

AGENDA

Papers highlighted in purple font have not been published with the agenda as they are either due for future publication or are not in the public domain.

PRIVATE PRE-MEETING WITH EXTERNAL AND INTERNAL AUDITORS (NON EXECUTIVE BOARD MEMBERS AND AUDITORS ONLY)

A private pre-meeting with auditors and non-executive Board members will be held on Thursday 21 November 2019 at 1.30pm within the Carnegie Conference Centre, Dunfermline.

No	Item	Action	Lead	Pages
1	External / Internal Audit Process	Discuss	SM	2-2

AUDIT AND RISK COMMITTEE

A meeting of the Audit and Risk Committee will be held on Thursday 21 November 2019 at 2.00pm in the Carnegie Conference Centre, Dunfermline

No	Item	Action	Lead	Pages
1	Welcome, Apologies and Declarations of Interests	Note	SM	N/A
2	Minutes of the Previous Meeting: 12 September 2019	Approve	SM	
3	Matters Arising / Actions Outstanding	Note	SM	3-3
4	Internal Audit:			
	4.1 Update on Internal Audit Actions: Exception Report	Note	IA	
	4.2 Review of Credits Return 2018-19	Note	IA	
	4.3 Student Funds 2018-19	Note	IA	
	4.4 Staff Performance Management	Note	IA	
5	Draft Audit Committee Annual Report to the Board of Governors	Approve	SD	
6	Strategic Risk Register 2019-20	Note	SD	4-9
7	Date of Next Meeting Thursday 12 March 2020 at 3.30pm Boardroom, Dunfermline	Note	SM	N/A

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee: Private Pre-Meeting with External and Internal Auditors

External / Internal Audit Process

1 Introduction

It is considered good practice for Audit Committees to meet auditors (in particular External Auditors) in a private session without management present. The purpose of this is to allow the Committee to ask questions on matters that might not have been specifically addressed as part of the audit.

This arrangement does not remove or replace the right of the auditors to request a private meeting with the Audit and Risk Committee at any time should concerns arise that they wish to raise.

2 Extract from “Audit Committees – a Framework for Assessment”

The purpose of the meeting is to:

- “Enquire whether any members of executive management are frustrating audit enquiries
- Identify and understand differences of opinion between management and the external auditor, facilitating their resolution and monitoring implementation of the agreed solution
- Enquire whether there are aspects of management’s attitude towards control and financial governance which could be improved
- Consider any request by the external auditor to resign
- Discuss feedback on the external auditors’ overall performance.”

3 Some Potential Areas for Discussion

- Attitudes – management’s attitude towards financial reporting, internal controls and the auditor
- Resources – the adequacy of people and other resources in the financial management area and the internal audit function
- Relationships – the nature of the relationship between the auditors and management
- Other Issues – other issues of concern to the Audit Committee or the Auditor

4 Recommendations

- Members of the Committee are invited to discuss any issues not specifically addressed as part of the audit.
- The Chair is invited to feedback the outcome of any discussions, in particular action points and recommendations, to the Principal.



Board of Governors: Audit and Risk Committee

Actions Outstanding / Progress Made

Key:

	Outstanding and deadline passed
	Progressing and on target
	Complete

	Date of Meeting	Action	Responsibility	Deadline	Status	Comments
1	07.06.18	All Audit and Risk Committee members to undertake the Audit Committee online training modules offered by the College Development Network and advise the Director: Governance and Compliance once complete.	All Committee Members	31.10.19		1 member outstanding.
2	06.06.19	To send the dates of the NED Forum/Seminars to the Director: Governance and Compliance for circulating to the Committee members.	Internal Auditors	30.06.20		The NED Forum events planned for Sept/Oct 2019 did not go ahead. These will be arranged in due course and information will be circulated once available.
3	06.06.19	To receive an update on assurance mapping at the next meeting.	S Dunsmuir	12.03.20		A comprehensive update given at the March 2020 meeting.
4	12.09.19	To circulate the information gathered from Managers on assurance mapping from Managers by email to Committee members for information around the time that the next Audit and Risk Committee meeting papers are circulated.	S Dunsmuir	21.11.19		Complete. Circulated by email
5	12.09.19	To issue the response to the external auditor.	S Mitchell	19.09.19		Complete
6	12.09.19	To recommend the approval of the Risk Register 2019-20 to the Board of Governors.	S Dunsmuir	23.10.19		Complete
7	12.09.19	To circulate Audit Scotland Technical updates and any relevant publications or updates via links/emails to all Committee members.	M Philp	21.11.19		Complete and ongoing



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Strategic Risk Register 2019-20	
Date of Meeting:	Thursday 21 November 2019
Purpose:	To present to the Audit and Risk Committee the updated Strategic Risk Register 2019-20.
Intended Outcome:	Audit and Risk Committee members are invited to review the controls in place for the top risks and give assurance to the Board of Governors that the risks are being appropriately controlled by management.
Paper Submitted by:	Susan Dunsmuir, Chief Financial Officer
Prior Committee Approvals:	N/A
Financial Implications:	N/A
Equality and Diversity Implications:	N/A
Risks Assessed:	N/A
Publicly Available:	Yes
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BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Strategic Risk Register 2019-20

1 Introduction

The Strategic Risk Register is required to be monitored and reviewed on a quarterly basis by the Executive Team, in order to give assurances to the Board of Governors, via the Audit and Risk Committee, that the risks are being appropriately controlled by Management.

2 Considerations of Executive Team

A review of the Strategic Risk Register has been carried out to reflect the situation as at Quarter 2 (November 2019 – January 2020) and an updated version of the overall Risk Register has been included within this paper (Appendix 1). The summary below details those risks where significant changes have been made, however all individual risk sheets, including those where minor or no changes have been made, can be accessed via the following link: [Risk and Opportunities Register 2018-19](#).

The Executive Team considers the Strategic Risk Register to be a live document, therefore will continue to review and update the risks each quarter to reflect the current position. Regular updates will continue to be provided to the Audit and Risk Committee and Board of Governors where appropriate.

The following changes have been made to the Strategic Risk Register:

Risk 1 – Failure to implement effective financial planning and control regarding estates and deliver outcomes for the College.

Without any control measures in place the impact of this risk has changed from 4 to 3, decreasing the overall total risk score to 12 and resulting in the gross risk status remaining high. The Chief Operating Officer felt that, on reflection, the impact of this risk was not as significant as first thought therefore reduced the scoring to reflect this.

Risk 11 – Failure to take steps to maintain reliable IT infrastructure and to protect systems from attacks and misuse, possibly remotely over the internet. Steps may be technical or procedural in nature. Technical steps more easily addressed than procedural steps which require buy in from staff and learners across the College.

Without any control measures in place the likelihood of this risk has changed from 3 to 4, increasing the overall total risk score to 20 and resulting in the gross risk status changing to severe. This change was made to reflect increased activity targeting the College.

Risk 12 – Failure to fully comply with statutory or regulatory requirements

The description for this risk previously read as above, however following discussions at the Board of Governors meeting on 23 October 2019 it was felt that the true risk to the College was not failing to comply with statutory regulatory requirements but more leading to a serious breach therefore it has been proposed that the description of this risk be updated to reflect this. The revised description for risk 12 now reads as follows:

“Failure to fully comply with statutory or regulatory requirements leading to a significant breach of legislation.”

The possible consequences section has been updated to reflect additional areas of compliance i.e. Children and Young People (Scotland) Act 2014, Bribery Act 2010, Counter Terrorist and Security Act 2005 etc.

An update on some of the control measures put in place to reduce the likelihood and impact of the risk was noted. This included additional mandatory training for all staff on key subject areas i.e. Corporate Parenting and Cyber Security etc., PREVENT strategy being included within the Safeguarding Policy and deployment of accessibility tool on the new College website and 365 platform via i-learn to meet the needs of customers and students.

With these additional control measures in place, the net risk likelihood and impact scores have decreased, reducing the overall net risk score from 15 to 8 and the overall status from high to moderate.

Risk 13 – Failure to deliver new appropriate accommodation in Dunfermline and deliver outcomes for the College.

Without any control measures in place the impact of this risk has changed from 4 to 5, increasing the overall total risk score to 10 and resulting in the gross risk status changing to high. The previous score was based on the College not yet having received confirmation of funding for the new campus. Now that the College has secured funding the focus is now on planning and developing the new campus therefore the change in scoring has been made to reflect this new focus.

3 Recommendation

The Strategic Risk Register has been updated based upon the above and is presented to the Audit and Risk Committee for approval. The Audit and Risk Committee is asked to consider the following:

- The risks included in the register
- The revised gross risk scores of risks 1, 11 and 13
- The change to, and revised risk rating, of risk 12
- Whether any other risks should be considered for removal; and
- Whether any new risks should be considered for inclusion.

Audit and Risk Committee members are invited to review the controls in place for the top risks and give assurance to the Board of Governors that the risks are being appropriately controlled by management.

RISKS 2019-20							RISK MANAGEMENT					ACCOUNTABILITY					
RISK REFERENCE	STRATEGIC OBJECTIVE	RISK DESCRIPTION	GROSS IMPACT ANALYSIS				CURRENT RISK MANAGEMENT STRATEGY (what already happens now)	Strength (S,M,W)	NET IMPACT ANALYSIS			Net Risk	Further Action Required	Risk Owner & Timetable	Assurances Available	Changes processed since last risk register	Risk Status
			Impact	Likelihood	Gross Risk Score	Gross Risk			Impact	Likelihood	Net Risk Score						
1	Estates	Failure to implement effective financial planning and control regarding estates and deliver outcomes for the College	3	4	12	High	Implement existing Estates Strategy, reviewed December 2017. Rationalise and maintain existing estate. Budgeting and longer term financial planning to identify and accumulate resources for estate realisation. In light of changes in the New Build Project continued dialogue with SFC to obtain additional longer term maintenance funding for Fife estate, ensuring the correct condition survey information is used as a basis for the SFC funding allocations.	S	3	3	9	Moderate	Refresh of Estates Strategy review to be completed by December 2019. To continue to lobby SFC for additional backlog maintenance funding. Funding received for 2019-20. Funding proposal to improve Glenrothes campus to be submitted early 2020.	S Reekie	RPH sold. Vacating Rosyth being progressed.		→
2	Finance	Failure to achieve annual financial targets in line with the five year financial forecast plan.	4	3	12	High	Review of cost base to align rising costs and real time funding cuts as indicated within SFC funding assumptions and SG sector draft budget. Rigorous budgeting and ongoing reporting against budget. Ongoing drive for efficiencies and realisation of "invest to save". Effective planning and recruitment processes. Ensure SFC and SG are aware that any additional costs incurred to progress the New Build Project will require to be fund from SFC/SG.	M	3	3	9	Moderate	Continuing review of processes and systems for further efficiencies. Updated 5 year FFR underway was submitted to SFC on the 27th of September 2019. Continue to lobby SFC on additional pension costs after March 2020. Ensure as part of the New Build business case completion the College Finance team play a key role in reviewing the financing arrangements of the project costs and the ongoing financing model for the build once complete.	S Dunsmuir	Monthly budget/performance meetings.		→
3	Curriculum Design and Development	Failure to make use of current and emerging technology and to be in a position to continuously enhance digital capability to enhance teaching modes in the way learners and all stakeholders expect.	4	3	12	High	Enhancement of Digital Capability through targeted investment in physical and human resources	M	3	3	9	Moderate	Creation of longer-term strategy. A digital investment request process/Digital Strategy Group has been implemented to facilitate discussions between digital services and staff requiring ICT equipment. Investment in Learning, Teaching & Quality Enhancement, including review of roles and responsibilities. Agree financial flexibility for variation / replacement of equipment.	D Leslie	Student and external Stakeholders feedback.		→
4	Health and Safety	Failure to focus on wider wellbeing of staff and students.	4	3	12	High	Ongoing engagement with staff and student body. Always giving Health & Safety agenda priority.	S	3	2	6	Moderate	Improved uptake of Near Miss reporting. Review Health & Safety Committee Structure. Roll out of Workshop PPE Signage. External H&S audit now completed with recommendations from the audit now being implemented.	S Reekie	Continuing safety inspections. Involvement of student representatives on Health and Safety and Wellbeing Action Group.		→

RISKS 2019-20							RISK MANAGEMENT					ACCOUNTABILITY					
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			Impact	Likelihood	Gross Risk Score	Gross Risk			Impact	Likelihood	Net Risk Score						
5	Curriculum Design and Development	Failure to achieve student recruitment targets across GIA and Non-GIA income activity and to deliver relevant, inclusive and sustainable regional curriculum, including ensuring successful outcomes for all students.	4	3	12	High	Robust curriculum planning and cross reference to Outcome Agreement. Equal priority given to GIA and commercial income. Effective strategic collaboration with partner organisations. Realistic target setting and constant monitoring of recruitment against target. Integration of full cost and GIA activity with alignment of curriculum offering.	M	3	3	9	Moderate	Strategic curriculum planning tied to Regional Outcome Agreement. Duplicate facilities / establish strict sharing arrangements, including with external partners. Include flexibility in design to allow for variety of flexible learning and training spaces. Effective planning and recruitment processes. Integrated marketing plans with curriculum and business development teams.	D Leslie	Student and external Stakeholders feedback		→
6	Staff	Failure to develop capacity and skills mix that fits the strategy.	4	3	12	High	Curriculum planning cross referenced to staffing and estates requirements.	M	2	2	4	Low	Refocus of CLPL through the introduction of a CLPL Team responsible for this activity for all staff.	Z Franklin-Hills	Annual PDR process in place with a refreshed on line version to be introduced. Workforce plan in draft for ET and Board approval based on the Fair Work Convention.		→
7	Finance	Risk of external political/funding/regulatory changes.	4	4	16	High	Remain abreast of sectoral/governmental developments, liaison with auditors and response to SFC circulars. Remain abreast with developments on the New Build campus funding model and financing arrangements agreed with SFC/SG.	M	3	3	9	Moderate	Maintain a flexible compliant approach to planning. To maintain ongoing dialogue with SFC/Estates Project Team.	S Dunsmuir	Maintain ongoing dialogue with SFC/auditors/Finance Community of Practice.		→
8	Commercial Income	Risk that we fail to achieve and grow commercial income in line with the five year financial forecast plans.	4	4	16	High	Monitor complete curriculum offering. Constant review of KPI's. Ensure estates team are kept abreast with estates related enhancements/changes required to support delivery. Monitor complete curriculum offering. Constant review of KPI's.	M	3	3	9	Moderate	Integration of full cost and GIA activity. Creation of sales plans per faculty area directing focus on target markets.	S Dunsmuir	Targets achieved.		→
9	Staff	Failure to achieve cohesive culture.	4	4	16	High	Development of culture through the refreshed vision and values and adhering to the Fair Work Convention	M	2	3	6	Moderate	Continue to improve communications and undertake a second staff survey.	Z Franklin-Hills	Effective consultation and negotiation with the recognised Trade Unions.		→
10	Curriculum Design and Development	Failure to achieve positive transitions for students and to create attractive and motivating learning environment for progressive learner journey.	4	3	12	High	Maintain a relevant and future focused regional curriculum based on up to date LMI and active, collegiate relationships with partner organisations.	M	3	3	9	Moderate	Further develop efficient and effective curriculum pathways. Introduce flexibility in building design to support variety of learning and teaching contexts and approaches to increase accessibility.	D Leslie	External stakeholders feedback.		→

RISKS 2019-20							RISK MANAGEMENT					ACCOUNTABILITY					
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			Impact	Likelihood	Gross Risk Score	Gross Risk			Impact	Likelihood	Net Risk Score						
11	Information Technology	Failure to take steps to maintain reliable IT infrastructure and to protect systems from attacks and misuse, possibly remotely over the internet. Steps may be technical or procedural in nature. Technical steps more easily addressed than procedural steps which require buy in from staff and learners across the College.	5	4	20	Severe	Digital Strategy specifically highlights Cyber Resilience and Digital Capabilities. Accordingly a programme of outreach to staff and learners is in place to highlight risks and train staff to minimise their exposure. Technical measures are a core part of the Infrastructure Team's remit and ongoing monitoring activities are in place to identify and respond to incidents when they are detected.	M	3	2	6	Moderate	New post is in place to develop and implement college-wide initiatives relating to Cyber Resilience and Cyber Security, including awareness raising and training initiatives. These will be backed by KPIs identifying completion rates and the incidence of cyber breaches. Development of playbooks / response plans to cover common Cyber or IT incidents are dealt with correctly	K Getchell	Targets achieved.		→
12	Governance	Failure to fully comply with statutory or regulatory requirements leading to a significant breach of legislation.	5	5	25	Severe	Mandatory Training in place for all staff, relevant policies and procedures in place with updates communicated with staff regularly. CPD and staff workshops. Access by key staff to seek advice as required (eg College solicitors, insurers, police, H&S Executive, Scottish Information Commissioner's Office, Information Commissioner's Office, UK Visa and Immigration Office)	M	4	2	8	Moderate	Regular H&S and DP audits and briefings to be undertaken. Ongoing reviews of policies, procedures and arrangements to ensure compliance / learn from experiences/good practice. Publish initial Accessibility Statement on College website by September 2020.	Executive Team (S Reekie, D Leslie, S Dunsmuir, K Getchell, M Philp)	Main policies and procedures approved. Agreements re data sharing/processing being put in place. Internal Audits cover all key areas of strategic risk on a rolling basis		↘
13	Estates	Failure to deliver new appropriate accommodation in Dunfermline and deliver outcomes for the College.	5	2	10	High	Progress New Halbeath Campus as part of Integrated Campus with Fife Council/University.	M	3	2	6	Moderate	Capital grant funding for new Dunfermline Campus agreed, subject to successful delivery of outline business cast followed by full business cast. Project team being established. Update to Deputy First Minister is due by end of 2019.	S Reekie	Integrated Campus Masterplan commenced. Governance model with all stakeholders put in place.		→