materiality, as well as decisions on the scoping and coverage achieved by group audits.</p>	<p>Profit measures remain the most common benchmark used for the determination of materiality, but are becoming less common.</p> <p>The use of equity as a benchmark, as well as multiple benchmarks, have become more common.</p> <p>A high proportion of auditor reports described the professional judgements made by the auditor for the selection of materiality and performance materiality.</p>
Key audit matters (KAMs)	<p>This includes a review of the number of KAMs and the most common types of risks of material misstatement.</p>	<p>Most reports included three KAMs but there were significant variations.</p> <p>There has been a reduction in the average number of KAMs since the requirement was introduced.</p> <p>The most common type of KAM was revenue recognition. Other common KAMs related to investments, asset impairments, and financial instruments. Very few KAMs dealt with risks arising from non-compliance with laws and regulations.</p>
Specific risks	<p>This reviews how auditors have communicated risks arising from climate change, the COVID-19 pandemic, and alternative performance measures (APMs), and their findings from the audit procedures addressing those risks.</p>	<p>Risks associated with climate change were rarely reported as KAMs.</p> <p>The most common response to the risks associated with the pandemic was to integrate the risk within a consideration of the underlying financial statement item.</p> <p>KAMs on APMs are very rare.</p>

Themes	Areas considered	Findings summary
	It also included the use of graduated findings (the auditor describes the position of estimates and judgements by their position on a range of potential outcomes) and binary findings (the auditor compares management's point estimate with a plausible range of values). when reporting on KAMs.	The use of graduated findings is rare. Binary findings are more common, and both approaches use simple, formulaic approaches to express conclusions.
Going concern	This explores how auditors have reported on the appropriateness of the going concern basis of accounting.	KAMs were the main channel for reporting where the auditor had identified heightened risks on going concern. Paragraphs on material uncertainty relating to going concern were rarely used.
Fraud and other irregularities	This explores how auditors have responded to the new requirement to explain the extent to which their audit has been designed to detect fraud and other irregularities.	Identified fraud risks tended to be those presupposed by the auditing standards. The responses to fraud risks tend to be generic and describe procedures that the auditor is required to do for any audit, rather than being specifically tailored to the circumstances of the entity.

Updated thematic review on judgements and estimates

61. The FRC has issued an [update](#) to their thematic review on the disclosure of judgements and estimates (see [Technical Bulletin 2017/4](#) – paragraph 20). The review relates to the requirements in IAS 1 to disclose:

- judgements made by management in applying an entity's accounting policies
- sources of estimation uncertainty.

62. The review identified good examples of detailed, granular disclosure explaining management's judgements and the nature of the uncertainties relating to significant estimates. Estimates were supported by quantification, such as information about assumptions made and the specific amount at risk of material adjustment.

63. However, the review also identified the following areas for improvement which are also relevant to public bodies:

- Disclosures should explicitly state whether estimates have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
- Entities should reassess whether disclosures on sources of estimation uncertainty should be revised each year.
- Where additional estimate disclosures are provided (e.g. those carrying lower risk or crystallising over a longer timeframe), they should be clearly distinguished from those with a significant short-term effect.

Thematic review of climate disclosures

64. The FRC has issued a [thematic review](#) on information on climate change in the annual accounts of a sample of premium listed companies. The report:

- assesses the quality of the Task Force on Climate-related Financial Disclosures (TCFD) in response to a new Listing Rule
- considers the extent to which the financial statements reflect the impact of climate change.

65. The review highlights five main areas in which entities could significantly improve their TCFD disclosures and reporting of climate change in the financial statements. Although TCFD does not yet apply in the public sector, it is anticipated that they will form the basis of future requirements.

66. The areas of improvement, along with a summary of the FRC's expectations for each, are set out in the following table:

Area of improvement	FRC expectations
Granularity and specificity	<p>The granularity and specificity of climate-related disclosures should improve as processes to manage risks and opportunities become more embedded.</p> <p>The link with financial planning should be clearer and more quantified.</p>
Balance	Discussion of climate-related risks and opportunities should be balanced and link the opportunities to any technological dependencies.
Interlinkage with other narrative disclosures	The interlinkages of TCFD with other narrative disclosures in the annual report should be considered.
Materiality	<p>Entities should explain how they applied materiality to their TCFD disclosures.</p> <p>Where elements are excluded, it should be clear whether the entity has decided the elements were not relevant or material, or whether they had been omitted for other reasons such as a lack of robust data.</p>

Area of improvement	FRC expectations
Connectivity between TCFD and financial statements disclosures	<p>Entities should consider the connectivity between TCFD disclosures and the financial statements, and provide explanations to address whether:</p> <ul style="list-style-type: none"> • the degree of emphasis placed on climate change uncertainties in the narrative reporting is consistent with the way they have been reflected in judgements and estimates applied in the financial statements • emissions reduction commitments and strategies described in the narrative have been appropriately reflected in the financial statements • the extent of progress against climate-related opportunities referred to in the narrative reporting is appropriately reflected in segmental disclosures • discussion of matters which may have an adverse effect on asset values or useful lives in the narrative reporting is consistent with positions taken in the financial statements.

Report on digital security risk disclosure

67. The FRC has issued a [report](#) on the disclosure of digital security risks in the annual accounts of a sample of companies. Digital security risks are defined for the purposes of the report as the operational, financial, reputational and stakeholder risks caused by cyber security threats, including the risk of major data breaches arising from internal lapses.

68. Digital security risk is fundamental to business continuity and resilience. Reporting on digital systems, processes and data should provide relevant information to assist stakeholders in assessing an entity's ability to remain viable and resilient.

69. The review identified that, while a significant proportion of the companies in the sample reported at least one digital-related principal risk, the disclosures are often 'boilerplate'. The report recommends a number of enhancements; those relevant to public bodies are summarised in the following table:

Area	Disclosure
Strategy	Explain how digital security and strategy are important to the entity's current and future business model, strategy and environment.
Governance	Detail the governance structures, culture and processes in place to support digital security and strategy.
Risk	Identify digital security and strategy risks and opportunities faced both now and in the future.
Events	Highlight the impact of internal and external events, and the actions and activities that respond to these.

Report on producing ESG data

70. The FRC has issued a [report](#) on the production of data on environmental, social and governance (ESG) matters. The report focusses particularly on climate issues.

71. The report identifies three elements of ESG data production which it uses to explore the current landscape, as well as the challenges faced and positive actions to address them. The three elements, along with recommended steps for each, are summarised in the following table:

Motivation	Method	Meaning
What motivates the entity to collect ESG data and how does it identify what it needs?	How is ESG data collected?	How is the data used within the entity and how does it impact decision-making?
Perform a materiality assessment to understand the relevant ESG topics and data points.	Identify the data producers and owners across the entity.	Consider training and education on why ESG data is needed and how it can be used for effective strategic decision-making.
Collaborate with peers to identify sector-relevant metrics, methods and sources.	Identify the sources for the data and set out the methodology and frequency for gathering it.	Integrate ESG data in regular processes and embed in the culture.
Identify and encourage internal champions to raise awareness.	Apply controls over the data, including evidence trails, reviews and sign-offs.	Review whether existing data and data quality is supporting strategic decision-making and whether investment in systems and resource is needed.
	Assess which data should be subject to internal and external assurance.	

27 October 2022

Annual Report from the Scottish Public Services Ombudsman

I am very pleased to enclose my 2021-22 Annual Report: Performance Report. In addition to the attached PDF document, there is also a web version at [SPSO Annual Report 2021-22](#) that is easy to navigate digitally.

If you want to read a full copy of the Report and Financial Statements, which includes the accountability report, this will be available in due course at www.spsso.org.uk/finance. Look out for updates in our monthly e-newsletter, our website and twitter.

Since I took up office in 2017, my team has, year on year, taken on new functions and duties and had to cope with unprecedented change and challenges. We would have faced many of these irrespective of COVID-19.

We started 2021-22 in the knowledge we had high workloads and faced capacity and resourcing challenges. Despite uncertainty about lockdown and the ongoing impact of COVID-19, on ourselves and Scottish public services, we were, and remain, optimistic. We set ourselves an ambitious business plan, driven by our values and strategic aims and were successful in delivering many of these objectives.

This report features our performance across all our functions and our important significant achievements during 2021-22. Some highlights include:

- we received **3,665** public service complaints and closed **3,492**
- of all investigated public service complaints we upheld **63%**
- made **511** recommendations to public bodies, **51%** being about learning and improvement
- our Scottish Welfare Fund independent review service observed a **36.7%** increase in review applications and handled **26.6%** more than the previous year
- our Independent National Whistleblowing Officer function completed its first year of service, considering **107** whistleblowing enquiries and cases
- we successfully launched three project work streams to review our own organisational learning and recommend improvements on **future working**



arrangements, intelligence and learning from casework and internal communications.

Detailed statistical information about public service complaints is available here: www.spsso.org.uk/statistics.

Driven by our values, we are committed to delivering the best service we can with the resources we have. Reducing the number of unallocated public service complaints, shortening the time taken to decide complaints, and increasing stakeholder engagement are top priorities for 2022-23. We also look forward to supporting the development of child friendly complaints procedures in anticipation of the incorporation of the United Nations Conference on the Rights of the Child (the UNCRC) developments.

If you would like to talk to us about our work, my SPSO colleagues and I welcome feedback on this report, or on any aspect of our work.

Yours sincerely

Rosemary Agnew
Scottish Public Services Ombudsman

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