

AGENDA

AUDIT AND RISK COMMITTEE

A meeting of the Audit and Risk Committee will be held on Thursday 9 September 2021 at 3.30pm. Please join via Microsoft Teams.

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.

No	Item	Action	Lead	Pages
1	Welcome, Apologies and Declarations of Interests	Note	SM	N/A
2	Minutes of the Previous Meeting: 3 June 2021	Approve	SM	
3	Matters Arising / Actions Outstanding	Note	SM	2-2
4	External Audit: 4.1 Response to Letter from External Auditor	Approve	SD	
5	Internal Audit: 5.1 Update on Internal Audit Actions: Exception Report 5.2 Internal Audit Annual Report 5.3 Estates Strategy and Project Management	Note Note Note	IA IA IA	
6	Strategic Risk Register 2021-22	Approve	SD	3-7
7	Update on Business Continuity Planning	Note	MP	8-10
8	Annual Update Reports 8.1 Whistleblowing Policy and Procedure 8.2 Fraud Prevention Policy and Response Plan: Register of Losses	Note Note	MP MP	11-12 12-13
9	Annual Report to Board of Governors	Approve	SM	
10	Performance and Effectiveness Review: Feedback	Discuss	SM	14-16
11	Review of Meeting	Discuss	SM	N/A
12	Date of Next Meeting Thursday 18 November 2021 at 2.00pm	Note	SM	N/A



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	Comments
1	03.06.21	To approve the internal audit plan 2021-22.	Internal Auditors / S Dunsmuir	01.08.21	Complete
2	03.06.21	To approve the external audit plan and fee.	External Auditors / S Dunsmuir	31.07.21	Complete
3	03.06.21	To approve the accounting policies.	S Dunsmuir	31.07.21	Complete
4	03.06.21	To endorse the changes made to the Whistleblowing Policy and Procedure and the Fraud Prevention Policy and response Plan.	M Philp	31.07.21	Complete
5	03.06.21	To issue the self-evaluation template to Committee members for completion and to present results at the next meeting for discussion.	M Philp	30.06.21	Complete
6	03.06.21	To feedback comments to the Director: Governance and Compliance for inclusion in the Annual Report.	Committee Members	30.06.21	Complete



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Strategic Risk Register 2021-22	
Date of Meeting:	Thursday 9 September 2021
Purpose:	To present to the Audit and Risk Committee the updated Strategic Risk Register 2021-22
Intended Outcome:	To approve the Strategic Risk Register for 2021-22, as well as review the controls in place for the top risks and give assurance to the Board that the risks are being appropriately controlled by management
Paper Submitted by:	Susan Dunsmuir, Chief Financial Officer
Prior Committee Approvals:	N/A
Board Impact from Decision:	Confirmation that the College's approach to risk assessment and management remains robust and effective and that all reasonable steps appear to have been taken by management to eliminate, reduce and remove risks as appropriate, in line with our overall risk management policy
Financial Health Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Risks Assessed:	N/A
Publicly Available:	Yes
Author Contact Details:	Susan Dunsmuir (susandunsmuir@fife.ac.uk) 01383 845 243
Date of Production:	31 August 2021

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Strategic Risk Register 2021-22

Introduction

1. The Strategic Risk Register is monitored and reviewed on a quarterly basis by the Executive Team, in order to give assurance to the Board of Governors, via the Audit and Risk Committee, that risks are being controlled appropriately. This paper provides the latest update for comment.

Changes to the Risk Environment

2. The Strategic Risk Register has been reviewed as at end August 2021 and an updated version of this is attached where changes and amendments are highlighted in red text. Also attached is a dashboard report summarising where the risks are sitting, if there has been any movement since the previous report, and if we have any risks out with their tolerance level.
3. The summary below details where significant changes have been made. Specific changes to highlight to the Audit and Risk Committee are:

3.1 Change in risks since previous version

New Risks

No new risks have been added to the register.

Risk Descriptions

There have been no changes made.

Risks Removed

There are no risks which have been removed from the risk register.

3.2 Change in Net Risk Scores since previous version

Increased Net Risks

One risk score has increased during this period.

Risk (11) – The risk that we fail 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

- There has been a significant upturn in cyber incidents in the educational sector, with bad actors proactively targeting educational organisations using known vulnerabilities to gain unauthorised access. This significant increase in activity and more focused targeting is unprecedented and as such has prompted a revision to the likelihood score for risk 11 being raised.

- The College has significant mitigations in place to manage the risks associated with risk 11, including full multi-factor authentication deployment for privileged and staff accounts. The mitigations have been tested in both simulated and real scenarios and have been shown to be effective. The impact rating for this risk therefore remains unchanged, however the gross and net likelihood rating has increased in line with the increase in activity we have detected.

Decreased Net Risks

One risk score has decreased during this period.

Risk (8) – The risk that we fail to achieve and grow commercial income in line with the five year financial forecast plans has decreased from 16 to 9. We have taken the decision to bring this risk back in line with tolerance due to the following:

- The commercial income outturn for 2020-21 has returned a positive variance to the target overachieving income by £478k.
- As the economy has started to reopen demand from employers to engage their training requirements have increased with significant activity underway with our client base to access our Flexible Workforce Development Fund (FWDF), Modern Apprenticeship and commercial offering.
- Our Modern Apprentice recruitment numbers with employers are currently projected to be over our contract target by 14%.
- Our five year financial forecast will be updated to reflect the current position and future targets for review/submission by the College Finance, Commercial and Estates Committee and SFC by mid-October 2021.
- We have increased the leadership capacity in support of business development and employer engagement to focus on increasing our relationships and activities with the private, public and third sectors to understand their future skills needs and to develop strong mutually beneficial relationships.
- This position will remain under review as we progress throughout the academic year.

Risk Scores out with Tolerance Level

Two risks are out with tolerance.

Risk (7) – The risk of external political/funding/ regulatory changes remains out with the tolerance level, due to the economic uncertainty around the ongoing and evolving guidance from SFC, Scottish Government and other regulators of our activities during the pandemic and economic recovery.

- While restrictions have eased across the country and our specific guidance from Scottish Government is high level with a focus on institutional responsibility for relevant risk assessments and appropriate mitigating actions, this position is being closely monitored by Scottish Government. Therefore, at this early stage within the reduced restrictions and the start of the academic year we remain cautious on reducing this risk and the monitoring thereof, while our focus remains on the health and safety of our staff and student as well as maintaining our services. We hope this position will continue to improve and the risk can be reduce for the next quarter.

Risk (11) – The risk that we fail 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

- Owing to the changes to the net risk scoring (likelihood increased to 3, from 2), risk 11 now falls out with tolerance (net risk score of 9 vs target of 6 or below).
A project is underway to complete deployment of multi-factor authentication to learner accounts, with an expected completion date of December 2021. Once completed, all user accounts will be protected by multi-factor authentication and at that point the likelihood rating for risk 11 will be reviewed, with the expectation that it will revert back to a score of 2.

Recommendation

4. The Strategic Risk Register has been updated based on the above and is presented to the Audit and Risk Committee for approval. Members of the Audit and Risk Committee are invited to:
 - Comment on the strategic risks and whether any should be considered for removal/adjustment
 - Consider 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.



STRATEGIC RISK REGISTER

September 2021

Overview

The following have been identified as the top strategic risks of Fife College for the reporting period up to September 2021. The colour status applied to each listed risk is based on the residual (Net) score applied within the top risk register maintained by the College.

RED Score

↔ (7) Risk of external political/ funding/regulatory changes

AMBER Score

- ↔ (1) Failure to implement effective financial planning and control regarding estates and achieve the estate strategy objectives in support of the strategic plan
- ↔ (2) Failure to achieve annual financial targets in line with the five year financial forecast plan
- ↔ (3) Failure to make use of current and emerging technology effectively and to be in a position to continuously enhance digital capability and confidence to offer hybrid learning and teaching delivery modes expected by learners and all stakeholders and necessary to support sustained delivery
- ↔ (4) Failure to focus on wider wellbeing of staff and students
- ↔ (5) 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
- ↓ (8) Risk that we fail to achieve and grow commercial income in line with the five year financial forecast plans

GREEN Score

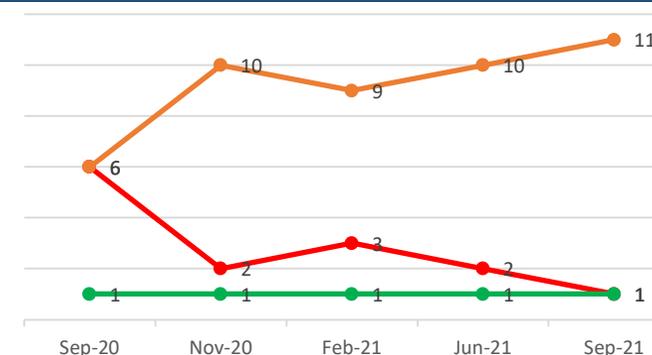
↔ (6) Failure to develop capacity and skills mix that fits the strategy

RAG Key

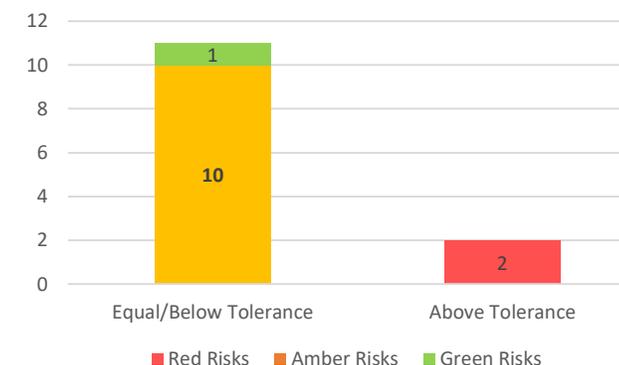
- ↔ No score movement from last quarter
- ↑ Residual (Net) score increase from last quarter. Colour of arrow denotes the previous score colour
- ↓ Residual (Net) score decrease from last quarter. Colour of arrow denotes the previous score colour
- New Risk
- ‡ Combination of previously separate risks within the top risk register

- ↔ (9) Failure to achieve cohesive culture
- ↔ (10) Failure to achieve positive and sustained transitions for students and to create attractive and motivating learning environment and conditions for progressive learner journeys
- ↑ (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
- ↔ (12) Failure to fully comply with statutory or regulatory requirements leading to a breach of legislation, resulting in legal action, a fine or another penalty against the College
- ↔ (13) Failure to deliver new appropriate accommodation in Dunfermline and deliver outcomes for the College

Risk Movement



Risk Tolerance Summary





COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Business Continuity Planning Progress	
Date of Meeting:	9 September 2021
Purpose:	To update Committee members on progress made with Business Continuity Planning matters
Intended Outcome:	To note the position
Paper Submitted by:	Marianne Philp, Director: Governance and Compliance
Prior Committee Approvals:	N/A
Board Impact from Decision:	To be assured that the processes in place for Business Continuity are appropriate and effective
Financial Health Implications:	In the event of a major incident, a faster recovery will minimise loss from income and help business survival
Learner Implications:	An effective response will minimise disruption to learners and ensure effective communication
Equality and Diversity Implications:	N/A
Risks Assessed:	N/A
Publicly Available:	Yes
Author Contact Details:	Marianne Philp; mariannephilp@fife.ac.uk ; 01383 845009
Date of Production:	26 August 2021

BOARD OF GOVERNORS OF FIFE COLLEGE**Audit and Risk Committee****Update on Business Continuity Planning****1 Introduction**

This paper provides an update on progress with regard to the College's approach to Business Continuity Planning over the past academic year. This Committee has delegated authority from the Board to "Scrutinise the organisational performance management, business continuity and governance processes to ensure their appropriateness and effectiveness".

2 Progress Made: 2020-21

- The Incident Response Team has met quarterly to review progress and identify any key risks to business continuity
- A desktop test exercise was held with relevant staff within Digital Services, observed by the Director: Governance and Compliance, to look at how plans would be invoked in the event of a CyberSecurity incident
- Regular debrief / lessons learned exercises are held following each incident and test in order to update plans and processes as required
- The Incident Response Plan has been updated to take account of changes to contacts, lessons learned and other feedback received
- All faculties and professional services teams were asked to update their critical activities lists and consider key dependencies for their areas which feed into the overall plans
- Some lower level policies have been drafted to support Digital Services activity – including Vulnerability Management; Patch Testing Management; and Change Management Policies
- An information leaflet has been drafted as part of our internal communications to staff to make them aware of their role in the event of a business continuity incident and to summarise the immediate steps to be taken and where we will communicate
- Weekly meetings have been held over the year to discuss our response to the Covid-19 pandemic with actions taken being recorded. The focus has been on maintaining as much activity as we can and keeping our students and staff well informed

3 Plans for the Year Ahead: 2021-22

- Quarterly Incident Management Team meetings will continue as before
- Debriefs/lessons learned sessions will continue to be held following each test and live incident with feedback being provided to the Incident Response Team
- Our insurance risk management fund will be used to support a business continuity test incident for a larger number of Incident Response Team members to engage in
- We will contact the local police and ask them to facilitate some briefings for the Incident Response Team on key risks for the College
- Annual review of departmental and overall plans will be undertaken

4 Recommendation

Members are invited to note the update on progress.



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Whistleblowing Policy and Procedure	
Date of Meeting:	9 September 2021
Purpose:	To advise Committee members of any PIDA allegations made under the Whistleblowing Policy and Procedure during 2020-21.
Intended Outcome:	To note the position
Paper Submitted by:	Marianne Philp, Director: Governance and Compliance
Prior Committee Approvals:	N/A
Board Impact from Decision:	Reassurance that the Whistleblowing Policy and Procedure is in place and that relevant action is taken should any allegations be received
Financial Health Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Risks Assessed:	N/A
Publicly Available:	Yes
Author Contact Details:	Marianne Philp; mariannephilp@fife.ac.uk ; 01383 845009
Date of Production:	16 August 2021

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Whistleblowing Policy and Procedure

1 Introduction

As part of the Whistleblowing Policy and Procedure, a Register of allegations made under the Public Interest Disclosure Act (PIDA) is kept. The Register should be reviewed on an annual basis by the Audit and Risk Committee at the September meeting.

2 Current Position

The Whistleblowing Policy and Procedure was last reviewed in June 2021. This was undertaken with no substantive changes required. A copy of the Whistleblowing Policy and Procedure is available on [Sharepoint](#) should members wish to review it.

During 2020-21, no allegations were made under PIDA. Should any serious PIDA allegations be made during the year, these will be reported to the Committee on an individual basis, to allow Members to take appropriate and timeous action.

3 Recommendation

Members are invited to note the update and in particular that no entries were made in the Register of PIDA Allegations for 202021.



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Fraud Prevention Policy and Response Plan: Register of Losses	
Date of Meeting:	9 September 2021
Purpose:	To advise Committee members of any losses recorded under the Fraud Prevention Policy and Response Plan.
Intended Outcome:	To note the position.
Paper Submitted by:	Marianne Philp, Director: Governance and Compliance
Prior Committee Approvals:	N/A
Board Impact from Decision:	Reassurance that the Fraud Prevention Policy and Response Plan is in place and that relevant action is taken should any irregularity be discovered
Financial Health Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Risks Assessed:	N/A
Publicly Available:	Yes
Author Contact Details:	Marianne Philp; mariannephilp@fife.ac.uk 01383 845009
Date of Production:	16 August 2021

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Fraud Prevention Policy and Response Plan

1 Introduction

As part of the Fraud Prevention and Response Plan, a Register of Losses is kept. The Register of Losses should be reviewed on an annual basis by the Audit and Risk Committee at the September meeting.

2 Current Position

The Fraud Prevention and Response Plan was last reviewed in June 2021 and is available on [Sharepoint](#) should members wish to review it.

During academic year 2020-21, no losses were recorded on the register.

Should any serious incidents of fraud or irregularity come to light during the year, these will be reported to the Committee on an individual basis, to allow Members to take appropriate and timeous action.

3 Recommendation

Members of the Committee are invited to note that there were no losses recorded under the Fraud Prevention Policy and Response Plan for 2020-21.



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Performance and Effectiveness Review	
Date of Meeting:	9 September 2021
Purpose:	To review the feedback from the Performance and Effectiveness Review of the Audit and Risk Committee.
Intended Outcome:	To note the feedback received and to agree any changes required as a result.
Paper Submitted by:	Marianne Philp, Director: Governance and Compliance
Prior Committee Approvals:	N/A
Board Impact from Decision:	To ensure the performance and effectiveness of the Audit and Risk Committee and identify any opportunities for improvement and best practice
Financial Health Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Risks Assessed:	N/A
Publicly Available:	Yes
Author Contact Details:	Marianne Philp; 01383 845009; mariannephilp@fife.ac.uk
Date of Production:	27 August 2021

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Performance and Effectiveness Review

Role and remit	Yes/No/NA	Comments/Action
N/A		
Membership, induction and training	Yes/No/NA	Comments/Action
Are members appointed for a fixed term?	Yes x 4 No x 1	
Are members sufficiently independent of the other key committees of the Board?	Yes x 4 No x 1	Two members of the ARC also sit on the New Campus Project Group and care has to be taken that relevant items relating to the New Campus come to the ARC where appropriate rather than only being discussed at the New Campus Project Group to ensure appropriate scrutiny
Has the committee considered the arrangements for assessing the attendance and performance of each member?	Yes x 4 No x 1	
Meetings	Yes/No/NA	Comments/Action
N/A		
Internal control	Yes/No/NA	Comments/Action
Has the committee considered how it should coordinate with other committees that may have responsibility for risk management and corporate governance?	Yes x 2 No x 1 N/A x 1	I have already commented on how this may be optimised to include ALL full Board members in an Annual strategic review context, to ensure no "gaps" exist. At Subcommittee Chair and individual Board member the current arrangement works reasonably well.
Does the committee receive/ consider stewardship reports from senior staff in key business areas such as Finance, HR and ICT?	Yes x 3 No x 2	

Financial reporting and regulatory matters	Yes/No/NA	Comments/Action
N/A		
Internal audit	Yes/No/NA	Comments/Action
Does the committee review the adequacy of internal audit staffing and other resources?	Yes x 4 No x 1	
External audit	Yes/No/NA	Comments/Action
N/A		
Administration	Yes/No/NA	Comments/Action
Does the committee provide an effective annual report on its own activities?	Yes x 5	In context of my previous comments ref A&R and full board, since effective management of the College business via the Risk Register is key to successful business outcomes, I believe the A&R report should not only be produced, but evidenced to have been understood accepted and acted upon (in their own contexts) by all board and Executive members.
Overall	Yes/No/NA	Comments/Action
Are there any areas where the committee could improve upon its current level of effectiveness?	Yes x 3 No x 2	
Does the committee seek feedback on its performance from the Board and Accountable Officer?	Yes x 3 No x 2	I am not aware of the ARC seeking feedback on its performance but perhaps this is something that should be considered.