AUDIT & RISK COMMITTEE

NOTICE
There will be a meeting of the Audit & Risk Committee on 28 August 2023 at 17.30 in the Boardroom and on Teams.

AGENDA			
Agenda Item		**Paper**	**Lead**
01	**Apologies for Absence**	N	CB
02	**Declaration of any potential Conflicts of Interest in relation to any Agenda items**	N	CB
03	**Minutes of Previous Meeting** 15 May 2023	Y	CB
04	**Matters Arising from the Previous Meetings**	N	CB
05	**Matters for Approval**		
05.1	**Risk Management – Risk Register** 05.1.1 Commentary on SLC Strategic Risk Register 05.1.2 SLC Strategic Risk Register 05.1.3 Regional Strategic Risk Register	Y Y Y	HoF HoF HoF
05.2	**Rolling Audit Recommendation Monitor** Update to the Committee	Y	HoF
05.3	**Governance Rolling Review** Update at August 2023	N	CB
05.4	**Internal Audit** 05.4.1 Internal Audit Follow Up 05.4.2 Staff Recruitment and Retention 05.4.3 Internal Audit Progress Report	Y Y Y	HL HL HL
06	**Matters for Discussion**		
06.1	**Section 22 Review by Public Audit Committee (PAC)** 06.1.1 Section 22 2021/22 review dated June 2023 06.1.2 Press release from Audit Scotland 06.1.3 Letter from the PAC to the College dated 26 June 2023 06.1.4 College response to the PAC dated 29 June 2023	Y Y Y Y	HoF P P P
06.2	External Audit update	N	AS
06.3	Draft Annual Workplan of the Committee	Y	HoF

07	**Other Audits**		
	Quality Audit Group (QAG)		
	07.1 Review of SVQ Construction Craft Assessment and Verification Processes	**Y**	**HoF**
	07.2 EMA Spot Check (part 2)	**Y**	**HoF**
08	**Matters for Information**		
	Audit Scotland		
	08.1 Extract from Technical Bulletin 2023/2	**Y**	**HoF**
	08.2 Report on Fraud and Irregularity	**Y**	**HoF**
	Accounts Guidance	**Y**	**HoF**
	08.3 Accounts Guidance		
	Documents attached:		
	08.3.1 Accounts Guidance issued by SFC		
	08.3.2 Accounts Guidance Notes		
	08.3.3 Good Practice Note issued by Audit Scotland		
09.	**Summation of Actions and Date of Next Meeting**	**N**	**CB**
10.	**Next Meetings –** Joint meeting with FRC – 27 Nov 2023 @ 16.00 Note: RSB ARC – 4 Sept 2023 @ 17.30	**N**	**CB**
11.	**Any Other Business**	**N**	**CB**
12.	**Risk & Equalities**	**N**	**CB**

Key:

C-ARC	Chair of the Audit & Risk Committee
C-BoM	Chair of the Board of Management
P	Principal
CB	Clerk to the Board
HoF	Head of Finance
FA	Financial Accountant
HL	Henderson Loggie (Internal audit service)
AS	Audit Scotland (External audit service)

AUDIT & RISK COMMITTEE

MINUTES
There will be a meeting of the Audit & Risk Committee on 15 May 2023 at 08.00 in the Boardroom and on Teams.

Present	Invitees
C McLaughlin (Committee Chair)	A Kerr (Audit Scotland)
F Whittaker	G McAllister (Audit Scotland)
A Docherty (Staff Member)	D Archibald (Henderson Loggie)
In attendance	S. Gray (TU Observer)
S McManus (Principal)	
K McAllister (Head of Finance)	
Y Finlayson (NCL)	
P Scott – Governance Professional & Clerk	

01	**Apologies for Absence** D Hogan

The Governance Professional confirmed that the meeting was quorate with a majority of non-executive members present

He advised that the Trade Union Member was present with the permission of the Committee Chair and would be free to contribute to discussions but reminded the meeting that all persons other than the Clerk, the Auditors and the Members of the Committee could be required to leave at any time at the direction of the Chair

02	**Declaration of any potential Conflicts of Interest in relation to any Agenda items** None received
03	**Minutes of Previous Meetings** • 6 February 2023 • 19 Apr 2023 These were duly approved
04	**Matters Arising from the Previous Meetings** All decisions of the Meeting of 6th February were duly ratified. All other matters arising were covered under other heads of business.

	Reserved Items Items 05.1 to 05.3 inclusive were not publishable being commercially sensitive Item 05.4 was not publishable being the draft of a document which would be published later in final form.	
05	**Matters for Approval**	
05.1 05.2 05.3	**Risk Management – Risk Register** The committee noted and approved the papers as submitted. a) Commentary on SLC Strategic Risk Register One risk – Financial Stability - was clearly flagged up as red but this was a sectoral problem common to all colleges in Scotland as a result of the "flat cash" funding model proposed which would lead to a reduction in activity. In the case of SLC, this resulted in a decrease in the financial allocation from LRSB of around £100,000. The Principal pointed out that the allocation was clearly disadvantageous to the college and would result in a loss of teaching hours and student places. While the college would have to look at staff costs, the intention was to maximise wherever possible alternative funding – in which area the college had been successful in the past. She had been assured that the reduction in funding by the LRSB did not imply any fault on the part of SLC b) SLC Strategic Risk Register Specific points to note were that:- • The recent installation of solar panels would help reduce energy costs – rising energy costs being an identifiable risk factor • Corporate Governance had moved on considerably • Progress had been made in mitigation of past reputational damage c) Regional Strategic Risk Register The Committee noted and approved the Regional Strategic Risk Register and were pleased to note that college representatives attended the Regional Risk Group	
05.4	**Draft Report from the Audit and Risk Committee to the Board of Management and Audit Scotland** The Committee noted, with approval, the terms of the draft report. Although it had been a challenging process with the financial statements being signed off later than expected they had now been signed off with a positive report from the external audit service The committee took note that the College participated in a National Fraud Initiative which looked for matches amongst individuals working in or with the public sector. It was unsurprising that matches had been found but in no case had a match been problematic – which provided an additional level of comfort	

05.6	**Governance Rolling Review** The Governance Professional tabled a skeleton of the Rolling Review which had been designed with the support of the Internal auditors. What was hoped for was approval in principle of the latest iteration and suggestions for topics which could usefully be included going forward. Suggestions going forward included:- • Link the Risk Appetite to the strategic risks identified in the Risk Register – this had been a key topic in the Training Day • Establish mechanisms for re-assuring new members and staff that processes were robust • Reinforce the message that Governance is for everyone and ensure the Rolling Review is open and transparent with input from all stakeholders	
06	**Matters for Discussion**	
	Reserved Items Items 06.1 and 06.3would not be for publication being drafts of documents which would later enter the public domain in final form	
06.1	**SLC External Audit Plan 2022/23** The Audit Plan was reviewed and discussed as tabled. This would clearly inform the Scottish Parliament as to the satisfactory progress made in addressing the requirements and recommendations following the Section 22 report which had followed publication of the Accounts for the year 2021/2022 The Principal confirmed that this had been shared with the LRSB and their observations had been taken on board. On a point of clarification, it was accepted that the investigations which had been concluded had produced a cost of around £800,000 but in substantial part this had been directly attributable to a delay of around 6 months while some of the parties concerned had claimed sick leave. The committee took the view that the investigations had been necessary to deliver balanced judgements.	
06.2 06.3	**Internal Audit** • Risk Appetite – Board presentation The training session had not been attended by all present and accordingly a copy of this excellent presentation was attached to the papers as an item to be more widely shared • The Annual Update was discussed in some detail and was felt to be a thorough and well-prepared document which identified the main risks facing the college, identified the appropriate audit standards and identified criteria to measure materiality of benchmarking	

07	**Matters for Information**
07.1 07.2	**Audit Scotland** • Extract from Technical Bulletin 2022/3 This was shared and noted • Statutory Fees 2022/23 – letter from Finance Directors' Network This was shared and noted . In response to a query for clarification it was confirmed that the substantial increase in professional fees was directly attributable to market forces
07.3	**Certificate of Assurance Letter to RSB** This was noted as tabled
07.4	**Letter of Representation to External Auditors** This was noted as tabled
08.	**Summation of Actions and Date of Next Meeting** The following actions were identified :- • The Governance Professional should take the Rolling Governance Review to the Board for further comment and thereafter work with the Internal Auditors to flesh out a more detailed draft for approval. • The Governance professional should take forward to the next available Training Day a more detailed session on the appetite for risk
09.	**Next Meeting** The date of the next meeting was to be confirmed and a draft of the calendar of meetings for the academic year 2023/24 would be placed before the June Board. For those involved the date of the LRSB Audit Committee was confirmed as being - 15th May @ 17.30
10.	**Any Other Business** It was noted that the timetable for completion of the External Audit report for the year TO 31ST July 2022 had not yet been finalised but good progress had been made, Timings for progress with the Internal Audit Report have had to be revised but there is broad agreement on the detail
11.	**Risk & Equalities** None of the Agenda items impacted adversely on Equalities

South Lanarkshire College
East Kilbride

AUDIT AND RISK COMMITTEE

DATE	28 August 2023
TITLE OF REPORT	Risk Management – Risk Register
REFERENCE	05.1.0, referring to 05.1.1, 05.1.2 and 05.1.3
AUTHOR AND CONTACT DETAILS	Keith McAllister Keith.McAllister@slc.ac.uk
PURPOSE:	To provide members with an update to the risk management arrangements of the College and the Region.
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to: • review and approve the College's 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	• 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:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• The main challenge for the College continues to be the central cash settlement which, as recently announced for 2023/24, is a level lower than 2022/23. Most recent guidance from the Scottish Funding Council is that this crucial funding stream will not increase over the short term, with ring-fenced allocations being similarly constricted. • It should be noted that the College was the subject of a further S.22 report but the report, and the Parliamentary session, stated that the College had made excellent progress. Agenda item 06.1 at this meeting refers. • The commentary to the College's Strategic Risk Register is as below. • The College's Strategic Risk Register is attached as document 05.1.2. Note that comments dated 2022 have been removed from the tables unless they are still pertinent to the understanding of the risk and associated mitigation. • 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 05.1.3.

05.1 SLC Strategic Risk Register Commentary

1. INTRODUCTION

1.1. This paper provides a commentary on the College's strategic risk register.

2 RISK ONE - FINANCIAL SUSTAINABILITY

2.1 The latest financial forecast shows a projected deficit for 2022/23 at a slightly higher level than was initially anticipated. The salary award as at 1st September 2022 has still not been settled and is expected to be at a level higher than budget. This will affect the current financial forecast accordingly.

2.2 As noted previously, the Board of Management was content to approve a small deficit 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. The Board, however, followed the proposal made by the Finance and Resources Committee not to 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).

2.3 Whilst the College can flex its temporary lecturing staff complement and non-salary expenditure to an extent, there are significant items within the wider cost base not as easy to control. With inflation showing little signs of abating from its double figure level yet and with salary award increases from 1 Sept 2022 likely to be above budget levels, the implications for the 2022/23 financial year accounts, and future years, are very challenging.

2.4 Management is confident that the credit target for 2022/23 will be met, subject to audit, so there is minimal risk regarding clawback especially as SFC has announced that the sector will have the safety net of a 2.0% leeway.

2.5 The Region's indicative Grant in Aid allocation for 2023/24 shows a decrease in activity and in funding. The Scottish Funding Council have cut activity across the board in the sector by 10.00% but have increased the funding per credit. This is intended to give colleges the same amount of cash but, theoretically, give the sector the opportunity to reduce its costs by delivering less. Additionally, the Region has had a 0.75% decrease in credit target (and associated funding) imposed on it.

2.6 There is no provision for inflation in the indicative allocation, currently running over 10%.

2.7 It is noted that there has been no settlement on salaries from 1st September 2022 and the next settlement date is looming. Taking the possibility of awards made above the initial budget with the possibility of flat cash settlements extending beyond 2023/24, the financial prospects are concerning.

3 RISK TWO - FAILURE OF FINANCIAL CONTROLS

3.1 The College is conscious of the added scrutiny on the organisation regarding financial controls but management is confident that the significant amount of work that 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 is putting the College onto an excellent footing for moving forward.

3.2 The internal audit service undertook a review of corporate governance in the summer of 2023, a review which touched upon financial controls in its widest sense.

4   RISK THREE - CREDIT TARGET

4.1 The College is confident of meeting its core credit target for 2022/23 and anticipates that there is no exposure to a clawback from the Scottish Funding Council (SFC) in this regard. This is, though, subject to audit. Going forward, the sector has a reduction in credit target of 10.0% and the Region has been subject to a further reduction of 0.70%.

4.2 Colleges have been informed that a tolerance has been allowed for in terms of core credit activity. That said, the College aims to reach its reduced activity target in the 2023/24 session without reference to the leeway. No provision for clawback has been built into the financial forecast for either 2022/23, as above, or 2023/24.

4.3 It should be noted that the College has accrued for any potential clawback in respect of ESF projects in previous years 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. The College has been able to release £65k in respect of a provision 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, there is no capital allocation via the Backlog Maintenance Fund.

5.2 There is, though, a significant increase in the ring-fenced, formulaic capital funds for 2023/24 but no indication that this increased amount will be repeated in succeeding years.

5.3 As mitigation, and as already reported, the College has earmarked funds via its Strategic Investment Fund. It has also commissioned a QS report on the fabric of the building which will assist in funds being directed to the most appropriate areas.

6   RISK EIGHT - DAMAGE TO THE INTEGRITY OF MANAGEMENT INFORMATION SYSTEMS

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

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

7.1 The College had a very successful Education Scotland Annual Engagement Visit in March 2023.

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

8.1 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, approved and in the process of being implemented.

8.2 The purchase of a new HR system will support the delivery of the strategy. The implementation stage is now under way.

9 RISK ELEVEN - 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 beyond, and the current challenges regarding 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; the tender was awarded in April 2023 and the process to implement the enhanced service is well under way.

9.2 As regards student welfare, the Board has noted the impact of the uncertainty of ring-fenced SFC funding for counsellors. With this central funding not being assured on an ongoing basis, the College applied to the Foundation for assistance and was successful in its bid. Consequently, two additional counsellors will be funded by the Foundation for a two-year period.

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 over the past six months. This was supported by the internal audit provider review of the Governance Improvement Plan which was considered and approved by the Audit and Risk Committee at its November 2022 meeting. The report was rated "Good" in terms of level of assurance, this being the highest rating possible, with only two low level recommendations. It was subsequently decided that any outstanding items would be picked up in the rolling programme of Governance development. A review of Governance was undertaken by the internal audit service providers in the summer of 2023 and their report is expected in September 2023.

10.2 With a newly appointed Principal in place, a recruitment process underway for the new Governance Professional position and a reshaping of the support for the Principalship function, the College is confident that the enhanced level of Governance will be maintained and further improved.

11 RISK FOURTEEN – ADVERSE REPUTATIONAL RISK

11.1 An additional risk was incorporated during the previous review to address the impact of any adverse reputational risk. The College acknowledged that there were potential reputational issues that may adversely affect the standing of the College and / or its financial sustainability and actively engaged in mitigation.

12 EQUALITIES

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

13 RISK AND ASSURANCE

13.1 That College strategic risks are not identified, and mitigating actions are not taken.
13.2 That the Region is not identifying strategic risks and mitigating actions are not taken.

14 RECOMMENDATIONS

14.1 Members are recommended to:
  o review and approve the strategic risk analysis contained in the College's Strategic Risk Register and the commentary thereto;
  o to note the risks identified in the Regional Risk Register; and
  o note that the SLC Head of Finance attends the meetings of the Regional Risk Group and presents the SLC Strategic Risk Register.

APPENDICES

Document 05.1.2 A: The College's Strategic Risk Register

Document 05.1.2 B   SLC Strategic Risk Register in detail

Document 05.1.3:   The Regional Risk Register

Strategic Risk Register Summary Schedule												
Dated reviewed by Risk Management Group		10/08/2023				Audit and Risk Committee						
Dated reviewed by SLT		22/08/2023				August 2023						
Next date of review		26/10/2023				Agenda Item 05.1.2						

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

College Strategic Objectives:							Risk Key	Low	1-4			
1	Successful students							Medium	5-11			
2	Highest quality education and support							High	12-16			
3	Sustainable behaviours												

Strategic Risk Register

Dated reviewed by Risk Management Group	10 August 2023	
Dated reviewed by SLT	22 August 2023	
Next date of review	26 October 2023	

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
1	26/04/2021	3.1, 3.5, 3.6	That the College cannot maintain financial stability	4	3	12	12	.	That the College would not be able to meet its financial obligations and /or that investment in student activity could not be maintained to an appropriate level.	Jan 2023 Awaiting indicative funding for the next academic year in March 2023. Indications are flat cash funding scenarios relating a real cut. Value for Money Group meeting on 25th January 2023. Apr 2023 Value for Money Group focus on staffing efficiencies and more robust Curriculum Planning model for 2023/24. Flat cash Grant in Aid settlement confirmed, but with additional cut in activity & funding for the Region. June 2023 "Flat cash" settlements for 2024/25 and 2025/26 copnfirmed by SFC. Board approved a deficit budget for 2023/24 only. Management working towards balanced budget.	4	3	12	12	0	January 2023 College has to continue working to make efficiencies and savings. April 2023 Interim budget to be drawn up for approval of the Board on 1st June 2023. Detailed budget to be prepared for additional meeting of the Finance and Resources Committee before completion of the SFC return (FFR). August 2023 Curriculum Planning model being used to monitor staffing. Improved and enhanced budget monitoring procedures being introduced for 2023/24.	January 2023 Await update from the Value Money group on 26 January 2023 April 2023 Indicative grant in aid allocation received; expectation of flat cash settlement confirmed. Budgeting exercise already commenced on this assumption. August 2023 Staffing budget linked to Curriculum Plan. which will incease efficiency and improve staff utilisation.
2	26/04/2021	3.1, 3.2 3.5, 3.6	That there is a failure of financial controls	4	2	8	8	0	Insufficient or incorrect information available to senior management and the Board of Management; potential for fraud.	August 2023 Finance Dept team enhanced with permanent appointment of Management and Financial Accountants. Additional support re Procurement from APUC until December 2023. Extensive work has been undertalkken in conjunction with Governance Professional to update policies and procedures. Review of timetable of activities of the Audit and Risk Committee and Finance and Risk Committee now drawn up. Additional work has been undertaken by internal audit service on policies and prodcedures in 2022/23 and 2023/24.	3	2	6	9	-3	Closer scrutiny of previous internal audit recommendations, both via senior management and the Audit and Risk Committee. Introduction of new approach to control, assurance and risk management arrangements. April 2023 Review of governance to be undertaken by internal auditors in summer of 2023 August 2023 Pay controls in place, not replacing staff who have left the organisation, allowed for curriculum adjustmnets to be made, curriculum staff redployed to other areas should there be overstaffing,. Consideration given when staff leave whether this replacement needs to be FT, PT or whether it is needed. Curriculum Plan is very tightly planned, with finance and curriculum teams working together to prepare budgets for the year.	Introduction of formal ARC monitoring on an ongoing basis. August 2023 Positive follow up Section 22 review by Scottish Parliament
3	26/04/2021	1.6, 2.2, 2.4	That there is failure to meet Credit target and /or failure to retain major public and private contracts.	4	3	12	12	0	Clawback of SFC activity funding and shortfall in income. Failing to meet credit targets on a consistent basis may affect annual activity allocation. Failure to meet maintain ESF records to substantiate our claim is likely to affect income	Student activity is monitored on a weekly basis by senior management via the SLT meetings, with those weekly reports being made available to faculty and admissions staff; Additional enhanced reporting in use through Power BI to monitor real time information. Jan 2023 All credit activity to up on the by 27 January and checks to made on this. Plans are being put in place to meet the gap, such as the preparing to study courses. April 2023 Additional activity running and planned to meet credit target. August 2023 Region has a 10.7% decrease in activity taarget for 2023/24. Colleges now have a 2.0% leeway re meeting activity targets.	3	3	9	9	0	October 2022 Scenario planning and forecasting under way for the 2022/23 academic year; New website being launched in November 2022 to support with recruitment and learner journey. April 2023 Progress being made, but dependent on planned activity. August 2023 2022/23 taget met; Curriculum Plan model now operational with all courses for 2023/24 incorporated; accurate monitoring now enhanced.	August 2023 2022/23 credit target achieved. 10.0% sectoral decrease in credit target for 2023/24, plus additional 0.7% Regional decrease. 2.0% target achievement tolerance and positive change in retention tolerance announced for 2023/24. In addition only 80% clawback should there be an issue.
4	26/04/2021	2.1, 2.5, 3.4, 3.6	That there is a breach of legislation and associated regulations (incl. GDPR)	2	3	6	6	0	Breach or leak of sensitive data impacting on college reputation.	Data Protection Officer in place to advice on general Data Protection Regulation; Staff mandatory training and policies in place and actively marketed to heighten awareness; Compliance/audit checks in place; GDPR policies currently being updated as part of College-wide policy refresh exercise; Training planned for all staff on legislative and regulatory issues, including conflict of interest, bribery and corruption and security of assets. August 2022 A suite of new polices have been developed and/or updated; Multi factor authentication in train; Cyber security Essentials status obtained; Training completed on conflict of interest etc as above and data protection and GDPR. October 2022 Cybersecurity audit completed satisfactorily. College is now undertaking penetration testing; All staff conference in August; all staff completed mandatory training on GDPR; Data Protection portal is now live. April 2023 New retention policy has been agreed and published. Cyber Essentials plus was successfully completed in Feb	2	2	4	4	0	Apr 2023 Retention Documentation has been issued, further actions will be completed including communication of this guide for all managers to control the documentation Cyber risk framework is being updated in June this year to ratify the score in this sheet. (Cyber risk can be escalated if important issues arise in that review)	Data protection team have worked through a number of ROPA with each area and are currently pulling together Info Asset Register. Records Retention Policy now complete and published, actions will follow this publication via communication of this policy to improve document governance.
5	26/04/2021	2.1, 2.2, 2.6, 3.5	That there are insufficient funds for capital project and maintenance requirements	4	2	8	8	0	The College estate is of an age that requires constant monitoring and an appropriate level of funding to address major issues (e.g. building envelope, heating and cooling, lifts, security equipment, etc.)	SFC undertook a condition survey and has allocated funds over a five year period to address backlog maintenance and dilapidation works. The College appointed professional advisors to assist in the management of the projects which have been undertaken. College has enhanced its procurement arrangements to ensure that all major items of expenditure are reviewed by a senior management committee, thus ensuring value for money as well as an additional level of control over non salary spend. As part of our approach to the introduction of a Strategic Investment Plan, the College is currently considering introducing its own estate condition survey, given the age of the building and the number of significant repairs now being required. August 2023 CAPEX projects prioritised and completed within budget allowing for future works within remaining ringfenced funds	3	1	3	6	-3	Current planning is to utilise cash holding to fund an infrastructure investment programme; Additionally, the college is planning to undertake an estate condition survey to ensure that a clear plan for any additional work is captured.; The air conditioning units and the roof are all currently being replaced; Air Conditioning replacement completed. Roof project almost completed, snagging being undertaken. Building is weather proofed. Jan 2023 Update on capex progress to date at VfM group on 25th January 2023. April 2023 Funds have been committed to support the key changes to the building. August 2023 Following completion of CAPEX works, funding remains for future works.	Central funding received in 2020/21 and 2021/22 allowed the College to address major repairs and renewals sooner than originally planned. This includes a major upgrade to the fabric of the roof, which would be most vulnerable to possible issues associated with the natural lifespan of the building. August 2023 Various works completed over previous months within confines of funding whilst leaving sufficient amount for future required works. Cladding repairs are expected to be the next significant work. Additional funds have been allocated for next year. SFC capital funding allocation for 2023/24 should be sufficient for short term projects & maintenance
6	26/04/2021	1.1, 1.2, 1.3, 1.4, 2.1, 3.1, 3.3	That there is a failure to meet statutory and legislative health and safety as well as safeguarding requirements.	3	3	9	9	0	Impacts on safety of all employees and students leading to serious injury or death. Unable to protect our most vulnerable students.	Health and Safety Committee meet regularly to monitor health and safety arrangements and any issues are raised. Staff induction in place on H&S; Separate COVID risk register in place to monitor operational arrangements; Facilities Teams and H&S Officer ensure all risk assessments are updated annually; Regular reporting on Health and Safety to HR Committee as part of their remit requirements; Full review of Health and Safety Policy and Procedures being undertaken; Lead Safeguarding Officers in place and appropriate training in place.; Safeguarding group meets regularly. August 2022 Robust HMI Safeguarding report received in April 2022; Refresher training and reissue of safeguarding cards; Expanded the network of safeguarding officers; Health and Safety audit completed, with no major recommendations; Refreshed health and safety policy will go to the Board in October 2022; Appointment of 2 permanent health and safety staff members. October 2022 Health and Safety Audit completed satisfactorily. Health and Safety Policy approved by the Board of Management. January 2023 Health and Safety Policy launched and names of those who have read it recorded. April 2023 Progress made against internal audit plan and Health and Safety Committee meets regularly to keep on top of action and key issues. Policy and procedures updated. Safeguarding Policy and Procedures updated and due to got to the Board for approval in June 2023. August 2023 H&S Policy reviewed and updated over summer break. Continued quarterly H&S committee meetings planned including representation of cross college departments for 2023/24	3	2	6	6	0	October 2022 Health and Safety Policy Approved. First Aid Procedures renewed and due for sign off by SLT in October 2022. January 2023 Training sessions now being scheduled. April 2023 Significant progress made with policy and procedures. August 2023 There is a new Safeguarding Policy and Fitness to Study Policy approved by the Board in June 2023. Training for Health and Safety and Safeguarding will be rolled out to all staff in August through the mandatory online modules.	August 2023 Staff resource is working to capacity to get through policies and procedures updated as required.
7	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is business interruption due to major disaster, IT failure etc	4	2	8	8	0	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Business Continuity Plan for College in place. Business interruption insurance in place. Member of HEFESTIS and benefit from shared intelligence. August 2022 Internal audit for cybersecurity completed. Updated Microsoft Licence of AS allows for enhanced protection. October 2022 AS licence in place and multi factor authentication in place. April 2023 Board briefing for cyber security due on the 2nd of May, satisfying cyber audit points.	3	2	6	6	0	Existing business continuity arrangements being reviewed in light of recent events. Key estates risks now been identified and have been or are being resolved. Further training for incident response for board members needs to be considered and scheduled (Scenario training) A review of BCDR documentation is to be completed in the next few months to update mitigation controls.	The College had a developed Business Continuity Plan embedded prior to the COVID pandemic and has built on that via infrastructure improvements and additions utilising additional SFC ring-fenced funding. August 2023 Update of Business Continuity Planning Documentation will be completed by December 2023.
8	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is a theft of, or damage to, Management Information System (incl. cyber-crime)	3	2	6	6	0	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Shared sector approach in place through HEFESTIS and advanced intelligence. Robust and regular testing of IT systems Business continuity plans in place for IT and MIS areas. Annual certification with Cyber Essentials Plus Incident response training	3	2	6	6	0	Jan 2023 Cyber Essentials Basic has been complete and college is compliant. Cyber Essentials Plus to be completed FEB 2023 Close off from H&L Cyber audit actions by the summer, which should change the position of this task. April 2023 Cyber Essentials complete, Cyber training planned for the Board on the 2nd of May. Planned asset tracking update due in July 2023 to ratify the buildings equipment checks.	College successfully completed its Dec 2022 Cyber security audit with no issues. Incident Response Policy Updated Pen testing to be reviewed and purchased in the next few months
9	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.3	That there is a failure to achieve high standards of learning and teaching.	4	2	8	8	0	Impacts on the student experience, the college's reputation and Education Scotland risk ratings. Impacts on student recruitment leading to financial risk.	January 2023 First self-evaluation cycles completed and progress reviews have taken place. Ongoing engagement and campus visits from HMI. Audit cycle in train. Robust learner voice processes which are acted on promptly. April 2023 Evaluation process updated and self evaluation progress occuring. HMIE Education Scotland visit took place in March 2023 which resulted in no main points for action.	2	2	4	4	0	October 2022 Mitigating actions in place. External assessors being used to assess Construction MAs, now part of the Quality Audit process to provide assurance that work is of a high standard and does not impact on direct claims status. April 2023 Education Scotland annual engagement visit report received which did not contain any main points of action. August 2023 Current challenges with missing outcomes due to ASOS, as yet there is not a national approach to ASOS, and there has been no communication from the Scottish Funding Council. The impact of this may mean that results nationally will not be available in March 2024.	Annual Engagement Visit from Education Scotland taking place in Feb 2023.

Strategic Risk Register

Audit and

Dated reviewed by Risk Management Group | 10 August 2023
Dated reviewed by SLT | 22 August 2023
Next date of review | 26 October 2023

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
10	26/04/2021	2.1, 2.3, 2.6, 3.1, 3.3, 3.4	That there is a failure to provide an engaging and effective employee journey.	4	2	8	8	0	Impact on the employee experience and could result in high turnover, high absence rates, disengagement, poor employee relations and industrial relations matters, poor performance of employees and subsequently a poor experience for students and negative impact on college reputation.	October 2022 Accreditations achieved to date include: Disability Confident Employer and Leaders in Diversity. The re-accreditations of Investors in People and We Invest in Wellbeing are currently being progressed; Ongoing review of the employee journey, process optimisation and automation. Consideration for a new HR System; Refreshed policies and procedures include: Attendance Management and Support Procedure; Disciplinary Procedure; Grievance Procedure and the Public Interest Disclosure Policy and Procedure. January 2023 Employee journey being mapped out and associated procedures being drafted, with a view of lean process management and consideration of both automation and employee experience. People Managers being trained on disciplinary, grievance and investigations by ACAS. Review of payroll and pensions process. April 2023 The College now has We Invest in Well Being Platinum. August 2023 New integrated HR & Payroll system on track to be implemented in 2023. Pension reporting streamlined.	3	2	6	6	0	The College is working on the implementation of a new HR system that will enhance experience, automate manual tasks. April 2023 New HR system is in the process of implementation.	College accreditations are being refreshed.
11	04/02/2022	2.1, 2.3, 2.5, 2.7, 3.1, 3.2, 3.4, 3.6 / Aim 1	That there is a failure to safeguard the health and wellbeing of staff and students.	3	3	9	9	0	Impacts on the health and wellbeing of staff and students. This could result in high absence, disengagement and higher withdrawal rates for students. Risk of serious harm to the individual if the appropriate safeguarding action is not taken. This would significantly impact the student and staff experience leading to potential risk of legal action, complaints and having a negative impact on the college reputation.	August 2022 Ongoing effective development of safeguarding and health and wellbeing support for staff and students. Safeguarding / GBV Prevention / Corporate Parenting / Carers Support policies and procedures in place. Specialised staff in Student Services and HR responding to concerns or issues. Criminal Convictions and PVG is undertaken as part of the employee recruitment process. Safeguarding, Prevent and Corporate Parenting training is mandatory as part of the staff induction process. Safeguarding including Prevent, Corporate Parenting, Mental Health & Wellbeing information and videos part of the Learner Induction process. College Safeguarding Group is a cross-college group which has both student and staff membership - this groups meets quarterly. GBV Prevention Strategy and Action Place / Corporate Parenting Plan in place which is monitored by the Safeguarding Group. Other mitigations include:- •Student Support email address. Same day response, including responses to financial and emotional crisis support. •Guidance and support staff available on campus for in person support on same day appointment basis. •Staff are trained in Mental Health First Aid and ASIST •Dissemination and attendance of external safeguarding training opportunities, such as those provided by CDN, •Counselling Service for staff and students. •Weekly Yoga and Mindfulness classes for staff and students •Online Togetherall resource for staff and students •Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. •Guidance and support / line management staff available on campus for in person support on same day appointment basis. •Annual safeguarding, health and wellbeing calendar of events •College Mental Health Group and LGBT Champion Group in place •Peer support groups for staff and students April 2023 The new Safeguarding Policy and Procdure for staff and students has been updated and will go to the main board in June 2023.	3	2	6	6	0	October 2022 Additional staff in Students Services to help support well-being. Student Support Strategy in progress. Remploy an organisation to facilitate staff return to work is now being used to support. "We invest in wellbeing" survey issued to staff as part of Investors in People application with action plan formulated to deal wityh results.. August 2023 Funding approved by the SLC Trust (ALF) for two posts to support student and staff health and wellbeing. This is for Guidance & Support and Counselling. Pending SFC Mental Health Funds to support student health and wellebing to be published for 2023-24.	
12	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.5, 2.6, 2.7, 3.1, 3.3	That the College cannot provide a robust learner experience supporting them onto their final destinations.	4	2	8	8	0	Relates to application and recruitment experience, students not receiving the appropriate or accurate information or the necessary access to support such as financial or health and wellbeing. Recruitment impacted by outdated systems impacting the experience. Also any delays to bursaries, additional IT equipment and discretionary support may impact.	Applications are monitored by the Student Services Team, review of application and enrolment system in train. Financial and emotional support offered by the Team. Team undertake regular training to provide the best possible service and to keep up to date with changes. Power BI now being used for curriculum planning and to ensure a more efficient application process. Other mitigations include •Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. •Guidance and support staff available on campus for in person support on same day appointment basis. •Ongoing review of new Admissions electronic system to ensure smooth transition from application to enrolment. Additional work to be undertaken in this area via regular working group meetings. •Staff attendance at new Mental Health First Aid training, as provided by SLC. •Dissemination and attendance of external training opportunities, such as those provided by CDN, etc. •Review potential increase in counselling and guidance/support provision to ensure reduction in waiting times for emotional support. •Bursary software under review with developers. •Support being provided to SA including additional recruitment of new VP. •Provision of long term laptop loans via Library service to facilitate engagement in class and coursework. Reinforced links between the student association, class reps and quality team so directly links back to the learner More opportunities for students to undertake study skills in this academic year and it has now been introduced into twilight sessions. January 2023 Progressing students are due to be given a conditional offer in Feb 2023 for the first time. National Career Review may inform College's approach to IAG. Applications for 2023-24 due to open on 30th January 2023. August 2023 The vast majority of applications and students are progressed on a timely basis, however, further actions are being taken to ensure consistency across the college.	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 for applications and curriculum planning. Review taking place regarding staffing resources to meet student needs of financial and emotional support. This includes reviewing the possibility of additional recruitment within student funding, guidance and support, etc, including student placements for counselling. May 2022 Current strike action by EIS is having a negative impact on the learning experience. EQA activity at risk due to lecturers potentially not engaging and resulting learners as well. August 2022 Mitigating actions have allowed this risk to be reduced due to the completion of the key system updates, removal of barriers to progress and clearer focus on supporting students to achieve their destinations. October 2022 Work in progress on reviewing business support functions supporting the learner recruitment journey. January 2023 Longer term review required.	A
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. October 2022 Government Improvement Plan signed off by the Board of Management and agreed to incorporate this into the usual Board of Management Evaluation and Enhancement Plan. Strategy Day held with the Board of Management on Risk and Equality and Diversity held in Sept 2022 External Auditors content that regional board members and/ staff attend committee meetings. April 2023 The AAR report stated that the College was now fully compliant with the Code of Good Governance for Scotland's Colleges as at July 2022. August 2023 Staggered appointment of new board members.	3	2	6	6	0	Awaiting finalisation of Board member induction programme; Board discussion on SFC report to progress recommendations; Awaiting clarification from SFC/SG on timeframe for dissolution to allow for planning. Jan 2022 Governance Improvement Plan established post the SFC Governance review as well as input from internal auditors is now being actioned. May 2022 Board members have been inducted; Key polices have been updated, financial regulations and bribery have all been updated and approved by Committee. Disciplinary, capability and grievance also due to be signed off at next HR Committee meetings; Governance Improvement plan shows progress against key actions. Board strategy day planned for 16 May 2022; Acting Principal now in place until investigation has been resolved; Risk now of reputational damage due to increase in press coverage.; Challenges in recruiting key staff and risks around staff being able to leave for additional positions. October 2022 Strategy Day planned for August 2022; Clerk to the Board reviewed key documentation; New staff and student members appointed through the Clerk's successful recruitment; Significant progress made on Government Improvement and Management Response Plans.; The College adheres strictly to the Code of Good Governance for Scottish Colleges. January 2023 To date corporate governance is robust, with no breach of the Code for the 2022-23 year. April 2023 AAR from external audit providers confirmed that College was compliant with the Code at July 2022 and at the date of signing of the accounts (April 2023) Audit of governance to be undertaken by Henderson Loggie in summer 2023 August 2023 5 new Board members appointed over the summer.	Acting Chair and Acting Principal in place. The latter of which has extensive experience of corporate governance and was part of the group responsible for the drafting and review of the Code of Good Governance for Scottish Colleges. Recommend decoupling corporate governance risk with the ongoing investigations. This would include: Reputational damage risk Financial Risk. Both the Clerk to the Board and the Chair of Audit and Risk Committee to be consulted. August 2023 Potential further organisational risk and adverse media due to activity following the investigation. Recruitment of senior roles within the college, provided feedback which demonstrated that candidates were not "put off" from working at the College.
14	24/01/2023	2.3, 3.2, 3.3	That there is a reputational risk to the College.	2	3	6	6	0	•That potential students, staff or Board members are deterred from enrolling / joining the College. •That the College suffers financial loss from a decrease in activity or loss of access to potential income streams.	• Staff development sessions on, for example, inclusiveness and diversity being part of mandatory training for staff; • Regular staff meetings including annual all-staff conference; • College has complaints procedure, clearly highlighted on website; • Extensive governance training for senior staff and Board members being delivered as part of a rolling programme of development	2	3	6	6	0	• Strategy being delevoped to ensure that "good news" stories are gathered centrally and distributed accordingly, particularly via social media; • The implications of impending decrease in allocation of central funding or activity to be managed accordingly in terms of publicity and student / staff perception and morale; •Action plan being formulated to address issues raised in staff survey	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 | 1-4
Medium | 5-11
High | 12-16

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	**21 August 2023**	
Appendices Attached	**Regional Strategic Risk Report**	
Disclosable under FOISA		**No**

1. Purpose

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

2. Background

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

3. Detail

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

4. Benefits and Opportunities

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

5. Strategic Implications

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

6. Risk

There is no risk applicable to this report.

7. Financial Implications

There are no financial implications.

8. Legal Implications

There are no legal implications.

9. Workforce Implications

There are no workforce implications.

10. Reputational Implications

There are no reputational implications.

11. Equalities Implications

There are no equalities implications to this report.

Conclusions/Recommendations
1. Note the information contained within the report.

Contents:

Notes:

1. There are a total of 21 Strategic Risks logged as at RSRMG on 2 May 2023.

2. Risk Movements.

No change to 17 risks. Risk T - Disruption to College business due to Covid-19 pandemic - remains but has been reduced further. Risk P - Loss of Data or ICT service due to cyber-attack - has been reduced due to the College achieving its Cyber Essentials+ certification and the on-going work on phishing emails. Risk O - Inability to invest in the development of management systems and technology - has been reduced in impact due to the SFC allowing capital maintenance funding to include digital infrastructure. Risk X - Risk of power failure to College buildings; power failure to infrastructure supporting the College; power failure to student/staff homes - has been reduced due to the external threat reduction. This risk is under constant supervision. Risk S - Failure of the external cladding system at the Motherwell Campus due to defects - the risk definition is amended to include "and the on-going legal 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 complaince 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 14 risks logged.

b) One risk moves up - Risk 2 - That there is a failure of financial controls. The other 13 risks remain the same as the February register.

5. Escalation of Risks

None

6. Under observation / analysis

a) Global Supply Chain Issues (including Brexit). Continuous monitoring of the costs of gas and electricity. Carbon management and sustainability.

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

7. Regional Business Plan Risk Register

This risk register is due for renewal in July 2023. The RSRMG proposed to review it and report back to the ARC with recommendations at the May 2023 meeting.

a) There are a total of 10 risks logged.

b) There are no risk movements.

REGIONAL STRATEGIC RISK REGISTER SUMMARY

Originating Reference	Rank	Ref to Regional Strategy	Risk	RISK L	RISK I	RISK Total	RESIDUAL RISK L	RESIDUAL RISK I	RESIDUAL RISK Total	APPETITE Risk Appetite Threshold	Trend	Control Action Plan? (Y/N)
FINANCIAL												
A	1	2.6; 3.4; 4.2; 4.3	Unable to maintain operating budget while delivering high quality, relevant and responsive education.	5	5	25	4	5	20	10-19	=	Y
D	2	2.6; 3.4; 4.2; 4.3	Inability to secure appropriate levels of funding to respond to operational & strategic priorities.	5	5	25	5	4	20	10-19	=	Y
B	6	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	14	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	5	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	7	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	8	4.6; 4.7	Loss of data or ICT service due to cyber-attack.	3	4	12	3	4	12	10-19	=	N
O	15	4.3; 4.6; 4.7	Inability to invest in the development of management systems and technology.	3	2	6	3	3	9	10-19	=	N
CHANGE												
K	9	1.1; 3.1; 3.2	Inability to maintain quality standards.	4	4	16	3	4	12	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	3	1.1; 3.1; 3.3; 4.3;	Failure to deliver SFC Credit targets.	5	5	25	4	4	16	4-9	=	Y
N	16	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	17	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	19	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	Disruption to College business due to Covid-19 pandemic.	1	3	3	2	2	4	4-9	⬇	N
X	12	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	Risk of power failure to College buildings; power failure to infrastucture supporting the College; power failure to student/staff homes.	2	5	10	3	3	9	1-3		N
SOCIAL												
E	13	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	4	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												
G	20	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	=	

			RISK DEFINITION			RISK			RESIDUAL RISK			APPETITE			
Originating Reference	Rank	Ref to Regional Strategy	Risk	L	I	Total	L	I	Total	Risk Appetite Threshold	Trend	Control Action Plan? (Y/N)
Y	11	3.4; 2.6; 4.7	Risk of failure of the Payroll system	4	5	20	2	5	10	4-9	=	
V	21	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	18	3.1; 3.2; 3.4; 4.1	Failure to establish and implement an effective regional governance model.	3	4	12	2	3	6	1-3	=	Y

REGIONAL STRATEGIC RISK REGISTER

REFERENCE			RISK DEFINITION		RISK APPETITE	RISK SCORE			RISK TREATMENT	RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	Rank	Ref to Regional Strategy	Risk Description & Effect	Associated Risk Categories	Risk Appetite / Tolerance	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Control Action Planning	Deadline	Risk Owner CAP Owner Reporting
FINANCIAL															
A	1	2.6; 3.4; 4.2; 4.3	**Unable to maintain operating budget while delivering high quality, relevant and responsive education.** SG and SFC Funding cuts; inflation; utilities costs, reducing student numbers. Change in the value of a credit / rurality allocation; Effect of national pay bargaining being contrary with Regional model / affordability ; Ongoing impacts of the failures of due diligence associated with the merger of Coatbridge College and NCL ; Exposure to unidentified liabilities resulting in financial /reputational loss; Unable to deliver planned level of efficient learner activity ; Customer / learner dissatisfaction ;	Productivity Student experience Reputational	**Rating:** Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. **Reporting:** Chair of the Regional Strategic Risk Management Group and Audit Committee.	5	5	25	Optimise Credit and income stream cost control delivery; Optimisation of staffing requirements in line with Strategic Aims and Operational Plans; Continuous dialogue between executive, staff and the student body; Establishment, implementation and monitoring of Regional Planning; Ongoing planning dialogue with SFC; Lobbying through Principals' and Chairs' Forums;	4	5	20	CAP required to reduce risk exposure from Red (Very High) to Amber (High). Executive Board meeting regularly to respond to the impact of the funding cuts, inflation and the pandemic and the financial implications particularly cash flow. Advice and guidance from various external bodies and agencies is considered and actions taken as appropriate. Revision of operational and financial outlook and implications. Emergency student assessment procedures developed. Sub-group of Executive Board set-up and active.	**CAP initiated now ongoing and overall reviewed by Executive Board**	**Risk Owner:** Chief 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 and recovery; Unable to secure replacement funding for Employability Fund from SFC post March 2022; Unable to realise savings from the 2022 VS scheme	Productivity Environment Student experience Technology		5	5	25	Prioritise available funding to tackle statutory & essential planned, preventative & back-log maintenance. Utilise Procurement & Budgeting policies to ensure sound financial planning, monitoring & control. Work with stakeholders to ensure effective & efficient targeting of investment in the built environment & infrastructure. Estates Strategy & Operational Planning. Scenario planning.	5	4	20	CAP required to reduce risk exposure from Red (Very High) to Amber (High) Advice and guidance from various external bodies and agencies is considered and actions taken as appropriate. Lobbying of SG and SFC .	**CAP initiated now ongoing and overall reviewed by Executive Board**	**Risk Owner:** Chief Financial Officer (NCL) / Head of Finance (SLC) **CAP Owner:** Exec Board (NCL) **Reporting:** Principal (NCL); Chair (RSB).
B	6	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
C	14	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 (lower student numbers, hybrid model reduced pressure on bursary and childcare)	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
S	5	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.	Environmental Reputational Student experience Compliance Social		4	5	20	Install debris netting to safeguard buidling users. Regular inspection and testing of cladding system by specialist contractors to determine ongoing safety & integrity and take actions where necessary. Engaged with Legal representatives (Lawyers and QC) with expertise in the field of construction law together with appointing construction material expert witnesses to assess defect issues and provide guidance on NCL exposure with a view to taking any necessary legal actions to defend NCL's position/provide for a suitable outcome. Scaffolding removed from exit routes on recommendation of Scottish Fire & Rescue as durability and safety of netting is maintained.	3	5	15	Not Required at this time in terms of making the building safe. Risk increasing of financial exposure as NCL continues to protect its exposure through legal means.	N/A	**Risk Owner:** Chief Financial Officer (NCL) / Chief Transformation Officer (CTO) **CAP Owner:** N/A **Reporting:** N/A
W	7	3.4; 4.5	**Failure to adequately heat/light College buildings due to increase in energy costs.** Potential increase of almost 250% in Gas prices and 42% increase in Electricity prices. Inability to provide heat and light in areas of the College. Inability to provide food/drinks for students.	Environmental Reputational Student experience Social		4	5	20	Approach SFC for additional funding to cover increased energy costs. Establish a SLWG to devise and implement an Energy Savings Plan for the College to reduce energy usage. Potential diversion of capital maintenance funding into revenue SLWG Energy Management meeting every two weeks during the winter months. Initiatives to reduce energy consumption developing with increased involvement and communications.	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	8	4.6; 4.7	**Loss of data or ICT service due to cyber attack.** Limited or no access to ICT. Public facing website 'hijacked' and altered. Deletion of data. Data leak due to theft. Loss of trust with key stakeholders. Negative publicity.	Compliance Governance Reputational Productivity Environmental Social Student experience Financial International development Technology Change	**Rating:** Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. **Reporting:** Chair of the Regional Strategic Risk Management Group and Audit Committee.	3	4	12	Data backup and recovery procedure. System mirroring, resilience and failover for critical internal systems. Hardware and software monitoring and filtering. ICT system controls for authorised access. Multi-Factor Authentication for Staff and Admin accounts. Location based access controls. Firewall traffic blocking based on geographic location. Microsoft Azure Password Protection. JANET network monitoring. Anti-Virus scanning and vulnerability scans. Monthly external penetration testing on key public facing systems. Externally hosted services. Proactive monitoring of potential threats. Staff phishing awareness and training campaign. ICT staff cyber-security CPD. Simulated breech attack testing. Cyber-security standards accreditation.	3	4	12	Not Required at this time.	N/A	**Risk Owner:** Head of ICT Support Services (NCL) **CAP Owner:** N/A **Reporting:** N/A
O	15	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		3	2	6	Upgrade the wifi network infrastructure; Upgrade the LAN core switch at the Motherwell campus; Replace ISDN 30 telephone lines at Cumbernauld with SIP trunks; Upgrade 60 x classroom Audio Visual display panels (1st year of a 3 year program); Commission 4 x hybrid teaching rooms across the three main campuses;	2	3	6	Not Required at this time.	N/A	**Risk Owner:** Chief Transformation Officer & Head of ICT Support Services (NCL) **CAP Owner:** N/A **Reporting:** N/A
CHANGE															

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
K	9	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		4	4	16	Completing 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. Embedding of Quality Officers with Departments. Informed Heads of the Register of Policies & Procedures so that these can be re-written in line with the College's format and include EQIA and DPIA screening process. Informed whole College of the new Activity Calendar which sets out timing requirements throughout the academic year.	3	4	12	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; Establishment of an internal, cross-college Schools/College Partnership Board, chaired by Dean for Academic Partnerships, on how we engage with local authorities. Meetings with South/North Lanarkshire and East Dunbartonshire Councils and NHS Lanarkshire have taken place to discuss the range of short programmes NCL can deliver to achieve SFC Credit targets. There is a strong Schools College Partnership offering Foundation Apprenticeships to 83 schools across 22 disciplines to support recruitment and retainment. Building on the existing community engagement partnership modules through Voluntary Action North Lanarkshire (VANL), NCL has invested in strong community project work within the specialism of music. Regional FWDF have been made just been made available with a noted reduction of 180K for AY 22/23 NCL has three NOLB funded programmes - 2 in East Dunbartonshire 2 in NLC and 1 in SLC A suit so short programmes have been offered to NHS North and South Lanarkshire and NLC- a directory of short programmes will be delivered to residents in North Lanarkshire NCL working closely with NLC to secure UK Shared Prosperity Funds	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	3	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; Work with partners across Lanarkshire to support staff training;	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:** Chief Transformation Officer (NCL) **Reporting:** Principal (NCL); Chair (RSB).
N	16	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	We are reviewing the processes for evaluating professional learning requests – with a particular focus on external requests. This is aligned to improving clarity and ensuring best value. We continue to engage with stakeholders e.g. Trade Unions, EB, staff across the college on relation to all aspects of professional learning activity and infrastructure developments. We are working to enable the sharing of professional practice across the college and as part of this are currently focussed on developing leadership infrastructure. Ensuring effective and robust PDD process in place	2	3	6	Not Required at this time.	N/A	**Risk Owner:** Dean for Staff Development Academy (NCL) **CAP Owner:** N/A **Reporting:** N/A
ENVIRONMENTAL															
M	17	3.4; 4.5; 4.6; 4.7	**Catastrophic loss of building, infrastructure or utilities.** Potential College shut down. Loss of access to key assets. Disatisfied Learners, customers, staff. Disruption to timetables and loss of continuity. Financial impact / loss. Compensation claims / litigation. Fines/penalties.	Financial Reputational Productivity Student experience Compliance Social Technology International development Change	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	3	5	15	There is an overall reduction in the COVID risk and both National and Regional level with COVID mitigation measures decreasing. The likelihood of another lockdown is now unlikely. Albeit we may experience small clusters across campuses were classes may be disrupted.Business Continuity Plans are in place. ICT provisions for remote working and delivery of teaching and learning. Health & Safety policy and procedures. Insurance. Risk management and risk assessments. Communications plan. Coronavirus Response Group. Statutory inspection and general maintenance of buildings. Scenario planning. UK Government and Scottish Government advice. Awarding body advice. Remote delivery of learning and teaching. Media reports on the likelihood of national grid blackouts in January and February, the risk is low, The National Grid have suggested this may be confined to between 4 and 7pm. Preparation is ongoing/heightened during the coldest days. Ongoing emergency procedure scenario planning (Evening Evacuation Drills). Winter grounds preparedness procedures in place.	2	3	6	Not Required at this time.	N/A	**Risk Owner:** Head of Estates (NCL) **CAP Owner:** N/A **Reporting:** N/A
T	19	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	**Disruption to College business due to Covid-19 pandemic.** Closure of campuses. National or regional 'lockdown' restriction measures. Disruption to learning and teaching. Disruption to student examinations. Possible loss of life. Inability to access on-site resources (e.g. ICT, student portfolios) Unable to fulfil activity targets (e.g. Credits, commercial, SDS) Loss of income. Disruption to student recruitment.	Financial Reputational Productivity Student experience Compliance Social Technology International development Change	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	1	3	3	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 where 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	N/A	**Risk Owner:** Assistant Registrar - Health, Safety & Wellbeing (NCL) **CAP Owner:** Exec Board (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
X	12	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	**Risk of power failure to College buildings; power failure to infrastucture supporting the College; power failure to student/staff homes.**	Financial Student experience Reputational Social Technology	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	2	5	10	Planned Maintenance Programme Statutory Fixed Wiring Testing (EICR) Authorised Access to equipment and switchgear Robust procurement and supply partnerships (Energy) On campus ancillary back up power for essential services Retained contractors for reactive and planned maintenance worksMotherwell and Cumbernauld have UPS batteries for the servers but these are only capable of providing power for 20 – 30 minutes. Motherwell and Coatbridge also have UPS units in place but again, these are only capable of sustaining power for around 15mins to half an hour and there main purpose is to protect the equipment from surges On-site technical support and management Regular planned contractor maintenance visits scheduling and monitoring BEMS (Building and Energy Management Systems) across all areas. Individual UPS back up on some systems (Fire, Intruder, Emergency Lights), which are for data loss protection and 30mins duration	3	3	9			**Risk Owner:** Chief Transformation Officer, Head of ICT Support Services, Head of Estates (NCL) **CAP Owner:** Exec Board (NCL) **Reporting:** Principal (NCL); Chair (RSB).
E	13	1.2; 1.3; 1.4; 2.4	**Breakdown in positive relationships with stakeholders.** Loss of strong relationships with key stakeholders e.g. North Lanarkshire Council, East Dunbartonshire Council, Education Scotland, Scottish Funding Council; Reduction in Learner recruitment; Loss of commercial business; Loss of funding / financial income; Impact on individual staff and team perceptions caused by pressures associated with the implementation of change.	Financial Student experience Reputational Social	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Risk Management Group / Executive Board.	4	4	16	Implement effective Internal and External Communications Strategy; Use of MyNCL to provide good communication with students. Proactive monitoring of customer, learner, stakeholder, and partner perceptions; Utilisation of PR expertise; Regular meetings with trade unions; Currently there is a restructure of professional services, this includes a restructure of the Business Development Directorate which is complete. This Directorate has been rebranded as The Professional and Work Based Directorate. Within this Directorate, new job roles - Professional and Work Based Officers have been created which will maximize opportunities for employer engagement and ultimately work/placement experience for learners. The Board of Management has supported the employer engagement plan. Here, themed employer engagement events will commence in January 2023 and an Employer Board will be set up in the Spring of 2023.	3	3	9		N/A	**Risk Owner:** College Registrar (NCL) / DP (SLC) (SLC) **CAP Owner:** N/A **Reporting:** N/A
STUDENT EXPERIENCE															
L	4	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 NCL have developed retention, attainment recruitment and Progress strategic documents to improve student retention and attainment NCL have invested in AL to identify students at risk to improve student retention	4	4	16	CAP required to reduce risk exposure from Amber (High) to yellow (medium) Establishment of Strategy Prioritisation group of the EB; A range of action plans being established at College and departmental level (NCL). Use of SFC Sustainability funding to ensure deferral activity is minimised. Heads of Department and Heads of Professional Services have completed their self-evaluation, and operational plans focusing on strategy 2025 An action plan is in place to address areas for improvement- this will be presented to Education Scotland at the Progress review visit in December 22.	CAP initiated now ongoing and reviewed quarterly by RSRMG	**Risk Owner:** Assistant Principal (Education & Student Success) (NCL) **CAP Owner:** Assistant Principal (Education & Student Success) (NCL) **Reporting:** Principal (NCL); Chair (RSB).

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															
G	20	2.6; 3.4; 4.2; 4.1; 4.3	**Failure of adherence to the Financial Memorandum and associated legislative requirements as Regional Strategic Body with Regional Fundable Status.** Scottish Government / SFC pressure Breach of the Lanarkshire Order. Failure of adherence to the Financial Memorandum Additional compliance burdens placed upon Lanarkshire Board / SLC BoM. Additional compliance burdens placed upon Regional College staff. Damaged relationship between Regional College and Assigned College. Loss of reputation.	Productivity Reputational Governance	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group Risk Management Group / Executive Board.	3	3	9	Financial Memorandum between the RSB and SL College. Presentation of SLC Board papers to the RSB. Alignment of key strategies and policies - Regional College and Assigned College. Lanarkshire Board / SLC BoM and Committees' Terms of Reference; Audit and Risk Committee and Finance Committee monitoring; Independent, internal audit; SFC Review; Processes around distribution of cash between Regional College and Assigned College fully embedded. Internal auditors have a brief to undertake a specific internal audit review of Regional Governance	1	3	3	Not Required at this time.	N/A	**Risk Owner:** Chief Financial Officer (NCL) / Head of Finance (SLC) **Reporting:** Principal (NCL); Principal (SLC); Chair (RSB).
Y	11	3.4; 2.6; 4.7	**Risk of failure of the Payroll system** due to on-going issues and concern around a single point of failure	Financial Reputational Compliance	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group Risk Management Group / Executive Board.	4	5	20	The payroll team are being supported by ICT to ensure the necessary files can be created and sent each month and that all staff are paid on time. A working group has been establied to consider a new HR system for the College including a new, simplified payroll system.	2	5	10			
V	21	3.4; 2.6; 4.7	**Failure to hold and manage personal data appropriately in compliance with the requirements of the UK General Data Protection Regulations (UKGDPR).**	Financial Reputational Compliance	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group Risk Management Group / Executive Board.	5	4	20	In response to the Audit by Wylie & Bisset (of Feb 2022) an action plan has been developed to address all of the 8 recommendations. A response to these recommendations has been to the Audit & Risk Committtee of the Regional Board. The actions will be implemented and reviewed. Progress to date includes completion of the accountability tracker, along with the development and rollout of data protection training for all staff. The inaugural meeting of the newly formed Information Governance Group is set to take place on 1st Sept.	1	3	3	CAP required to ensure the recommendations are addressed. These are (HIGH) policies and procedures, data sharing agreements and data cleansing exercise. MEDIUM risks are: UKGDPR management oversight and board reporting, data subject rights, ICO accountability tracker, privacy notices and training. Progress on the CAP will be reported on quarterly.	CAP initiated now ongoing and reviewed quarterly	**Risk Owner:** College Registrar; **CAP Owner:** College Registrar; **Reporting:** College Registrar
GOVERNANCE															
J	18	3.1; 3.2; 3.4; 4.1	**Failure to establish and implement an effective regional governance model.** Failure to meet SFC's expectations expressed in their "Governance checklist"; Failure of due diligence by the RSB / failure of good governance;	Financial Reputational Compliance	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group Risk Management Group / Executive Board.	3	4	12	Lanarkshire Board action plan in response to SFC's requirements for RSBs; Access to CPD for regional board members; Lanarkshire Regional Board's Committee monitoring and support framework. SLC Goverance Improvement Plan 2021 -22	2	3	6	Commissioned internal audit providers to cover Regional governance annually in their programme of work.	CAP initiated now ongoing and reviewed quarterly	**Risk Owner:** Deputy Principal (Students and Curricuculum) (NCL) / DP (SLC) **CAP Owner:** Chief Financial Officer (NCL) / Hof Finance (SLC) **Reporting:** Principal (NCL); Principal (SLC); Chair (RSB).

REGIONAL STRATEGIC RISK APPETITE

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

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

REGIONAL STRATEGIC RISK PROFILE & SCORING

Risk Profile

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

Assessing Overall Risk And Risk Threshold

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

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

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

REGIONAL BUSINESS PLAN RISK REGISTER - UPDATED INTERIM May 2023

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

REGIONAL BUSINESS PLAN RISK PROFILE & SCORING

Risk Profile

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

Assessing Overall Risk And Risk Threshold

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

Impact Descriptions

	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

Strategic Risk Register
Summary Schedule

Dated reviewed by Senior Leadership Team	02/05/2023
Dated reviewed by Risk Management Group	27/04/2023
Next date of review	TBC

Audit and Risk Committee

15 May 2023

Risk No.	Description	Link to College Strategic Objectives	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission		Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	
1	That the College cannot maintain financial stability	3	4	3	12	12	➡	0	4	3	12	12	➡	0
2	That there is a failure of financial controls	3	4	2	8	12	⬆	-4	3	2	6	9	⬆	-3
3	That there is failure to meet Credit target and /or failure to retain major public and private contracts.	1,3	4	3	12	12	➡	0	3	3	9	9	➡	0
4	That there is a breach of legislation and associated regulations (incl. GDPR)	2,3	2	3	6	6	➡	0	2	2	4	4	➡	0
5	That there are insufficient funds for capital project and maintenance requirements	1,3	4	2	8	8	➡	0	3	2	6	6	➡	0
6	That there is a failure to meet statutory and legislative health and safety as well as safeguarding requirements.	2	3	3	9	9	➡	0	3	2	6	6	➡	0
7	That there is business	3	4	2	8	8	➡	0	3	2	6	6	➡	0
#	That there is a theft of, or damage to, Management Information System (incl. cyber-crime)	2,3	3	2	6	6	➡	0	3	2	6	6	➡	0

ID	Description													
		1,2	4	2	8	8	→	0	2	2	4	4	→	0
]	That there is a failure to provide an engaging and effective employee journey.	1,2	4	2	8	8	→	0	3	2	6	6	→	0
	That there is a failure to safeguard the health and wellbeing of staff and students.	1,2,3	3	3	9	9	→	0	3	2	6	6	→	0
12	That the College cannot provide a robust learner experience supporting them onto their final destinations.	1,2	4	2	8	8	→	0	3	2	6	6	→	0
13	That there is a failure of Corporate Governance arrangements	2,3	4	3	12	12	→	0	3	2	6	6	→	0
14	That there is a reputational risk to the College.	3	2	3	6	New risk			2	3	6	New risk		

College Strategic Objectives:

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

Risk Key

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

		Strategic Risk Register					
			Dated reviewed by Senior Leadership Team			02 May 2023	
			Dated reviewed by Risk Management Group			27 April 2023	
			Next date of review			TBC	

Note: College strategic aims

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
1	26/04/2021	3.1, 3.5, 3.6	That the College cannot maintain financial stability	4	3	12	12	0	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.

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

Jan 2023
Awaiting indicative funding for the next academic year in March 2023. Indications are flat cash funding scenarios relating a real cut. Value for Money Group meeting on 25th January 2023.

Apr 2023
Value for Money Group focus on staffing efficiencies and more robust Curriculum Planning model for 2023/24. Flat cash Grant in Aid settlement confirmed, but with additional cut in activity & funding for the Region. | 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;

January 2023
College has to continue working to make efficiencies and savings. | College reporting surplus for 2021/212and 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 to 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.

January 2023
Await update from the Value Money group on 26 January 2023

April 2023 Indicative grant in aid allocation received; expectation of flat cash settlement confirmed. Budgeting exercise already commenced on this assumption. |
| 2 | 26/04/2021 | 3.1, 3.2 3.5, 3.6 | That there is a failure of financial controls | 4 | 2 | 8 | 12 | -4 | 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 | 2 | 6 | 9 | -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.

May 2022
New auditors appointed. Internal audit plan approved.

August 2022
Management Response to Azets report has almost completed its actions.
Audit process is fully underway with three audits to date including, cybersecurity, 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 in year monitoring

January 2023
All management information is being checked to review credit activity. Curriculum teams are working to take appropriate mitigating actions. | 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 /or failure to retain major public and private contracts. | 4 | 3 | 12 | 12 | 0 | Clawback of SFC activity funding and shortfall in income. Failing to meet credit targets on a consistent basis may affect annual activity allocation.
Failure to meet maintain ESF records to substantiate our claim is likely to affect income | Student activity is monitored on a weekly basis by senior management via the SLT meetings, with those weekly reports being made available to faculty and admissions staff; Additional enhanced reporting in use through Power BI to monitor real time information.

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.

Jan 2023
All credit activity to up on the by 27 January and checks to made on this.
Plans are being put in place to meet the gap, such as the preparing to study courses.

April 2023
Additional activity running and planned to meet credit target. | 3 | 3 | 9 | 9 | 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
Add in credit information

October 2022
Scenario planning and forecasting under way for the 2022/23 academic year; New website being launched in November 2022 to support with recruitment and learner journey.

April 2023
Progress being made, but dependent on planned activity. | 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 sensitive data associated regulations (incl. GDPR) | 2 | 3 | 6 | 6 | 0 | Breach or leak of sensitive data impacting on college reputation. | Data Protection Officer in place to advice on general Data Protection Regulation; Staff mandatory training and policies in place and actively marketed to heighten awareness; Compliance/audit checks in place; GDPR policies currently being updated as part of College-wide policy refresh exercise;
Training planned for all staff on legislative and regulatory issues, including conflict of interest, bribery and corruption and security of assets.

August 2022
A suite of new polices have been developed and/or updated; Multi factor authentication in train; Cyber security Essentials status obtained; Training completed on conflict of interest etc as above and data protection and GDPR.

October 2022
Cybersecurity audit completed satisfactorily. College is now undertaking penetration testing; All staff conference in August; all staff completed mandatory training on GDPR; Data Protection portal is now live.

April 2023
New retention policy has been agreed and published. Cyber Essentials plus was successfully completed in Feb | 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.

Jan 2023
Due to go to next Audit Committee in February 2023.

Apr 2023
Retention Documentation has been issued, further actions will be completed including communication of this guide for all managers to control the documentation Cyber risk framework is being updated in June this year to ratify the score in this sheet. (Cyber risk can be escalated if important issues arise in that review) | Data protection team have worked through a number of ROPA with each area and are currently pulling together Info Asset Register.
Records Retention Policy now complete and published, actions will follow this publication via communication of this policy to improve document governance. |
| 5 | 26/04/2021 | 2.1, 2.2, 2.6, 3.5 | That there are insufficient funds for capital project and maintenance requirements | 4 | 2 | 8 | 8 | 0 | The College estate is 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.

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 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.

April 2023
College has funding for capex projects to support with the estate and its maintenance and upkeep. Funding has been ear marked for the external building inspection. | 3 | 2 | 6 | 6 | 0 | Current planning is to utilise cash holding to fund an infrastructure investment programme; Additionally, the college is planning to undertake an estate condition survey to ensure that a clear plan for any additional work is captured ; The air conditioning units and the roof are all currently being replaced; Air Conditioning replacement completed. Roof project almost completed, snagging being undertaken. Building is weather proofed.

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)

Jan 2023
Update on capex progress to date at VfM group on 25th January 2023.

April 2023
Funds have been committed to support the key changes to the building. | 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 in 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.

January 2023
Health and Safety Policy launched and names of those who have read it recorded.

April 2023
Progress made against internal audit plan and Health and Safety Committee meets regularly to keep on top of action and key | 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.

January 2023
Training sessions now being scheduled.

April 2023
Significant progress made with policy and procedures. | |

	Strategic Risk Register					
		Dated reviewed by Senior Leadership Team			02 May 2023	
		Dated reviewed by Risk Management Group			27 April 2023	
		Next date of review			TBC	

Note: College
strategic aims

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
7	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is business interruption due to major disaster, IT failure etc	4	2	8	8	0	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Business Continuity Plan for College in place. Business interruption insurance in place. Member of HEFESTIS and benefit from shared intelligence. \n\nAugust 2022\nInternal audit for cybersecurity completed.\nUpdated Microsoft Licence of A5 allows for enhanced protection.\n\nOctober 2022\nA5 licence in place and multi factor authentication in place.\n\nApril 2023\nBoard briefing for cyber security due on the 2nd of May, satisfying cyber audit points.	3	2	6	6	0	Existing business continuity arrangements being reviewed in light of recent events.\nKey estates risks now been identified and have been or are being resolved.\n\nFurther training for incident response for board members needs to be considered and scheduled (Scenario training)\n\nA review of BCDR documentation is to be completed in the next few months to update mitigation controls.	The College had a developed Business Continuity Plan embedded prior to the COVID pandemic and has built on that via infrastructure improvements and additions utilising additional SFC ring-fenced funding.\n\nUpdate 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	6	0	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Shared sector approach in place through HEFESTIS and advanced intelligence.\nRobust and regular testing of IT systems\nBusiness continuity plans in place for IT and MIS areas. Annual certification with\nCyber Essentials Plus\nIncident response training	3	2	6	6	0	Jan 2023\nCyber Essentials Basic has been complete and college is compliant. Cyber Essentials Plus to be completed FEB 2023\nClose off from H&L Cyber audit actions by the summer, which should change the position of this task.\n\nApril 2023\nCyber Essentials complete, Cyber training planned for the Board on the 2nd of May. Planned asset tracking update due in July 2023 to ratify the buildings equipment checks.	College successfully completed its Dec 2022 Cyber security audit with no issues.\n\nIncident Response Policy Updated\n\nPen testing to be reviewed and purchased in the next few months
9	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.3	That there is a failure to achieve high standards of learning and teaching.	4	2	8	8	0	Impacts on the student experience, the college's reputation and Education Scotland risk ratings. Impacts on student recruitment leading to financial risk.	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.\n\nMay 2022\nEducation Scotland progress visit was very positive.\n\nAugust 2022\nLearning and Teaching policy going to CQD 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.\n\nOctober 2022\nCollege deemed low risk by HMIE so will only have a one day annual engagement visit in February 2023.\nAll quality processes in place and agreed by SLT, unions etc and in progress for the 2022/23 academic year.\nFull self-evaluation in progress for the College for a thorough analysis of PI and College progress in 2021-22\n\nJanuary 2023\nFirst self-evaluation cycles completed and progress reviews have taken place. Ongoing engagement and campus visits from HMI.\nAudit cycle in train. Robust learner voice processes which are acted on promptly.\n\nApril 2023\nEvaluation process updated and self evaluation progress occuring. HMIE Education Scotland visit took place in March 2023 which	2	2	4	4	0	Transitional quality cycle in place for the pandemic years.\nSelf-Evaluation completed for Faculties and for college.\nContinued utilisation of improved reporting to support business insight and action.\n\nCourse Team Reports completed for block 1.\n\nJan 2022\nRisk 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.\n\nMay 2022\nEducation Scotland visit positive, demonstrates progress against actions.\n\nOctober 2022\nMitigating actions in place.\nExternal 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.\n\nApril 2023\nEducation Scotland annual engagement visit report received which did not contain any main points of action.	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; 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 IIP 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.\n\nAugust 2022\nHR Strategy approved by the Board of Management in June 2022; Career Review launched successfully.\n\nOctober 2022\nAccreditations 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.\n\nJanuary 2023\nEmployee Journey being mapped out and associated procedures being drafted, with a view of lean process management and consideration of both automation and employee experience. People Managers being trained on disciplinary, grievance and investigations by ACAS.\nReview of payroll and pensions process.\n\nApril 2023\nThe College now has We Invest in Well Being Platinum	3	2	6	6	0		College accreditations are being refreshed.
11	04/02/2022	2.1, 2.3, 2.5, 2.7, 3.1, 3.2, 3.4, 3.6 / Aim 1	That there is a failure to safeguard the health and wellbeing of staff and students.	3	3	9	9	0	Impacts on the health and wellbeing of staff and students. This could result in high absence, disengagement and higher withdrawal rates for students. Risk of serious harm to the individual if the appropriate safeguarding action is not taken. This would significantly impact the student and staff experience leading to potential risk of legal action, complaints and having a negative impact on the college reputation.	August 2022\nOngoing effective development of safeguarding and health and wellbeing support for staff and students. Safeguarding / GBV Prevention / Corporate Parenting / Carers Support policies and procedures in place. Specialised staff in Student Services and HR responding to concerns or issues. Criminal Convictions and PVG is undertaken as part of the employee recruitment process. Safeguarding, Prevent and Corporate Parenting training is mandatory as part of the staff induction process. Safeguarding including Prevent, Corporate Parenting, Mental Health & Wellbeing information and videos part of the Learner Induction process. College Safeguarding Group is a cross-college group which has both student and staff membership - this groups meets quarterly. GBV Prevention Strategy and Action Place / Corporate Parenting Plan in place which is monitored by the Safeguarding Group.\nOther mitigations include:-\n•Student Support email address. Same day response, including responses to financial and emotional crisis support.\n•Guidance and support staff available on campus for in person support on same day appointment basis.\n•Staff are trained in Mental Health First Aid and ASIST\n•Dissemination and attendance of external safeguarding training opportunities, such as those provided by CDN,\n•Counselling Service for staff and students.\n•Weekly Yoga and Mindfulness classes for staff and students\n•Online Togetherall resource for staff and students\n•Same day response provided via dedicated student support email, including responses to financial and emotional crisis support.\n•Guidance and support / line management staff available on campus for in person support on same day appointment basis.\n•Annual safeguarding, health and wellbeing calendar of events\n•College Mental Health Group and LGBT Champion Group in place\n•Peer support groups for staff and students\n\nApril 2023\nThe new Safeguarding Policy and Procdure for staff and students has been updated and will go to the main board in June 2023.	3	2	6	6	0	Full review of Safeguarding policy and procedure planned for AY 2022-23\nReview of safeguarding processes in place for staff and students as part of our continual improvement cycle. New safe guarder role and training remit produced with plans to create a network of safe guarders across the college that would feed into the College Safeguarding Group.\n\nMay 2022\nAdditional training being put in place for August 2022 staff conference.\n\nAugust 2022\nMitigating actions are robust.\nAll 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\n\nOctober 2022\nAdditional staff in Students Services to help support well-being.\nStudent Support Strategy in progress.\nRemploy an organisation to facilitate staff return to work is now being used to support.\n\n"We invest in wellbeing" survey issued to staff as part of Investors in People application with action plan formulated to deal wityh results..	

		Strategic Risk Register		Dated reviewed by Senior Leadership Team	02 May 2023								Note: College strategic aims		
				Dated reviewed by Risk Management Group	27 April 2023										
				Next date of review	TBC										

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
12	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.5, 2.6, 2.7, 3.1, 3.3	That the College cannot provide a robust learner experience supporting them onto their final destinations.	4	2	8	8	0	Relates to application and recruitment experience, students not receiving the appropriate or accurate information or the necessary access to support such as financial or health and wellbeing. Recruitment impacted by outdated systems impacting the experience. Also any delays to bursaries, additional IT equipment and discretionary support may impact.	Applications are monitored by the Student Services Team, review of application and enrolment system in train. Financial and emotional support offered by the Team. Team undertake regular training to provide the best possible service and to keep up to date with changes. Power BI now being used for curriculum planning and to ensure a more efficient application process. Other mitigations include •Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. •Guidance and support staff available on campus for in person support on same day appointment basis. •Ongoing review of new Admissions electronic system to ensure smooth transition from application to enrolment. Additional work to be undertaken in this area via regular working group meetings. •Staff attendance at new Mental Health First Aid training, as provided by SLC. •Dissemination and attendance of external training opportunities, such as those provided by CDN, etc. •Review potential increase in counselling and guidance/support provision to ensure reduction in waiting times for emotional support. •Bursary software under review with developers. •Support being provided to SA including additional recruitment of new VP. •Provision of long term laptop loans via Library service to facilitate engagement in class and coursework. 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	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 for applications and curriculum planning. Review taking place regarding staffing resources to meet student needs of financial and emotional support. This includes reviewing the possibility of additional recruitment within student funding, guidance and support, etc, including student placements for counselling. May 2022 Current strike action by EIS is having a negative impact on the learning experience. EQA activity at risk due to lecturers potentially not engaging and resulting learners as well. August 2022 Mitigating actions have allowed this risk to be reduced due to the completion of the key system updates, removal of barriers to progress and clearer focus on supporting students to achieve their destinations. October 2022 Work in progress on reviewing business support functions supporting the learner recruitment journey. January 2023 Longer term review required.	A
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; Revitalised 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. April 2023 The AAR report stated that the College was now fully compliant with the Code of Good Governance for Scotland's Colleges as at July 2022.	3	2	6	6	0	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 polices have been updated, financial regulations and bribery have all been updated and approved by Committee. Disciplinary, capability and grievance also due to be signed off at next HR Committee meetings. Governance Improvement plan shows progress against key actions. Board strategy day planned for 16 May 2022. Acting Principal now in place until investigation has been resolved. Risk now of reputational damage due to increase in press coverage. Challenges in recruiting key staff and risks around staff being able to leave for additional positions. August 2022 Strategy Day planned for August 2022 Clerk to the Board reviewed key documentation New staff and student members appointed through the Clerk's successful recruitment. Significant progress made on Government Improvement and Management Response Plans. The College adheres strictly to the Code of Good Governance for Scottish Colleges. October 2022 Mitigating actions supporting progress to green. January 2023 To date corporate governance is robust, with no breach of the Code for the 2022-23 year.	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.
14	24/01/2023	2.3, 3.2, 3.3	That there is a reputational risk to the College.	2	3	6	6		•That potential students, staff or Board members are deterred from enrolling / joining the College. •That the College suffers financial loss from a	• Staff development sessions on, for example, inclusiveness and diversity being part of mandatory training for staff; • Regular staff meetings including annual all-staff conference; • College has complaints procedure, clearly highlighted on website; • Extensive governance training for senior staff and Board members being delivered as part of a rolling programme of development	2	3	6	6		• Strategy being deleoped to ensure that "good news" stories are gathered centrally and distributed accordingly, particularly via social media; • The implications of impending decrease in allocation of central funding or activity to be managed accordingly in terms of publicity and student / staff perception and morale; •Action plan being formulated to address issues raised in staff survey	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.

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

AUDIT AND RISK COMMITTEE

DATE	28 Aug 2023
TITLE OF REPORT	Rolling Audit Recommendation Review
REFERENCE	Agenda Item 05.2
AUTHOR AND CONTACT DETAILS	Keith McAllister – Head of Finance keith.mcAllister@slc.ac.uk
PURPOSE:	• To present an update on the work that has been undertaken by the College to address previous audit recommendations.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: • Note the work that has been done to address the recommendations to date; • Note that all items are either partially completed or in progress and that there is a timetable to address both.
RISK	• That the College cannot maintain financial stability • That there is a failure of financial controls • That there is a failure of Corporate Governance arrangements • That there is a reputational risk to the College.
RELEVANT STRATEGIC AIM:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• The College has made significant progress in addressing the recommendations made in previous audit assignments. The attached report details the progress and, where appropriate, has amended target dates. • There are 21 recommendations on the monitor, 9 are complete, 12 are partially complete or in progress. Where appropriate, target dates have been amended. • There are a number of risks relating to the cyber IT audit and a significant amount of work has been done to address the outstanding points, with the Head of MIS liaising closely with Henderson Loggie. • This report should be read in conjunction with the Henderson Loggie Follow Up Recommendations audit.

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Status at 18 August 2023	Expected Completion Date	South Lanarkshire College management update as at 18 August 2023
2019/20							
Payroll and Expenses	The College should review and, if necessary, update the Expense Procedural Manual in line with its version control information.	Head of Finance	1	Oct-20	Complete	N/A	The College's Financial regulations were updated and were approved by the Finance and Resources Committee in April 2022. The controls in that document flowed into an updated Expense Procedure Manual which was presented to the SLT as per the new procedures for policy approvals in February 2023 before being presented to and approved by the Finance Committee.
2019/20							
Strategic Planning	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.	Depute Principal	2	To be confirmed – for the next round of Strategic Planning	Complete	N/A	Stakeholder newsletter issued in May / June and College has had meetings with a range of stakeholders and Board members. The College has also been engaging with the South Lanarkshire Community Planning Partnership. The latter has resulted in a grant from the Shared Prosperity Fund.
2020/21							
No recommendations outstanding							
2021/22							
Cyber Security	Formally document the College's specific cyber security risks and vulnerabilities, along with controls and mitigations, within an IT or cyber risk register. Format should be in line with the College's strategic risk register.	Heads of IT and Finance	3	31-Dec-22	Partially complete	Nov-23	The cyber risks detailed in the NCSC 10 things have been collated into a framework that we can demonstrate to the committee and the auditors. New framework template is currently being discussed with the HEFESTIS cyber security shared service and progress has been made to ensure all risks have been mitgated or progress has been made towards the mitigation
Cyber Security	To effectively communicate the College's risk management approach to management and Board members, so that they understand how cyber security risks should be managed and to help them make decisions about them, updates on the cyber threat landscape, events, actions, and plans surrounding cyber security within the College and the sector should be reported to the Management Team and to the Board regularly. Reporting should include a summary of the top-rated risks on the College cyber risk register (see R1) and details of mitigations already in place and those further required.	Head of IT and Clerk to the Board	3	31-Dec-22	Complete	Mar-23	This follows on from the risk register setup above. Once we're comfortable with the formal review of the documentation and it has been agreed by the auditors, this can be shared with the risk committee. In addition, the Head of IT provides an update report to SLT at least once a term on cyber security. The Board now consider a minimum of two reports a year on cyber security.Cyber security posture/incidents are now reported to the board. The mitigations and the list of the threats were presented to the board at the last board strategy day.
Cyber Security	Ensure that a formal programme of refresher training is established for staff users with a risk-based approach adopted in identifying the frequency of refresher training requirements	Heads of IT and HR	3	30-Jun-23	Partially complete	30-Sep-23	A program that has been written up by the Head of IS and the HEFESTIS shared service has now been implemented. This involves the various training that staff potentially could be lacking and align to the risk stated in the register mentioned above.

Cyber security has been purchased as part of a suite of e-learning materials and training has been rolled out.The training has been rolled out at the beginning of term and stats from this e-module will support the interaction with the staff on this basis. |
| Cyber Security | Review and reconfigure the cyber training compliance reporting parameters to ensure that data reported consists of current users only. The data reported can then be used more meaningfully by Organisational Development, departmental line managers, and the Head of Information Systems and Services to monitor staff compliance rates. | Heads of IT and HR | 3 | 30-Jun-23 | Partially complete | 30-Sep-23 | The effectiveness of the training and the training materials have been sourced as part of the previous item. The stats that support this should follow on from the training communicated to staff. |

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Status at 18 August 2023	Expected Completion Date	South Lanarkshire College management update as at 18 August 2023
Cyber Security	A programme of information security training should be developed for students to mitigate information security risks covering: •the organisation's IT security policies and procedures. •cyber security risks and strategies for defence, covering internet safety, mobile and home working, phishing, and prevention against malware. •regular updates and training on the security risks to the College. •monitoring the effectiveness of security training through incident monitoring and mock scenario testing; and •promoting an incident reporting culture.	Heads of IT and Student Services	3	28-Feb-23	Partially complete	30-Sep-23	This program is assoicated with the comments mentioned in the last two rows. This includes students and staff in the schedule The schedule was completed and shared before the end of Feb; the implementation is currently taking place at the start of the new term. Stats on its effectiveness will follow in due course.
Cyber Security	Mechanisms should be established for testing the effectiveness and value for money of the security training provided to staff. The areas of the organisation that regularly feature in security reports, or achieve the lowest feedback from information security questionnaires, should be targeted for further tailored training activity.	Head of IT and Clerk to the Board	3	30-Jun-23	In progress	30-Sep-23	We are currently working with JISC on such topics of the pen testing and phishing scam testing to test effectiveness. Unfortunately, we need to wait until training has been completed to fully assess the staff. This is due to be completed by the end of September, where we can assess the staff thereafter.
Cyber Security	Explore how guidance for staff on how to manage their digital footprints safely and reduce the risk of becoming a target for attackers, both in a professional and personal capacity, and particularly through use of social media platforms can be made more widely available to staff and Board members.	Heads of IT and HR	3	31-Dec-22	Partially complete	Dec-23	Social media guidance is already in effect, however follow up sessions and the impact of staff actions will form part of the training schedule details in the comments in the last few rows. Documentation is still under review, however a big improvement since this audit point has been with modifications to the azure platform to prevent 3rd party sign in without prior approval from the head of MIS, enforcing a culture of checking the app before logging in
Cyber Security	It is recommended that an audit of cloud and third-party systems in use across the College estate, which are not directly linked to College Active Directory or Office365 accounts, is undertaken to identify instances of staff using College logins and email accounts and put in place procedural guidance for line managers to revoke user access to such accounts, and for staff on good password management. Development of a digital asset register which combines the details of College hardware and software assets, as well as third party services operated by staff would provide clearer visibility of the College cyber and data risk profile. Any identified risks should then be included on the cyber risk register	Heads of IT and HR	3	31-Jan-23	Partially complete	Dec-23	Office 365 has now been fully implemented for 3rd party blocking of college accounts. Only approved apps can be used. Updates to HR will complete as part of the new HR system which will be completed in October, that will resolve the leavers and role change requirement for this point
Cyber Security	The Incident Response Process, and supporting playbooks, should be tested by way of a scenario-based desktop exercise to ensure staff know how to respond during an incident, and to also highlight any problem areas in the planned response.	Heads of IT and HR and the Clerk to the Board	2	31-Mar-23	In progress	31-Dec-23	Incident response documents exist along with playbooks. Will need review and updated before December. Training for the senior leadership team is scheduled for some time in October.
Cyber Security	Establish mandatory requirements within procurement procedures for relevant suppliers to provide evidence of current cyber security certifications. Also ensure that relevant suppliers provide copies of recertifications when these are due.	Head of Finance	3	31-Oct-22	Complete	N/A	This is complete. There is a separate form supplied by APUC to successful tenderers and the information is retained on their Supplier Chain Management (SCM) system.
Health & Safety	We recommend that a timetable for Health and Safety Policy / Procedure Approval should be developed to ensure the timely update of the Occupational Health and Safety Policy (and related policies, procedures and guidance) and a timeline for consideration by the Health and Safety Committee and ultimately formal approval by the Board. This timetable should include an action to develop a Communications plan which will ensure a planned launch and roll out of the new policy framework and procedures so that all staff and students are aware of the new Policy and procedures and know where to find the information which sets out their respective responsibilities.	Depute Principal	3	30-Nov-22	Complete	N/A	The Health and Safety Policy was approved by the Board of Management in November 2022. The policy is now live and all staff are required to read and accept the policy upon sign in. The Health and Safety Coordinator is putting together a series of briefing sessions to advise staff of the main changes.
Health & Safety	The wording around the reporting of near misses in the new Policy should include specific wording which clearly defines the types of near misses which should be reported and those which do not need to be reported.	Depute Principal	3	31-Oct-22	Complete	N/A	This has been added to the First Aid Policy and training to support will follow.

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Status at 18 August 2023	Expected Completion Date	South Lanarkshire College management update as at 18 August 2023
Health & Safety	We recommend that a programme of refresher training for staff should be developed to coincide with the launch of the revised Occupational Health and Safety Policy and associated procedures. Attendance at this refresher training should be mandatory for all members of staff and completion of the training should be monitored by HR to ensure full attendance.	Head of HR	3	31-Dec-22	Partially complete	Sep-23	This will be done in association wih the Health and Safety team as per the the launch of the policy. HR will provide generic H&S training as part of the e-learning suite. Health & Safety Officer issued email in this regard on 21st August; sessions running on 25 Aug 2023.
Health & Safety	An exercise should be completed to update the master spreadsheet to demonstrate the number of issues identified and to record the remedial action taken. Once the master spreadsheet has been updated, the location of the master document on the server should be communicated to managers so that they can review and provide updates on any remedial action taken.	Heads of HR and Estates	3	31-Dec-22	Partially complete	Sep-23	The master log is being updated and any outstanding items pursued to provide an update. This will be shared with all relevant managers. This will be actioned W/C 30th January 2023. Master spreadsheet to be fully reviewed by Head of Estates
Health & Safety	We recommend the reporting of an Annual Health and Safety Report be incorporated into the forward workplan for the Human Resources Committee to ensure that Board Members have the opportunity to consider and approve the annual report and the forward workplan for health and safety activity for the coming year.	Heads of Health & Safety and Estates	3	31-Dec-22	Partially complete	Sep-23	An annual report will be produced reporting on what has been completed during the year and set out the priorities and targets for the coming year. This will be carried out at the end of term in July 2023 thus working to term time.
Risk Management	Operational leads should be reminded of their roles and responsibilities in relation to risk management and use of the AIR Logs for the documentation of risks identified. On reinstating the RMG, its remit should be updated and arrangements for the reporting of Operational Risk Registers to the group clearly defined. The future RMG standing agenda should include the review of emerging risks arising from projects and capital works.	Head of Finance	3	31-Oct-22	Complete	N/A	Review of the Strategic Risk Register is now a standing item on the Risk Management Group agenda with the Register being reviewed prior to it being considered by the Senior Leadership Team. SLT business now includes review of the College's AIRlog and consideration of major items of spend.
Risk Management	The College's risk appetite for differing risk categories requires to be set by the Board so that resources (people, time and money) can be aligned to mitigating actions for risks that are approaching or exceed the College's agreed risk appetite levels. Risk appetite should also be reviewed annually or when there are significant changes in Board membership. Risk appetite for risk categories should be documented on the Strategic Risk Register to allow comparison against residual risk levels. Treatment of risks should also be considered as part of this exercise. Risk appetite and risk treatment arrangements should be documented in the Risk Management Policy and Procedures to ensure organisational knowledge and transparency on arrangements.	Head of Finance	3	31-Oct-22	Complete	Subject to ongoing, annual review	Risk appetite was considered by the Audit and Risk Committee in May 2023 and the Board of Management in June 2023. Risk appetite is an annual exercise for the Board to consider.
Risk Management	All risks should be linked to strategic objectives to ensure there is a golden thread from the College's strategy and performance requirements to the risks identified at a strategic and operational level. All risks and (associated mitigating actions) should have a single delegated owner to allow effective assessment of the appropriateness of the resource deployed to maintain mitigating controls and progress mitigating actions required to manage individual risks.	Head of Finance	3	30-Sep-22	Complete	N/A	All risks now linked to strategic objectives and all have a single dedicated owner.

						Audit and Risk Committee
						August 2023
						05.2
Report / Action	Recommendation	Action Owner	Grade	Original timescale	Status at 18 August 2023	Expected Completion Date	South Lanarkshire College management update as at 18 August 2023
Risk Management	A session on risk management should be included as part of the programme of Board Member Strategy Days with the leadership team. This will allow greater understanding on how the risks link to the College's strategic aims and objectives and the impact failure to manage these risks will have on future success. To support Board assurance, management should conduct an assurance mapping exercise on the internal and external reporting arrangements in place against the current risks on the risk register. This will allow for a central analysis of the arrangements in place and allow any gaps to be identified and appropriate supplementary reporting arrangements determined. Assurance mapping can be completed by adding additional columns to the existing risk register detailing the following sources of assurance established: •Internal - management reporting and quality assurance arrangements; and •External - internal audit, external audit, Education Scotland etc. Assurance reporting can then be brought into the forward planning for Board and committee agendas	Clerk to the Board, Principal	3	31-Aug-22	Partially complete	Nov-23	Internal audit providers Henderson Loggie presented a seminar on Strategic Risk Management at the Board training day in 2nd May 2023. The session incorporated separate workshops on setting the tone for risk management and risk assurance. Risk Policy and Procedures will be updated for the next meeting of the Audit & Risk Committee. An assurance mapping exercise is yet to be undertaken at the Audit and Risk Committee following forthcoming advice from Henderson Loggie.

AUDIT & RISK COMMITTEE

DATE	28 Aug 2023
TITLE OF REPORT	Internal Audit Update
REFERENCE	05.4
AUTHOR AND CONTACT DETAILS	Keith McAllister – Head of Finance Keith.mcallister@slc.ac.uk
PURPOSE:	To update the Committee on work undertaken by the College's internal audit service, Henderson Loggie
KEY RECOMMENDATIONS/ DECISIONS:	The Committee are asked to: • Note the clearance of outstanding recommendations • Note the recommendations made in the review of Staff Recruitment and Retention and the College responses thereto, and agree that these are appropriate • Note the update to work that has been undertaken during the year in context of the full internal audit programme
RISK	• That the College fails to identify risks and appropriate controls during day-to-day operations. • That the College does not meet governance requirements because of poor risk management and controls. In particular, that the College does not comply with the requirements of the Code of Good Governance and other requirements of it as a college. • That the College does not fulfil its requirements as regards giving assurance to the Regional body and to its external auditors.
RELEVANT STRATEGIC AIMS:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours

SUMMARY OF REPORT:	• The Internal Audit service has provided three reports for the Committee's consideration.

	o Follow Up of Previous Recommendations
	    o Staff Recruitment and Retention
	    o Progress for the Year

	Follow Up of Previous Recommendations
	As regards the Follow Up of Previous Recommendations, the College has fully implemented 23 of the 30 recommendations (77%) with 1 no longer relevant and 7 partially implemented. Reference should be made to the College's own Recommendations Monitor as there is a crossover to this report.
	Staff Recruitment and Retention
	The Staff Retention and Recruitment audit covered two main areas of focus as per the title of the report. The report gave an overall "Satisfactory" rating, which is the highest level of assurance that Henderson Loggie use as their measure of effectiveness.
	The report listed 11 "strengths" and 6 "opportunities for improvement". The latter fed into 6 formal agreed actions, one of which was given a priority rating which was considered a significant risk which the College should address. The remaining five agreed actions were assessed as minor risks which, if addressed, would enhance efficiency and effectiveness.
	The College has given its response to the observations, and these include a deadline for appropriate action to be taken.
	Progress Report for the Year
	The Progress Report notes that the field work re the audit of **Budgetary Control** has been completed and preparatory work on the **Governance** audit has commenced. This latter work replaced the planned audit on **Publicity and Communications**; this audit is rescheduled for next academic year.
	The report on the audit of **Staff Recruitment and Retention** is included as above.
	The field work on **Quality Assurance** will commence at the end of August.

South Lanarkshire College

Follow Up Reviews 2022/23

Internal Audit report No: 2023/02

Draft issued: 22 August 2023

Final issued: 22 August 2023

Henderson Loggie

Contents

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 2022/23 includes two days for a follow-up of the recommendations made in Internal Audit reports issued during 2021/22 and reports from earlier years prepared by the College's previous internal auditors, AZETS, where previous follow-up identified recommendations outstanding. These were:

- Internal Audit Report 2022/02 - Risk Management;
- Internal Audit Report 2022/03 - Cyber Security;
- Internal Audit Report 2022/04 - Health and Safety;
- Internal Audit Report 2022/05 – 2021/22 Student Activity Data;
- Internal Audit Report 2022/06 – Follow-Up Reviews 2021/22;
- Internal Audit Report 2022/07 - Corporate Governance - Governance Improvement Plan; and
- Internal Audit Report 2022/09 - Student Support Funds 2021/22.

Internal audit report 2022/01 – Strategic Plan 2021 to 2024 and Internal Audit Annual Plan 2021/22 and 2022/08 – Annual Report did not contain an action plan and therefore no follow-up activity was required for these specific reports as part of this review.

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 good progress in implementing the recommendations followed-up as part of this review with 22 of 30 (73%) recommendations being categorised as 'fully implemented' (21) or 'no longer relevant' (1) and 8 recommendation (27%) assessed as 'partially implemented'. The 'partially implemented' recommendations, which are mainly from report 2022/03 – Cyber Security, 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 Implem-ented or No longer relevant	Partially Implem-ented	Little or No Progress Made	Not Past Agreed Completion Date	Considered But Not Implemented
2022/02 - Risk Management	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	4	3	1	-	-	-
Total		**4**	**3**	**1**	**-**	**-**	**-**
2022/03 – Cyber Security	1	-	-	-	-	-	-
	2	1	-	1	-	-	-
	3	9	4	5	-	-	-
Total		**10**	**4**	**6**	**-**	**-**	**-**
2022/04 - Health and Safety	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	5	5	-	-	-	-
Total		**5**	**5**	**-**	**-**	**-**	**-**
2022/05 – 2021/22 Student Activity Data	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	5	5	-	-	-	-
Total		**5**	**5**	**-**	**-**	**-**	**-**
2022/06 – Follow-Up Reviews 2021/22	4	-	-	-	-	-	-
	3	-	-	-	-	-	-
	2	1	1	-	-	-	-
	1	-	-	-	-	-	-
Total		**1**	**1**	**-**	**-**	**-**	**-**
2022/07 - Corporate Governance - Governance Improvement Plan	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	2	2	-	-	-	-
Total		**2**	**2**	**-**	**-**	**-**	**-**
2022/09 - Student Support Funds 2021/22	1	-	-	-	-	-	-
	2	2	1	1	-	-	-
	3	1	1	-	-	-	-
Total		**3**	**2**	**1**	**-**	**-**	**-**
Grand Totals		**30**	**22**	**8**	**-**	**-**	**-**

Overall Conclusion (Continued)

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 Henderson Loggie internal audit reports:

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.

The findings from each of the Azet's follow-up reviews has been summarised below:

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 reviews.

Appendix I - Updated Action Plan
Internal Audit Report 2022/02 - Risk Management

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R1 Operational leads should be reminded of their roles and responsibilities in relation to risk management and use of the AIR Logs for the documentation of risks identified. On reinstating the RMG, its remit should be updated and arrangements for the reporting of Operational Risk Registers to the group clearly defined. The future RMG standing agenda should include the review of emerging risks arising from projects and capital works.	3	**Accepted.** It had been decided to deal with risk and the Risk Register at the Senior Leadership Team (SLT) but the Risk Management Group has been reinstated and met in August 2022, with the updated Risk Register being considered at the following SLT. Departments will be required to have a risk AIR log which will be considered at each of their meetings, with issues being reported back to the SLT. Consideration of risk will be an agenda item at all Board, Standing Committees, and internal meetings from August 2022. The risk procedures document will be updated to reflect any amendments to arrangements.	Head of Finance Head of Finance	30 September 2022 31 October 2022	The SLT considers an AIR log at every meeting. Every paper presented to Committees and the Board of Management includes a section which presents the risk(s) associated with the subject. Changes have been introduced over the year since the risk management procedures were last presented to the Board in March 2022. This document is to be updated and presented to the Audit and Risk Committee in August 2023. ***Fully Implemented***

Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R2 The College's risk appetite for differing risk categories requires to be set by the Board so that resources (people, time and money) can be aligned to mitigating actions for risks that are approaching or exceed the College's agreed risk appetite levels. Risk appetite should also be reviewed annually or when there are significant changes in Board membership. Risk appetite for risk categories should be documented on the Strategic Risk Register to allow comparison against residual risk levels. Treatment of risks should also be considered as part of this exercise. Risk appetite and risk treatment arrangements should be documented in the Risk Management Policy and Procedures to ensure organisational knowledge and transparency on arrangements.	3	**Accepted.** The Board planning day scheduled for August 2022 will concentrate on strategic risk. Risk appetite will be reviewed annually by the Board of Management in June of each academic year. Clerk to Board/ Head of Finance June 2023. The nature of a further education college is such that risk appetite will be low. However, this will not preclude the College from considering individual risks which may not be deemed to be other than low risk. A note to this effect will be added to the College risk procedures.	Head of Finance	31 October 2022	A presentation on Risk Appetite to the Board was made at its Development Day in May 2023. This was delivered by the Henderson Loggie Head of Internal Audit and was followed by a group session on the subject. This review of Risk Appetite will be undertaken annually by the Board and this has been incorporated into the Board's annual workplan by the College's Governance Professional. The risk procedures are being reviewed and will be presented to the Audit and Risk Committee in August 2023. ***Fully Implemented***

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R3 All risks should be linked to strategic objectives to ensure there is a golden thread from the College's strategy and performance requirements to the risks identified at a strategic and operational level. All risks and (associated mitigating actions) should have a single delegated owner to allow effective assessment of the appropriateness of the resource deployed to maintain mitigating controls and progress mitigating actions required to manage individual risks.	3	**Accepted** All risks will be linked to strategic objectives and will have a single delegated owner. A note to this effect will be added to the College risk procedures.	Head of Finance	30 September 2022	The Risk Register now has a summary header which incorporates a reference to the College's strategic objectives. All risks have a single dedicated owner. An update to the risk management procedures is to be presented to the August 2023 meeting of the Audit and Risk Committee and will incorporate this change. ***Fully Implemented***

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R4 A session on risk management should be included as part of the programme of Board Member Strategy Days with the leadership team. This will allow greater understanding on how the risks link to the College's strategic aims and objectives and the impact failure to manage these risks will have on future success. To support Board assurance, management should conduct an assurance mapping exercise on the internal and external reporting arrangements in place against the current risks on the risk register. This will allow for a central analysis of the arrangements in place and allow any gaps to be identified and appropriate supplementary reporting arrangements determined. Assurance mapping can be completed by adding additional columns to the existing risk register detailing the following sources of assurance established: • Internal - management reporting and quality assurance arrangements; and • External - internal audit, external audit, Education Scotland etc.	3	The Board planning day arranged for August 2022 will concentrate on strategic risk with input from Henderson Loggie and risk will be built into the Board's planning cycle. Assurance mapping will be added to the Risk Register. Additionally, risk has been added to the standing items on all Board, Standing Committee, and internal meeting agendas.	Head of Finance Acting Clerk / Acting Principal	31 October 2022 31 August 2022	A presentation of Strategic Risk was duly made to the Board at its Training Day in August 2022 by the Henderson Loggie Head of Internal Audit. Additionally, a presentation on Risk Appetite was made to the Board at its Development Day in May 2023 by the Henderson Loggie Head of Internal Audit, and this was followed by a group session on the subject. The review of Risk Appetite will be undertaken annually by the Board and this has been incorporated into the Board's annual workplan by the College's Governance Professional. The College does have an established Audit Assurance Framework and the annual review of this has now been incorporated into the workplan of the Audit and Risk Committee by the College's Governance Professional. This is rather than being incorporated into the Risk Register.

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R4 **(continued)** Assurance reporting can then be brought into the forward planning for Board and committee agendas.					An assurance mapping exercise has not however been undertaken in line with the original recommendation. *Partially Implemented* *Revised Date of Completion:* 31 October 2023

Appendix II - Updated Action Plan
Internal Audit Report 2022/03 – Cyber Security

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R1 Formally document the College's specific cyber security risks and vulnerabilities, along with controls and mitigations, within an IT or cyber risk register. The format of the risk register should be in line with the College's strategic risk register and risks scored, prioritised, and monitored in accordance with the College's risk management framework.	3	Accepted. A central IT Risk Register will be created.	Chris Sumner, Head of MIS and Head of Finance	31 December 2022	Progress has been made on this subject, but it is not complete. The College has updated its info sec framework to the latest Scottish Government version and is in the process of reviewing the documentation. A simple documentation for the National Cyber Security Centre's (NCSC) 10 Steps to Cyber Security requirements has been created in the format of the College risk management process. ***Partially Implemented*** ***Revised Date of Completion:*** 31 December 2023

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R2 To effectively communicate the College's risk management approach to management and Board members, so that they understand how cyber security risks should be managed and to help them make decisions about them, updates on the cyber threat landscape, events, actions, and plans surrounding cyber security within the College and the sector should be reported to the Management Team and to the Board regularly. Reporting should include a summary of the top-rated risks on the College cyber risk register (see **R1**) and details of mitigations already in place and those further required.	3	Accepted. The Head of IT will provide an update report to SLT at least once a term on cyber security. The Board will consider a minimum of two reports a year on cyber security.	Chris Sumner, Head of MIS, and the Clerk to Board	31 December 2022	Cyber security posture / incidents are now reported to the Board. The mitigations and the list of the threats were presented to the Board at the last Board strategy day. *Fully Implemented*
R3 Ensure that a formal programme of refresher training is established for staff users with a risk-based approach adopted in identifying the frequency of refresher training requirements.	3	Accepted. A programme of refresher training is being developed and will be implemented during academic year 2022/23	Chris Sumner, Head of MIS, and Head of HR	30 June 2023	New cyber security training has been rolled out at the beginning of term and stats from this e-module will support the interaction with the staff on this basis. *Fully Implemented*

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R4 Review and reconfigure the cyber training compliance reporting parameters to ensure that data reported consists of current users only. The data reported can then be used more meaningfully by Organisational Development, departmental line managers, and the Head of Information Systems and Services to monitor staff compliance rates.	3	Accepted. The College will incorporate this recommendation into its response to Recommendation 3.	Chris Sumner, Head of MIS and Head of HR	30 June 2023	As point **R3**. The new e-module has addressed this issue. *Fully Implemented*
R5 A programme of information security training should be developed for students to mitigate information security risks covering: • the organisation's IT security policies and procedures. • cyber security risks and strategies for defence, covering internet safety, mobile and home working, phishing, and prevention against malware. • regular updates and training on the security risks to the College. • monitoring the effectiveness of security training through incident monitoring and mock scenario testing; and • promoting an incident reporting culture.	3	Accepted. The College will review its student induction programme in order to enhance the cyber security elements. In In addition the College will issue mid-academic year security awareness guidance to students. The College will review the current cyber security information provided to students and revise as appropriate.	Chris Sumner, Head of MIS and Head of Student Services	28 February 2023	Work in progress. The College's induction process has guidance about the security posture and what is required of a user. However, the tracking of the impacts is currently hard to report. The new system for staff is being rolled out in August and if the modules are successful, the College could potentially use this to promote the student security aspect. *Partially Implemented* *Revised Date of Completion:* 28 February 2024

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R6 Mechanisms should be established for testing the effectiveness and value for money of the security training provided to staff. The areas of the organisation that regularly feature in security reports, or achieve the lowest feedback from information security questionnaires, should be targeted for further tailored training activity.	3	Accepted. This could also be folded into the other recommendations above. (**R3/R4**). This is considered and monitored as part of the recommendation to run security awareness program. This will be monitored and tested for value. The awareness training would also include the option for a mock phishing campaign.	Chris Sumner, Head of MIS	30 June 2023	The College is currently working with JISC on such topics of the penetration testing and phishing scam testing to test effectiveness. It needs to wait until the training from point **R3** and **R4** have been completed to fully assess the staff. This is due to be completed by the end of September, where the College can assess the staff there after. *Partially Implemented* *Revised Date of Completion:* 31 December 2023

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R7 Explore how guidance for staff on how to manage their digital footprints safely and reduce the risk of becoming a target for attackers, both in a professional and personal capacity, and particularly through use of social media platforms can be made more widely available to staff and Board members.	3	Accepted. The College will review the guidance provided to staff on the use of IT and social media to highlight the importance of cyber security.	Chris Sumner, Head of MIS and Head of HR	31 December 2022	Documentation is still under review, however a big improvement since this audit point has been with modifications to the azure platform to prevent 3rd party sign in without prior approval from the Head of MIS, enforcing a culture of checking the app before logging in. ***Partially Implemented*** ***Revised Date of Completion:*** 31 December 2023

Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R8 It is recommended that an audit of cloud and third-party systems in use across the College estate, which are not directly linked to College Active Directory or Office365 accounts, is undertaken to identify instances of staff using College logins and email accounts and put in place procedural guidance for line managers to revoke user access to such accounts, and for staff on good password management. Development of a digital asset register which combines the details of College hardware and software assets, as well as third party services operated by staff would provide clearer visibility of the College cyber and data risk profile. Any identified risks should then be included on the cyber risk register (**R1**).	3	Accepted. The College will implement fully MS Office 365 to utilise its capacity to monitor 3rd party apps. Additional processes for leavers and role changes will be introduced to limit opportunities for inappropriate access to College systems.	Chris Sumner, Head of MIS and Head of HR	31 January 2023	Office 365 has now been fully implemented for 3rd party blocking of College accounts. Only approved apps can be used. Updates to HR will complete as part of the new HR system that will be completed in October, which will resolve the leavers and role change requirement for this point. ***Partially Implemented*** ***Revised Date of Completion:*** 30 November 2023

Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R9 The Incident Response Process, and supporting playbooks, should be tested by way of a scenario-based desktop exercise to ensure staff know how to respond during an incident, and to also highlight any problem areas in the planned response.	2	Accepted. Action to address this recommendation will be included in the response to Recommendations 2 & 3.	Chris Sumner, Head of MIS, Head of HR, and the Clerk to Board	31 March 2023	Incident response documents exist along with playbooks. These will need review and updated before December. Training for the Senior Leadership Team is scheduled for some time in October. ***Partially Implemented*** ***Revised Date of Completion:*** 31 December 2023
R10 Establish mandatory requirements within procurement procedures for relevant suppliers to provide evidence of current cyber security certifications. Also ensure that relevant suppliers provide copies of recertifications when these are due.	3	Accepted. The College will ensure that APUC will take steps during the procurement process to seek confirmation of security accreditation and that this information is recorded with supplier details.	Head of Finance	31 October 2022	This is in place as part of the APUC procurement process. Evidence is provided as part of the tender documentation. ***Fully Implemented***

Appendix III - Updated Action Plan
Internal Audit Report 2022/04 - Health and Safety

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R1 We recommend that a Timetable for Health and Safety Policy / Procedure Approval should be developed to ensure the timely update of the Occupational Health and Safety Policy (and related policies, procedures and guidance) and a timeline for consideration by the Health and Safety Committee and ultimately formal approval by the Board. This timetable should include an action to develop a Communications plan which will ensure a planned launch and roll out of the new policy framework and procedures so that all staff and students are aware of the new Policy and procedures and know where to find the information which sets out their respective responsibilities.	3	Management accepts the recommendation. The Health and Safety policy will be submitted to the Board of Management for approval in October 2022 at the first meeting of the academic year. There will also be a communication plan to ensure all staff and students are aware of the revised policy. Agree also that a policy approval timeline will be provided.	Depute Principal	30 November 2022	New Health and Safety Policy was approved at the Board meeting in October 2022. This was communicated and relayed out to all staff, through staff newsletters, the Health and Safety Coordinator and training. All staff must agree to the policy every time they log onto their PCs. The policy is also located on the staff portal. ***Fully Implemented***

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R2 The wording around the reporting of near misses in the new Policy should include specific wording which clearly defines the types of near misses which should be reported and those which do not need to be reported.	3	Accepted, this will be fully incorporated into the revised Health and Safety Policy which will be taken to the Board of Management for full approval in October 2022.	Depute Principal	31 October 2022	Near miss procedure has been significantly developed and promoted and incorporated into the Health and Safety Policy. Training has also been given on this. *Fully Implemented*
R3 We recommend that a programme of refresher training for staff should be developed to coincide with the launch of the revised Occupational Health and Safety Policy and associated procedures. Attendance at this refresher training should be mandatory for all members of staff and completion of the training should be monitored by HR to ensure full attendance.	3	Accepted, staff will undertake refresher training for overall health and safety as well as for the revised and updated policy. Health and Safety awareness training provided for staff in August 2022.	Head of Human Resources	31 December 2022	Plans are in place to carry out refresher training with groups at department meetings. All staff as part of the preparation for the new academic year will undergo mandatory Health and Safety training from August 2023, through the online modules. This will be launched on 17 August 2023 at the staff development day. This is recorded by HR and where it has not been completed management will follow up. *Fully Implemented*

Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R4 An exercise should be completed to update the master spreadsheet to demonstrate the number of issues identified and to record the remedial action taken. Once the master spreadsheet has been updated, the location of the master document on the server should be communicated to managers so that they can review and provide updates on any remedial action taken.	3	Accepted management will ensure the tracking mechanism used is updated, and then continues to be updated routinely. All relevant managers will then have access to this document to demonstrate progress made. In addition, this will be made available to the Health and Safety Group for monitoring.	Head of Facilities and Health & Safety	31 December 2022	Accidents logged on H&S database which is restricted to H&S staff. A quarterly spreadsheet is produced and is made available to department heads. Managers now have access to this. This will also come to the Health and Safety Committee as a standing item for the academic year 2023/24. ***Fully Implemented***
R5 We recommend the reporting of an Annual Health and Safety Report be incorporated into the forward workplan for the Human Resources Committee to ensure that Board Members have the opportunity to consider and approve the annual report and the forward workplan for health and safety activity for the coming year.	3	Accepted, an end of year report and enhancement actions. This will be done via the new Team Development Plans and reported to Human Resources Committee.	Head of Facilities and Health & Safety	31 December 2022	Annual Report will be provided to HR Committee in September 2023. ***Fully Implemented***

Test

Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
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.	3	Accepted. Multiple enrolments are checked and currently have a Power Bi report that can display any students with a multiple claim.	Chris Sumner – Head of MIS	Q2 2022/23	Multiple enrolments have been checked this year on a regular basis using power bi and at the point of the quarterly returns. *Fully Implemented*
R4 For ESF students, ensure that Credits are only claimed for completed modules / units.	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.	Chris Sumner – Head of MIS	Q2 2022/23	This no longer applies as the ESF funding stream has ceased. *No Longer Relevant*

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
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	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.	Chris Sumner – Head of MIS	Q3 2022/23	Planning for the distance learning courses has been implemented with the curriculum planning system. This displays the modules hours and total planned hours. As per the non-SQA rated units, the lecturers were advised to make sure the timetabling system has recording for the work they spent on distance learning courses and the record of work associated with these modules. Submission of these updates should be demonstrated during the Credit audit in August. ***Fully Implemented***

Appendix V - Updated Action Plan
Internal Audit Report 2022/06 – Follow Up Reviews 2021/22

Original Recommendation	Priority	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at August 2023
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 **Revised:** 31 December 2022	**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. **October 2022** 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. ***Partially Implemented*** **Revised Date of Completion:** 31 December 2022	Updated Expenses Procedures approved at SLT on 28 February 2023. The previous document was not actually a policy as such, but a methodology for processing and administering expenses, hence the name change to illustrate this. With it not being a policy, there was no requirement to have it ratified by the Board. ***Fully Implemented***

Appendix VI - Updated Action Plan
Internal Audit Report 2022/07 - Corporate Governance - Governance Improvement Plan

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
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.	3	Accepted.	Acting Clerk	6 December 2022	Reminders were sent to all Board members. *Fully Implemented*

Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
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.	3	Accepted.	Acting Clerk	The Board Strategy Session May 2023	In June 2023 the Acting Clerk sought guidance from Board members as to the content of the Rolling Governance Review. This was to be built on the internal audit recommendation and informed by input from the SLT. In line with Best Practice this structured Governance Review was linked to the Principles set out in the Code of Good Governance. An updated return form was circulated and will be updated at the training day week commencing 21 August – at which time the Acting Clerk will also be asking the Board to review their own training needs. The two documents will combine to demonstrate a self-assessment exercise. ***Fully Implemented***

Appendix VII - Updated Action Plan
Internal Audit Report 2022/09 - Student Support Funds

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R1 As part of the preparation for the submission of the FES Return for academic year 2022/23, the College should ensure that a full and complete reconciliation of the FES return to the underlying FES data and ledgers is undertaken in advance of the FES submission to the SFC and in preparation for the audit start.	2	This will be undertaken in February 2023 and monthly thereafter.	Head of MIS	28 Feb 2023	The Management Accountant, Head of MIS and the Bursaries Officer have been liaising throughout the year to ensure that the situation is monitored and amended as appropriate. The College is confident that the issue has been addressed. This will be tested as part of the 2022/23 support funds audit. ***Fully Implemented***

Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress at August 2023
R2 The College should undertake a review to identify digital study materials and determine a basis for apportioning costs to Bursary students, ensuring that the cost of any core teaching materials that should be covered by the core grant and any costs relating to non-Bursary students are excluded.	2	The College will analyse digital study costs and prepare a system of apportionment that differentiates between support provided to bursary-funded and non bursary-funded students.	Head of Finance	31 Mar 2023	This exercise is under way (as at 21st August) and will be completed prior to the start of the audit. This will be tested as part of the 2022/23 support funds audit. ***Partially Implemented*** ***Revised Date of Completion:*** 28 August 2023
R3 The College should ensure that distribution lists identifying Bursary students in receipt of study materials are maintained for each purchase invoice charged to the Bursary fund.	3	The College will analyse all study costs mid-year and reconcile back to Cost of Course forms, adjusting the Tequios system where required, and reconciling this to the general ledger.	Head of Finance	31 Mar 2023	This exercise has been undertaken during the year and amendments to the Tequios system have been incorporated by the Bursaries Officer. This will be tested as part of the 2022/23 support funds audit. ***Fully Implemented***

Henderson Loggie

South Lanarkshire College

Staff Recruitment and Retention

Internal Audit report No: 2023/03

Draft issued: 18 August 2023

Final issued: 22 August 2023

Henderson Loggie

Contents

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

Satisfactory	System meets control objectives with some weaknesses present.

Risk Assessment

A review of the South Lanarkshire College ('the College') risk register, identified the following specific risks relating to Staff Recruitment and Retention:

- Risk 10 - That there is a failure to provide an engaging and effective employee journey (post mitigation score – 6)
- Risk 11 - That there is a failure to safeguard the health and wellbeing of staff and students (post mitigation score – 6)

Background

As part of the Internal Audit programme at the College for 2022/23 we carried out a review of the systems in place in relation to staff recruitment and retention. The ANA identified this as an area where risk can arise and where Internal Audit can assist in providing assurances that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Oversight of the processes regarding recruitment and selection is the responsibility of the Head of Human Resources, and the rest of the HR team. The HR team is comprised of the HR Officer, an Equality Officer, and three HR Assistants, who undertake the recruitment processes with the relevant hiring managers, and they are responsible for managing the recruitment process with the relevant advertising facilities, applications, interviews, selection and onboarding. The HR team also ensure that the relevant compliance checks are undertaken for all incoming staff, including Protection of Vulnerable Groups (PVG), criminal convictions, right to work (RTW) and appropriate references.

The HR team and the SLT within the College share responsibility for the retention arrangements to help ensure that a high quality of staffing complement is maintained within the College. In the absence of the allowance for supplementary financial inducements to be provided to staff, the College has implemented non-financial measures, on top of the existing benefits, such as employer pension contributions and favourable holiday allowances.

At the time of this review, the College did not have formal policies and procedures in place around recruitment and selection, and staff retention. The Head of Human Resources prepares documentation for the SLT and the College Board regarding staff turnover, recruitment requirements, equality, diversity and inclusion, and other HR information. A HR Committee is in place to manage staff governance issues, which meets quarterly and is comprised of the Head of Human Resources, three Non-Executive Board Members (one of whom is the Chair of the Committee), the College Principal, and the Executive Member (staff member on the Board).

Scope, Objectives and Overall Findings

This audit considered the adequacy and effectiveness of policies and procedures for staff recruitment and selection and the processes in place that contribute to the retention and engagement of staff.

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

Objective	Findings				
The objective of the audit was to obtain reasonable assurance that:		**1**	**2**	**3**	**Actions already planned**
		No. of Agreed Actions			
1. There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice.	**Satisfactory**	-	1	4	
2. The College has appropriate policies and processes in place that contribute to the retention of staff, including good internal communication and employee engagement, reward and recognition, and ongoing training which are in line with good practice and being effectively implemented.	**Good**	-	-	1	
Overall Level of Assurance	**Satisfactory**	-	1	5	
		System meets control objectives with some weaknesses present.			

Audit Approach

The College's policies and procedures were be reviewed, and the Head of Human Resources, the HR Officer, the Associate Principal, the Curriculum Manager for Learning & Development and the Head of Student Services were interviewed. Walk through and detailed compliance testing was carried out to consider the overall efficiency and effectiveness of the procedures and the extent to which risks are being identified and managed regarding the above objectives.

Summary of Main Findings

Strengths
- HR staff interviewed demonstrated a clear understanding of the processes in place regarding recruitment and onboarding of new members of staff;
- Although there is established custom and practice in place for the completion of the relevant stages of each recruitment exercise, these are not currently formally documented;
- All interview panels feature the hiring manager, a member of the HR Team and a senior member of staff to allow for a variety of skillsets to be represented;
- Recruitment exercises are transparent in relation to the level of feedback provided;
- The Head of HR reports periodically to the SLT and to the College Board on staff recruitment, turnover and equalities information;
- Equality, diversity an inclusion information is provided via the College website for stakeholder review;
- The College handbook is provided to all incoming member of staff and defines the groups and facilities available to staff;
- Templates are in place, and are made readily available on the College's share drive, for conducting recruitment and onboarding processes, to help ensure that a consistent approach is applied;
- Reward and recognition avenues are in place, both through marketing and through newsletters and bi-monthly updates from the Principal of the College;
- Discount websites, exercise classes, social groups and other non-financial benefits are made available to all College staff; and
- Information from outgoing staff is fed back to the Curriculum Managers and HR to ensure that any issues within a department / business area of the College can be addressed in a timely manner.

Opportunities for Improvement

- The College does not have formal policies in place which define responsibilities in relation to recruitment and selection, and describing the employment regulations and legislation which the College must adhere to;
- The College does not have up to date procedures in place to document the recruitment processes in place and to ensure that these are being followed consistently;
- From inspection of files from recent recruitment exercises, only one document copy was signed by the receiving member of staff to explicitly confirm that the original document (such right to work documentation) had been received and copied;
- The College should ensure that in future all information is accurate prior to upload to the new HR system, and any amendments to the information held on file should be checked with the relevant stakeholder(s) where any issues are identified;
- All personnel documentation is held in hard copy employee folders, with a College wide HR system scheduled to be implemented in autumn 2023.
- The College does not currently have ongoing engagement measures with employees which provides HR with sight of any emerging issues / areas for improvement, and as such, these issues are only flagged with HR at the point at which the employee chooses to leave the organisation.

Acknowledgments

We would like to take this opportunity to thank the staff at South Lanarkshire College who helped us during the course of our audit visit.

Main Findings and Action Plan

Objective 1 – There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice.

From discussions with the Head of Human Resources, it was identified that the College is in the process of renewing its HR policies, as these were not updated during the tenure of the previous Head of Human Resources. It was noted that the compliance related policies and procedures within the Human Resources department (such as those around grievances, disciplinaries, whistleblowing etc.) were developed initially to ensure that these were in place for existing employees, with those policies relating to the recruitment of new employees being earmarked for development at the time of this review. A paper was submitted to the HR Committee in May 2023 detailing the documentation which has been prepared, and describing the documentation which was in the process of being developed. The Recruitment and Section policies were noted as being required by the College, although no set date has been provided for the conclusion of their review, with the Equalities policy noted as being in progress as at May 2023.

Recruitment Process

From discussions with the HR Officer, the Associate Principal, and the Curriculum Manager for Learning & Development, the following process was identified.

The Curriculum Manager identifies a need for a new member of staff, due to leavers/ increased demand, and passes this on to their Associate Principal for review and completion of the staffing request form. This includes any financial information and budgetary implications arising from the role being recruited. The College's Senior Leadership Team (SLT) meet weekly, and any staffing request that arises prior to Monday at 12 noon is considered and agreed in the Monday meeting during the Staffing Group discussions. The Principal sits on the SLT and therefore has oversight of any requests which are reviewed by this senior management group. The HR team track the requests which come in from the weekly meetings and manage these with the hiring manager to ensure that the position is formalised and advertised in a timely manner. All vacancies are recorded on an excel spreadsheet which is used to track the progress of preparation of the job descriptions etc. up to the point at which they are advertised. The job specification etc. is compiled by the HR Officer/ Assistant with the hiring manager, who define the requirements of the role, and pass this to HR to advertise through the relevant channels. Candidates submit their applications to the HR team, who anonymises these and then the applications are passed to the hiring manager for review and shortlisting. The same member of the HR team who initiated the process, sits on the interview panel, initiates the PVG process, and then issues the offer and contract and maintains the employee's file.

For all lecturing positions, a salary assessment form is completed against the lecturer pay scale numbered 1 to 5, and an appropriate grading is allocated based on their experience and whether they are TQFE qualified. Support staff salaries are determined by the national evaluation system. As this is currently under review, the college utilises an external consultancy company (ECC) to advise on pay scales for support staff.

The college has permanent full-time staff, permanent part time staff and temporary staff (which is reflected against student recruitment numbers). Student recruitment in practical areas has reduced in the academic year so temporary members of staff fluctuate based on the number of students in place.

Staff Recruitment and Retention

Objective 1 - There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice (continued).

The need for staff in a certain department is identified by the hiring managers. College staff acknowledge that it is challenging to employ high quality staff on temporary contracts due to the inherent uncertainty around future employment status. If, however, the College is offering a permanent role (part time or full time) then they will likely receive applications from more experienced / qualified staff.

Interviews

The interview candidate checklist is completed by the member of staff from HR administering the process. The HR Officer had previously been involved in all exercises. However, the HR Assistants have undertaken training and been assigned accountability for managing these exercises. The interview panels are comprised of a member of the HR team, the hiring manager and the member of Senior Management (often the Associate Principal) for the area, and this is chaired by the most senior member of staff present. Competence questions are shared between the panel members, with the role specific questions being shared between the most suited personnel. Interview sheets are in place and these have a scoring system attached, which are then assessed at the end of a round of interviews to rate the candidates against their peers, with a consensus being reached between the panel members following a discussion. The college writes to those who have not been successful and will email the successful candidate and provide them with their verbal offer, and note that this is subject to references, PVG and right to work documentation.

Unsuccessful candidates can request feedback and the HR team member present at the interview, will collate their notes and provide feedback to the candidate to help them improve where possible.

Compliance Areas

All applicants to the College are offered their position subject to the confirmation of their work history by the references which they have provided; a clear PVG being provided by Disclosure Scotland; criminal conviction checks aligning with the convictions declared by the candidate; and appropriate right to work documentation being provided in its original form.

Once all compliance checks have been completed by the relevant member of the HR Team, the Line Manager contacts the candidate and agrees a notice period and the start date and informs the HR team, who then prepare a contract and complete the new start checklist.

The equalities data recorded under the Public Sector Equality Duty, is aligned with the organisation's goals and the leavers within the population. The College also has an equality page on the website, which details the reports which they are required to prepare (including Gender Pay Gap figures and Equality Impact Assessments). At the time of this review, equalities information is prepared manually by the Equality Officer and in some cases, the HR Assistants, depending on the timeframes available. However, the incoming iTrent system will allow the College to capture equalities data through automated reports going forward.

Staff Recruitment and Retention

Objective 1 - There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice (continued).

Sample Testing

A sample of five recent recruitment exercises was selected to establish whether the recruitment process was being followed in practice, and that PVG checks, criminal convictions checks, equalities measures, and fair treatment were sufficiently undertaken throughout the process. From inspection of the documentation, the following was identified:

- The new starter checklist was completed for all new starts;
- Interview notes were retained for all incoming employees;
- PVGs were obtained for all staff prior to their start date;
- Three pieces of ID were obtained for all sampled employees;
- Two references were obtained for all sampled employees;
- All personal information was anonymised in the applications;
- The incorrect date was input for one of the employees' criminal convictions declarations; and
- All other criminal convictions were suitably completed.

From the sample tested above, it was noted that the ID obtained was only signed as evidenced as an original document for one employee, although we noted that the photocopies are taken at the College's premises. Additionally, one employee noted the data on their criminal convictions form as their date of birth, instead of the date on which the form was signed.

Recommendations have therefore been raised to flag the improvements required to be implemented by the College to address the above issues.

Staff Recruitment and Retention

Observation	Risk	Recommendation	Management Response
From discussions with the Head of Human Resources, it was identified that the College does not have formal policies in place to define responsibilities with regard to recruitment and selection, and setting out the regulations and legislation which the College must adhere to.	There is a risk that the College has not sufficiently defined its obligations with regard to recruitment and selection, and as such, relies on verbal / informal communication of responsibilities to its staff, which is more susceptible to error / misunderstanding.	**R1 -** It is recommended that the College define timeframes for completion of the ongoing review of its recruitment and selection policies to ensure that these are completed in a timely manner and are issued to the relevant staff for their understanding.	Whilst the College has never had a recruitment policy, the College follows a strict procedure with recruitment and ensures consistency and quality for all employees. Following a review, the College is currently refreshing dated policies and implementing policies where there are gaps. This year, the Human Resources Committee has agreed to a recruitment policy being part of the next suite of new policies being implemented. **To be actioned by:** Head of Human Resources **No later than:** 20th January 2024

	Grade	2

Staff Recruitment and Retention

Objective 1 – There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice (continued).			
Observation	**Risk**	**Recommendation**	**Management Response**
From discussions with the Head of Human Resources, it was identified that the College does not have up to date procedures in place to document the processes in place and ensure that these are consistently applied.	There is a risk that the College is reliant on staff knowledge and understanding of the processes, which may result in inconsistent application of procedures in the event of absences/ HR staff leaving.	**R2 -** It is recommended that the College prepare procedural documents to formally document the administration processes to be followed when recruiting a new member of staff, to ensure that the process can be consistently performed by anyone in the event of staff absences / unexpected turnover.	Whilst the College has never had a documented recruitment procedure, the College follows a strict procedure with recruitment and ensures consistency and quality for all employees. This will be updated with the current HR automation activities. Following a review, the College is currently refreshing dated procedures and implementing procedures where there are gaps. This year, the Human Resources Committee has agreed to a recruitment procedure being part of the next suite of new procedures being implemented. **To be actioned by:** Head of Human Resources **No later than:** 20th May 2024
			Grade 3

Staff Recruitment and Retention

Objective 1 – There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice (continued).

Observation	Risk	Recommendation	Management Response
The College has procedures in place for requesting that incoming employees provide the HR team with original copies of right to work documentation (passports, birth certificates, visas etc.). However, from inspection, only one employee's copy was signed by the receiver to confirm that it was the original document. As this is best practice, and in the absence of procedural documents defining this process, the College would benefit from this rigour being applied in all cases.	There is a risk that the right to work documentation obtained is insufficiently recorded to demonstrate compliance with the legislation.	**R3 -** It is recommended that copies of all originals held on file are signed as being reviewed and confirmed as an original document by the HR officer who was presented with the document for copying.	The College follows a strict procedure with recruitment activities. All copies of necessary, original documentation are sighted. The College agrees that by signing the copies as "original sighted" this would be further evidence of this process being implemented. **To be actioned by:** Head of Human Resources **No later than:** 20th December 2024

	Grade	3

Staff Recruitment and Retention

Objective 1 – There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice (continued).			
Observation	**Risk**	**Recommendation**	**Management Response**
From inspection of the sample of incoming employees' files, it was noted that one employee recorded the date on which they signed the criminal convictions declaration as their date of birth. This error was not picked up by the onboarding member of the HR team.	There is a risk that the files held are not accurate and reflective of the effective demonstration of controls within the process.	**R4 -** It is recommended that in future when uploading documentation to the new HR system, that the College should take steps to ensure that all information is accurate prior to upload to the new HR system, and any amendments to the information held on file should be checked with the relevant stakeholder(s) where any issues are identified	The College accepts that an administrative error by a new employee had been missed. All other documentation in the file would confirm that this was a mistake. Additional checks will take place for future documentation checks. The new HR System may support this. **To be actioned by:** Head of Human Resources **No later than:** 20th May 2024
			Grade 3

Staff Recruitment and Retention

Objective 1 – There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice (continued).			
Observation	**Risk**	**Recommendation**	**Management Response**
At the time of this review, documentation is held in hard copy employee folders, with a College wide HR system scheduled to be implemented in the Autumn of 2023.	There is a risk that key employee documentation could be lost or damaged in its physical form, resulting in fines and / or reputational damage to the College.	**R5 -** It is recommended that the College set out a clear timeline for importing all relevant hard copy documentation to the new HR system iTrent, to ensure that this data transfer is completed in a timely manner and to avoid a protracted scenario where some information is held electronically and some information is still held in hardcopy files	Following the implementation of the new HR System, the College will propose the importing of hard copy documentation. This will allow the College time to understand the time and process necessary to undertake this task. The College will aim to have a project plan for the importation by 20th May 2024. **To be actioned by:** Head of Human Resources **No later than:** 20th May 2024

	Grade	3

Staff Recruitment and Retention

Objective 2 - The College has appropriate policies and processes in place that contribute to the retention of staff, including good internal communication and employee engagement, reward and recognition, and ongoing training which are in line with good practice and being effectively implemented.

Where staff decide that they are leaving the employment of the College, the employee's line manager will hold an initial informal conversation with them to understand why they are leaving. Following this discussion, the outgoing employee will then have a discussion with HR and formalise their resignation in writing. HR then discuss the reasons with the line manager to ensure that the information is complete and accurate. The college then ensures that the staff member is comfortable fulfilling their notice period and flag any needs to HR to help ensure a straightforward transition, and also to initiate the process of replacing the employee. The staff member is then offered an exit interview by HR, which they have the choice to decline.

In order to help ensure that existing staff are comfortable in their role (and therefore more likely to remain in it), the line managers will review the staff member's ability to manage others, manage their own workload, manage any administrative tasks such as budgeting, and any other relevant areas on an ongoing basis to ensure that they are suited to the role, both prior to them being awarded it, and then on an ongoing basis. From discussions with the Head of Human Resources and the Associate Principal, it was noted that government set terms such as holidays, working conditions, contracted hours, pension contributions, and salary primarily encourage staff to remain at the college.

From discussions with the Curriculum Manager for Learning & Development it was noted that the main reason for staff leaving the college is either retirement or to pursue a more senior role at another institution which has a vacancy which the college does not. As such, there have been no trends identified, however, discussions are held between the Curriculum Managers and their Associate Principals around leavers and as such, the Associate Principal would be in a position to raise any concerns. Turnover data is also reported to the HR Committee which breaks the turnover down into specific business areas.

Retention Benefits
With regard to reward and recognition, the College has a staff newsletter containing updates about goings on at the college, a bi-monthly update from the Principal of the College, which includes employee interest stories, as well as nominations to external body awards by line managers / Associate Principals for exceptional pieces of work or community initiatives.

Other benefits include: access to a discount website which all staff can join, fitness groups, college wellbeing groups on Teams, mindfulness sessions and activities such as yoga classes. The college provides incoming staff members with this information via the college handbook, and supplement this with the induction process which familiarises new staff members with different areas of the college.

Reporting
Staff turnover figures are presented to the HR Committee on a quarterly basis, with data split by department (Student Services, Finance, Curriculum Area 1, Curriculum Area 2, Principalship etc.) to highlight any trends in consistently high turnover in individual areas. From inspection of the most recent committee reports, the turnover figures for all departments have been provided in addition to a list of ongoing vacancies and vacancies which have recently been filled, to keep the members informed of any staffing gaps and any actions required to address these. It was noted that there are no employee surveys undertaken to note any areas of current or emerging staff dissatisfaction.

Staff Recruitment and Retention

Objective 2 - The College has appropriate policies and processes in place that contribute to the retention of staff, including good internal communication and employee engagement, reward and recognition, and ongoing training which are in line with good practice and being effectively implemented (continued).

Observation	Risk	Recommendation	Management Response	
The College does not currently have ongoing engagement measures with employees, which provides HR with sight of any current or emerging issues / areas for improvement, and as such, these are only flagged with HR at the point at which the employee chooses to leave the employment of the organisation.	There is a risk that employees do not have adequate channels through which to communicate any needs to HR until the point at which they leave the college, resulting in employees leaving who could potentially have been retained.	**R6 –** It is recommended that the College implement ongoing engagement measures to capture levels of staff satisfaction to reduce the risk of employees leaving the employment of the College due to issues which could have been managed and resolved had they been identified earlier.	The College has historically measured engagement through various surveys. Whilst there have been regular surveys, they have followed the structure required by third party accreditations and have not provided the College with an engagement framework that is measured over time and across the employee journey. The College recognises this. It is included it in the HR & People Strategy. **To be actioned by:** Head of Human Resources **No later than:** 20th November 2025	
			Grade	3

Henderson Loggie

South Lanarkshire College

Internal Audit Progress Report

Audit & Risk Committee 28 August 2023

Issued: 22 August 2023

Henderson Loggie

Internal Audit Progress Report August 2023

Progress with the annual plan for 2022/23 is shown below.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit & Risk Committee	Comments
Internal Audit Annual Plan 2022/23	February 2023	Draft 26/01/23 Final	2023/01	N/A	06/02/23	
Publicity and Communications	N/A					Management requested that this audit be postponed until next year due to the relevant post holder leaving the College.
Quality assurance	November 2023					Fieldwork agreed for w/c 28 August 2023.
Staff Recruitment, Retention and Succession Planning	November 2023	Draft 18/08/23 Final 22/08/23	2023/03	**Satisfactory**	28/08/23	
Budgetary Control	August 2023					Fieldwork started in w/c 7 August 2023. Draft report to be issued.
Corporate Governance	November 2023					Initial meeting held and some information provided. Agreed that fieldwork will be conducted in September, but precise timing to be agreed with Governance Professional.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit & Risk Committee	Comments
Credits Audit	November 2023					Final audit agreed for w/c 28 August 2023. Interim audit work undertaken from early August.
Bursary, Childcare and Hardship Funds Audit	November 2023					Fieldwork agreed for w/c 28 August 2023.
EMA Audit	November 2023					Fieldwork agreed for w/c 28 August 2023.
Follow-Up Reviews	August 2023	Draft 22/08/23 Final 22/08/23	2023/02	N/A see comments		21 Fully Implemented 1 No Longer Relevant 8 Partially Implemented 30 in total

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.

Henderson Loggie

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AUDIT and RISK COMMITTEE

DATE	28 August 2023
TITLE OF REPORT	Section 22 Review by Public Audit Committee
REFERENCE	06.1
AUTHOR AND CONTACT DETAILS	Keith McAllister, Head of Finance Keith.Mcallister@slc.ac.uk
PURPOSE:	To provide the Committee with a summary of the proceedings and feedback from the review of the College's governance arrangements as a follow up to the original Section 22 report dated 2 May 2022.
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to: • Note the contents of the document titled "2021/22 audit of South Lanarkshire College" dated June 2023. • Note the contents of the press release dated 5 June 2023 from Audit Scotland which preceded the consideration of the above report at the Public Audit Committee (PAC). • Note the contents of the letter from the Convenor of the Public Audit Committee following the consideration of the above report and the submission of evidence at the PAC meeting on 22 June 2023 and its request for further information from the College. • Note the contents of the letter from the Principal to the Convenor of the PAC supplying the further information requested. • Require the Principal to bring forward an update report to an appropriate meeting of the Committee and the Board.
RISKS	• That there is a failure of Corporate Governance arrangements • There is a reputational risk to the College • Potential delay to the dissolution of the Lanarkshire Regional Board by Scottish Ministers.
RELEVANT STRATEGIC AIM:	To build on the enhanced approach to partnership working, collaboration and Regional coherence with New College Lanarkshire College and the Lanarkshire Regional Board.
SUMMARY OF REPORT:	Members should refer to agenda item 30-22 of the Board of Management meeting dated 7 June 2022 for background and detail of the original Section 22 report and the consideration of the report by the Public Audit Committee of the Scottish Parliament. The Section 22 report from Audit Scotland is attached at item **06.1.1** and, in the conclusion, notes that the college was fully compliant with the Code of Good Governance by July 2022. It also stated, "It is encouraging to see that

	the college is making progress against the auditors' recommendations from the 2020/21 audit, and that it is committed to making further improvements through its rolling programme review programme." The report concluded by stating that the Auditor General would continue to monitor the progress of the college with a view to further public reporting should that be required. It should be noted that the Auditor General issued a press release (attached as item **06.1.2**) dated 5 June 2023 highlighting that the College had addressed weaknesses in governance, but it also highlighted that the College had spent around £800,000 in additional legal and employment costs. The report was presented to the evidence session at the Scottish Parliament session on 22 June 2023. Following the session, a letter was received by the College from the Convenor of the PAC dated 26 June (attached as **item 06.1.3**). The Convenor sought an update on the progress of (a) the audit recommendations that were still to be fully implemented and (b) the appointment of a permanent clerk to the Board. The Principal responded to the Convenor on 29 June; a copy of the letter is attached as item **06.1.4.**

1. INTRODUCTION

This paper summarises the second, follow up Section 22 report that has been prepared on the College, the first having been considered by the Public Audit Committee of the Scottish Parliament on 12 May 2022 at which evidence was submitted.

2 BACKGROUND

Following the issue of the Section 22 report on the College dated May 2022, the College was advised by Audit Scotland that there would most likely be a second Section 22 report produced by them. This would concentrate on the review of any progress that had been made by the College in respect of the evidence contained in the original S 22 report and the evidence taken at the meeting of the PAC on 12 May 2022.

3 DISCUSSION

A subsequent Section 22 report was indeed produced by Audit Scotland and considered by the Public Audit Committee on 26 June 2023 together with evidence from:

Stephen Boyle   Auditor General for Scotland

Rebecca Seidal   Audit Scotland

David Hoose   Partner, Mazars LLP

Following the session, the Convenor sent a follow up letter to the College and the Principal responded.

The College awaits a further response from Audit Scotland and / or the PAC.

It should be noted that Audit Scotland provides the external audit service for the College (and the Region).

4   EQUALITIES

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

5   RISK AND ASSURANCE

Risks are as noted on the front cover. The College's Risk register incorporates acknowledgement of the issue.

6   RECOMMENDATIONS

Members are recommended to:

- Note the contents of this report and its attachments.
- Require the Principal to bring forward an update report to an appropriate meeting of the Committee and the Board.

7   FURTHER REFERENCE

Members can view the Public Audit Committee evidence sessions at
www.scottishparliament.tv

Further information is available under Statutory Reporting: Sec. 22 Reports at
www.audit-scotland.gov.uk

The 2021/22 audit of South Lanarkshire College
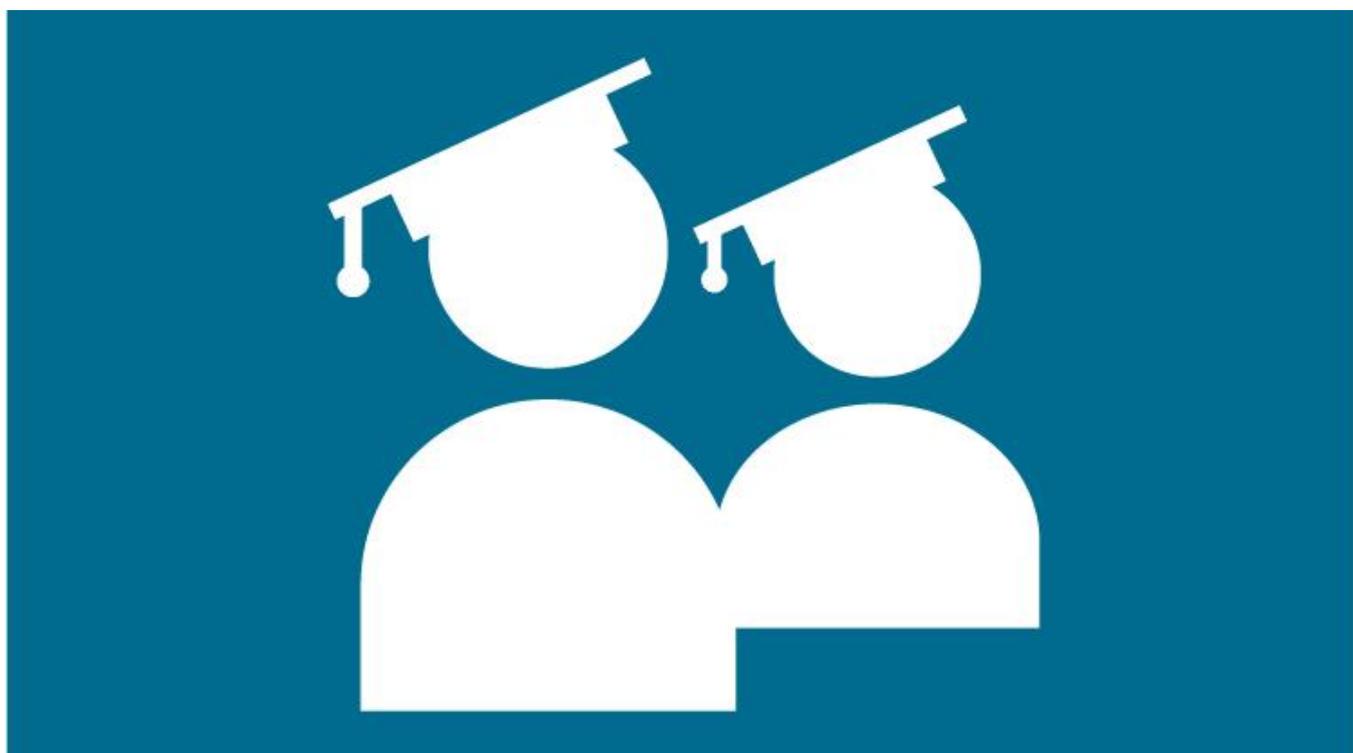
AUDITORGENERAL

The 2021/22 audit of South Lanarkshire College

Introduction

1. I have received the audited annual report and accounts and the independent auditor's report for South Lanarkshire College (the college) for 2021/22. The auditor issued an unqualified opinion on the college's financial statements for 2021/22. I am submitting these financial statements and the auditor's report under section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with this report that I have prepared under section 22(3), to update the Scottish Parliament on governance issues in the college.

2. This report brings the Scottish Parliament's attention to the progress made by the college in addressing governance issues highlighted by the auditor's report on the 2020/21 audit. In April 2022, I reported on these issues through my section 22 report about The 2020/21 audit of South Lanarkshire College.

3. My conclusions in this report are based primarily on consideration of the college's annual report and accounts for 2021/22 and the auditor's annual audit report for that year. My report focuses on the period up to the auditor signing their opinion on 19 April 2023.

Key messages

- In my section 22 report last year, I noted that South Lanarkshire College recognised it did not fully comply with the Code of Good Governance for Scotland's Colleges for a period during the academic year 2021/22 (1 August 2021 to 31 July 2022). However, it took appropriate action during the year to improve its governance and demonstrated compliance with the Code by the year-end, on 31 July 2022.

- In their annual audit report on the college for 2021/22, the independent auditor found that the college had fully implemented two of the five recommendations in the auditor's annual audit report on 2020/21 and mostly implemented a further two. The auditor concluded that the college has governance arrangements which provide appropriate scrutiny of decisions made by its board.

- In October 2021, the Lanarkshire Regional Strategic Body asked the college to develop a plan to support the restoration of good governance in the college. The college developed a governance improvement plan. The auditor has reported that, as at 31 July 2022, the implementation of this plan was generally well progressed. The college has introduced a rolling

governance review programme which seeks to strengthen further its approach in this area. The college's board, the Lanarkshire Regional Strategic Body, and the auditor are monitoring progress.

- The college's annual report and accounts for 2021/22 reports that:

  - investigations into governance matters, commissioned by the college's board, started in January 2022 and concluded in January 2023. The principal and the interim clerk to the board were suspended from 30 November 2021 and for the duration of the investigations
  - on 16 January 2023, the board considered the investigations' reports, and agreed to terminate the employment of the principal and the interim clerk to the board
  - the tenure of the chair, who had stepped aside from his duties for the duration of the investigations, ended in May 2022.

- In December 2021, the vice chair of the college's board took on the role of chairing board meetings on an ongoing basis. A new substantive principal took up post on 3 April 2023, following an external recruitment exercise.

- The complex nature of the college's governance issues led to a long period of uncertainty and resulted in it spending around £800,000 of public money on investigations and associated costs. This significant expenditure came at a time when the college, like many in Scotland, is facing risks to its financial sustainability.

Background

4. The college is one of two in the Lanarkshire region, the other being New College Lanarkshire.

5. South Lanarkshire College is an independent body with charitable status, as defined by the Further and Higher Education (Scotland) Act 1992. Its primary source of income is the Scottish Government, which finances the Scottish Funding Council (SFC). The SFC distributes grant funding to the Lanarkshire Regional Strategic Body – widely known as the Lanarkshire Board – which is also the board of New College Lanarkshire. In turn, the Lanarkshire Board distributes funding to South Lanarkshire College. The Lanarkshire Board is also responsible for ensuring consistency of provision across the region and that both colleges provide high-quality further and higher education.

6. The college is governed by its own Board of Management (the board), which is responsible for determining the college's overall strategy, the proper use of public funds, the quality of provision, and the appointment of the principal and other senior staff. As well as sitting on the college's own board, the college's principal and its board's chair are members of the Lanarkshire Board. Two staff representatives from the college also sit on the Lanarkshire Board, along with a student member.

7. The college's expenditure in 2021/22 totalled £20.3 million (2020/21: £18.6 million), of which staff costs accounted for 72 per cent (2020/21: 76 per cent). Its adjusted operating position at 31 July 2022 was a surplus of £1.08 million (2020/21: £1.60 million).[1]

Compliance with the Code of Good Governance

8. Good governance arrangements in colleges are central to ensuring effective strategic leadership; oversight of services for students and staff; and the proper use of public funds. All colleges that receive public funding from the SFC, either directly or through a regional strategic body, must comply with the Code of Good Governance for Scotland's Colleges (the Code).

9. As I reported in April 2022, the independent auditor was unable to conclude that the college's governance arrangements were satisfactory during 2020/21 and to the point of signing their audit opinion on 24 March 2022. The college recognised that it did not fully comply with the Code at the start of academic year 2021/22 in four areas relating to:

- operation of the board and the audit and risk committee

- transparency of board and committee papers

- board member induction

- engagement with internal audit.

10. The college repeated its disclosure of non-compliance with the Code in its annual report and accounts for 2021/22. It noted that these issues had all been addressed by 31 July 2022. The auditor is satisfied that the college was fully compliant with the Code by 31 July 2022 and that its governance arrangements now provide for appropriate scrutiny of board decisions. Actions taken by the college to comply with the Code are set out below (paragraphs 13 to 20).

11. In light of the above four areas of non-compliance with the Code, the auditor made five recommendations in their 2020/21 annual audit report. The college accepted all these recommendations and progress in implementing them is set out in the appendix. The recommendations covered:

- board and committee meeting timetabling

- board and committee paperwork

- board member tenure

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[1] Under the SFC's Accounts Direction for colleges on 2021/22 (December 2022), the college is required to report its financial performance as an 'adjusted operating position' (AOP). The AOP is intended to reflect the underlying operating performance after allowing for material one-off or distorting items.

- internal audit engagement

- monitoring progress on reviews' recommendations.

12. The auditor has judged that two recommendations have been fully implemented and two have been mostly implemented. One has not been implemented although the college has plans to address this.

Operation of the board and the audit and risk committee

13. As I reported in April 2022, membership of the college's board and of its audit and risk committee fell below the required number for one and two months respectively during 2021/22, due to the timing of various board members' departures and the approval of new members. The audit and risk committee did not meet for regular business for six months from May 2021 and the board did not meet for five months from June 2021. The board and audit and risk committee met in November 2021 with full membership, following the appointment of six new non-executive board members.

14. The auditor recommended that the college should reduce or extend the tenure of some members to provide for improved continuity of membership at the end of individuals' tenure. The college is seeking to recruit new board members and will consider staggering their terms when it appoints them.

Transparency of board and committee papers

15. In April 2022, I reported that papers for the college's board and committee meetings held after June 2021 were not publicly available on the college's website at the point the auditor signed their opinion on 24 March 2022. The auditor recommended that minutes, papers and updated board member biographies should be updated on the website as soon as possible.

16. The auditor reports that the college was compliant with this aspect of the Code by 31 July 2022, and that minutes are understandable and contain detail of discussions and the rationale for decision-making.

Board member induction

17. The auditor reported in their 2020/21 annual audit report that all new board members were given copies of the college's governance manual to review, when they joined the board on 4 November 2021. However, they did not receive a formal face-to-face induction until 1 February 2022, as this was not possible due to Covid-19 restrictions.

18. In February 2022, all board members attended an expanded induction session, which included presentations by senior staff on financial management, and curriculum and quality development. Senior staff attended a board strategy meeting in March 2022 and participated in workshops in partnership with board members. Further events were agreed by the board for 2022/23.

Engagement with internal audit

19. In their annual audit report on 2021/22, the auditor found that the college did not have an approved, operational internal audit function for three months from August 2021.

20. Following a competitive tender process initiated in April 2021, Henderson Loggie LLP were appointed as internal auditors for four years from 4 November 2021. Delays in their appointment meant that the final internal audit plan for 2021/22 was not approved by the audit and risk committee until 9 May 2022. However, planned internal audit work for 2021/22 was undertaken in the year. The college's annual report and accounts for 2021/22 notes internal audit considered that the college has adequate and effective arrangements for risk management, control and governance.

Progress with the governance improvement plan

21. In October 2021, the Lanarkshire Board asked the college to develop a plan to support the restoration of good governance. The college developed a governance improvement plan, which was intended to reflect the findings and recommendations of external reviews. These included a review by the College Development Network into the effectiveness of the college's board in June 2021; and a review of the college's governance commissioned by the SFC in summer 2021.

22. Progress against the plan was reported to the college's audit and risk committee, its board, and to the Lanarkshire Board. Key measures taken by the college as part of this plan include:

- developing closer working relationships between the college and the Lanarkshire Board, through crossover-attendance at their meetings

- creating a standard format of board and committee papers

- reviewing, and where necessary updating, all current college policies.

23. The auditor has reported that, at 31 July 2022, the implementation of the college's governance improvement plan was generally well progressed and that the only areas not fully addressed were:

- recruiting a substantive clerk to the college's board – which could not be completed until the independent investigations described below had been completed

- aligning the timetabling of meetings of the college's board and the Lanarkshire Board

- addressing challenges faced by students, through working with the Student Association.

24. The college has since replaced its governance improvement plan with a rolling governance review programme, with the stated aim of ensuring the highest standards of governance. This approach has been agreed with the Lanarkshire Board. The programme includes actions relating to:

- the application of the updated Code of Good Governance for Scotland's Colleges that was introduced in September 2022

- the appointment of trade union members to the board

- consideration of the college's strategic priorities.

25. The college's board, the Lanarkshire Board and the independent auditor are monitoring progress.

Independent investigations

26. On 30 November 2021, the college's board agreed to commission two independent investigations into complaints and grievances against the chair of the board, and the principal and the interim clerk to the board; and to suspend the principal and interim clerk while the investigations were ongoing (Exhibit 1). The chair voluntarily stepped aside from his role while the investigations were conducted. Temporary arrangements were made to fill these three posts.

Exhibit 1
Timeline of key events relating to the independent investigations

Date	Event
30 November 2021	**Extraordinary college board meeting** – board agrees to: • commission two independent investigations into complaints and grievances against the chair of the board, and the principal and interim clerk to the board • suspend the principal and interim clerk to the board while the independent investigations are conducted • accept the offer of the chair of the board to voluntarily step aside from his role while the independent investigations are conducted • the vice chair of the board taking on the role of chairing meetings.
13 December 2021	**Lanarkshire Board** – approval of the vice chair of the college's board taking on the role of chairing its meetings.
16 December 2021	**College board meeting** – board approves: • the vice chair of the college's board taking on the role of chairing its meetings • appointment of an acting principal for the period to 31 March 2022.
1 February 2022	**Extraordinary college board meeting** – board approves the appointment of a new acting clerk to the board with effect from 5 January 2022.
10 March 2022	**College board meeting** – board approves the open-ended appointment of a subsequent acting principal from 1 April 2022, following the end of the previous acting principal's term of appointment.

May 2022	The tenure of the chair, who had stepped aside from his duties for the duration of the independent investigations, ends.
16 January 2023	**Extraordinary college board meeting** – board considers the reports of the two independent investigations and decides to: • terminate the employment of the suspended principal and suspended interim clerk • ratify the ongoing chairing of the college's board meetings, by the previous vice chair.
31 March 2023	The acting principal stepped down from their role, as planned.
3 April 2023	Following an external recruitment exercise, the depute principal was promoted to substantive principal and took up post with effect from 3 April 2023.

27. An extraordinary college board meeting on 16 January 2023 considered the reports of the two investigations. The board decided to terminate the employment of the college's substantive principal and the interim clerk. The term of the substantive chair of the board had already ended in May 2022.

28. Following an external recruitment campaign, the college promoted its depute principal to the substantive post of principal with effect from 3 April 2023. At the point of the auditor signing their opinion on 19 April 2023, the acting clerk to the board remained in post until a permanent appointment could be made. The auditor considered the implications of the investigations for the college's compliance with the Code.

Costs incurred by South Lanarkshire College

29. The college took steps to investigate complaints against senior leaders, which led to a long period of uncertainty around governance and leadership. The college had spent approximately £800,000 of public money on the investigations and associated costs, such as employing temporary staff, by 19 April 2023. Of the £800,000, £450,000 was incurred during 2021/22.

Conclusions

30. In their annual audit report on 2021/22, the auditor reported that the college's adjusted operating position at 31 July 2022 was a third worse than at the end of the previous year: £1.08 million for 2021/22 compared to £1.60 million for 2020/21 (paragraph 7). Its expenditure of £800,000 due to its governance issues came at a time when the college, like many in Scotland, is facing risks to its financial sustainability.

31. However, I am pleased to note that the college was fully compliant with the Code of Good Governance for Scotland's Colleges by 31 July 2022. It is encouraging to see that the college is making progress against the auditor's recommendations from the 2020/21 audit, and that it is committed to making further improvements through its rolling governance review programme.

32. As part of their annual audit work, the auditor will continue to review governance arrangements in the college, including:

- monitoring the college's progress against outstanding recommendations by the auditor

- monitoring the implementation of the college's rolling governance review programme.

33. I will continue to monitor the progress made by the college in this area, with a view to further public reporting in the future should that be required.

Appendix
South Lanarkshire College's progress on recommendations from the 2020/21 audit

The auditor considers that the college has made progress on four of the five recommendations.

- High priority = There is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendations should be taken into consideration by management immediately.

- Medium priority = There is a need to strengthen arrangements or enhance business efficiency. The recommendation should be actioned in the near future.

Audit recommendation, 2020/21	Priority	College's progress, 2021/22
Internal audit engagement The Code of Good Governance for Scotland's Colleges requires that the audit and risk committee must have 'particular engagement with internal and external audit'. There was no internal audit function in place for the first three months of 2021/22. Following a delayed appointment, there were delays in initial meetings at the college taking place, to the extent that internal audit was unable to produce an internal audit plan for 2021/22 at the February 2022 meeting.	**High**	**Fully implemented** • The college appointed Henderson Loggie LLP as its internal audit function for four years from 4 November 2021. • The internal audit plan for 2021/22 was approved by the audit and risk committee on 9 May 2022 (and subsequently the board) with planned work for 2021/22 undertaken in the year.
Board and committee paperwork The Code of Good Governance for Scotland's Colleges requires that board/committee agendas are promptly produced, disseminated and published online to ensure decision making processes are transparent, properly informed, rigorous and timely. There are a number of board and committee meeting minutes where formal notes of the meeting have not yet been recorded and approved by the appropriate committee or board. As a consequence, there are no minutes on the college's website beyond June 2021.	**High**	**Fully implemented** • Minutes, papers and updated board member biographies had been updated on the college's website by 31 July 2022. Minutes are understandable and contain detail of discussions and the rationale for decision-making.

Audit recommendation, 2020/21	Priority	College's progress, 2021/22
Minutes, papers and updated board member biographies should be updated on the website as soon as possible.		
Board and committee meeting timetabling There were no board meetings for five months, between the meetings on 8 June and 4 November 2021. The audit and risk committee did not meet for regular business for six months, between May and November 2021. The reporting timetable of the board and its committees should be timed so that there is a timely and efficient report to the Lanarkshire Board following meetings.	**High**	**Mostly implemented** • Improvements in collaboration between the college's board and the Lanarkshire Board have been made through cross-over attendance at both boards' committee meetings. • Timetabling of meetings has been revisited but there remains scope for further improvement.
Monitoring progress on reviews' recommendations In order to ensure that recommendations made by a series of external reviews during 2021 are progressed appropriately, the college must ensure that it embeds and sustains the action plans that have been put in place, including the governance improvement plan. In particular, it needs to ensure that robust monitoring and reporting processes are in place and maintained, and that challenge, scrutiny and escalation arrangements are in place to drive the improvements required to the college governance framework, as recommended by the reviews.	**High**	**Mostly implemented** • The auditor considers the governance improvement plan has been generally implemented in 2021/22, with close monitoring by the board of management.
Board member tenure The college appointed six new board members in November 2021. All members were appointed with the same tenure of four years. The college should take action to reduce or extend the tenure of some of these board members, to allow for a level of continuity in board membership at the end of these tenures.	**Medium**	**Not yet implemented** • The auditor reports that the college anticipates some forthcoming changes to the board's composition. • The college is actively seeking to recruit new members and will consider the tenure of new board members when it appoints them.

The 2021/22 audit of
South Lanarkshire College

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AUDIT SCOTLAND

AS.4.0

Dear Mr Leonard MSP

Thank you for your letter of 26 June 2023, which noted that South Lanarkshire College (SLC) had improved its governance arrangements and was fully compliant with the code of good governance by the end of academic year 2021-22. In addition, the letter sought further information regarding the progress of South Lanarkshire College against the auditor's recommendations, therefore please find additional information below.

Progress Against the Auditor's Recommendations

- **the reporting timetable of the board and its committees so that there is timely reporting to the Lanarkshire regional Board following meetings.**

  The timetables of SLC and the Lanarkshire Regional Strategic Body (LRSB) are as fully aligned as possible given that the meetings for SLC are planned according to the academic year, in accordance with standard academic practice, whereas LRSB meetings are timetabled by calendar year. The Schedules of the two Boards are fully aligned in that the sequence of meetings of the two Boards is a matter of agreement between the respective Clerks (Governance Professionals).
  The SLC Schedule for the first semester is driven by the published LRSB Schedule, and the SLC Schedule for the second semester year contains provisional dates based on the best information available as provided by the LRSB and which are intimated in advance to the LRSB.

  Representatives of the LRSB are invited to all of the substantive committee meetings of SLC and detailed papers are issued in advance of the meetings. Representatives of SLC attend the equivalent LRSB / New College Lanarkshire committee meetings as well as attending the LRSB Board meetings.
  Any historic issues have therefore been fully addressed.

- **the monitoring of progress on reviews' recommendations, particularly in relation to the need to "ensure that robust monitoring and reporting processes are in place and maintained, and that challenge, scrutiny and escalation arrangements are in place to drive the improvements required to the college governance framework", as recommended by external reviews undertaken during 2021.**

  The published Governance Improvement Plan (the GIP), which led to an acceptance that the College was fully code-compliant by July 2022 and beyond, fully addressed any historic issues.

  To maintain high standards and to ensure robust monitoring and scrutiny was in place, a template for the "Governance Rolling Review" was agreed with the internal audit service and approved by the SLC Board. This template was placed before the four main committees for comment and discussion. A draft, incorporating input from the committees and also from the Student Association and the Trade Union Representatives, was placed before the 2023 June Board for further comment and discussion. In consultation with the Principal and the Chairing Member, the College Governance Professional will work with the internal audit service to produce a

definitive version to lay before the Board early in the academic year 2023/24 for formal adoption.

This is believed to be a sector leading initiative, which not only goes beyond the statutory requirements, but goes beyond the current benchmarks of best practice .

- **the tenure of board members, following the recruitment of six new board members. [It is understood that the recruitment process commenced in May 2023.]**

As SLC was aware that members were coming to the end of their tenure or through personal reasons may not be able to fulfil their full term, vacancies for Board members were advertised in May 2023. In order to secure effective succession planning, SLC, with the advice and support of the Governance Professional, is adopting a phased approach whereby Board Members approaching the end of their term of office may choose to stand down early so that fresh appointments can be made avoiding the clustering of appointments / renewals.

A panel has been convened and is currently considering the latest tranche of applicants. One appointment has already been made, in June 2023, and a second appointment is expected in due course. Other appointments are likely to be made in the latter part of 2023, as SLC has received a number of applications which appear to be suitable.

As such SLC fully meets the recommendation in this regard.

Clerk to the Board

- **The Committee seeks an update on the progress that has been made in appointing a new permanent clerk to the board.**

Due to SLC having other vacant posts, it sought through a tender process to use a recruitment agency to support with the recruitment of these roles which included the Governance Professional, therefore this post is currently being advertised. The new Code of Good Governance requires colleges to have in post a qualified Governance Professional, and the current interim postholder is a qualified and experienced Governance Professional, who is committed to remaining in post until the role is permanently filled.

In addition, he has also offered to provide mentoring of any new post-holder if that is required.

Please do not hesitate to contact me if any further information or clarification is required.

Your sincerely

Stella McManus
Principal and Chief Executive

News release

For immediate release, 5 June 2023

South Lanarkshire College improves governance

South Lanarkshire College has addressed weaknesses in how it is governed but has spent around £800,000 responding to leadership issues.

Auditors found that the college's governance arrangements were not satisfactory for a period during 2021/22. In late 2021 the college also commissioned two independent investigations into complaints and grievances against the chair of the board, and the principal and the interim clerk to the board. It is these investigations and their associated costs that have proved costly.

The college has since improved governance arrangements and there is now appropriate scrutiny of its board's decisions. Following consideration of the investigation reports, the board agreed to terminate the employment of the principal and the interim clerk to the board at an extraordinary board meeting in January 2023. The chair of the board's tenure ended in May 2022.

A new chair and principal are now in post. However, the investigations, legal advice and the employment costs of interim staff had cost South Lanarkshire College around £800,000 by 19 April 2023.

Stephen Boyle, Auditor General for Scotland, said:

"It is encouraging to see that South Lanarkshire College has improved its governance arrangements.

"The college, like many in Scotland, faces risks to its financial sustainability. It is therefore regrettable that it spent around £800,000 of public money responding to complaints against senior leaders, which also led to a long period of uncertainty around governance and leadership.

"The college's board is committed to making further governance improvements and that is welcome. I will be tracking its progress."

For further information contact Patrick McFall. Tel: 0131 625 1663 / 07786660171
pmcfall@audit-scotland.gov.uk or media@audit-scotland.gov.uk

Notes to Editor:

1. The Auditor General has prepared the report on South Lanarkshire College's audited accounts for 2021/22 under Section 22 of the Public Finance and Accountability (Scotland) Act 2000. This allows the Auditor General to bring to the Parliament's and the public's attention matters of public interest related to the financial statements of public bodies.

2. Section 22 reports are submitted to Scottish Ministers for laying in the Parliament along with the accounts of the relevant body. While there are statutory deadlines for these reports, the actual timing of publication is determined by when the report is laid in the Scottish Parliament by Scottish Ministers.

3. A timeline of key events relating to the independent investigations can be found in Exhibit 1 of the Auditor General's report.

4. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk

- The Auditor General for Scotland appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General for Scotland is independent and is not subject to the control of the Scottish Government or the Scottish Parliament

- Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.

Stella McManus
Principal and Chief Executive Officer
South Lanarkshire College

By email only

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26 June 2023

Dear Ms McManus,

The 2021/22 audit of South Lanarkshire College

The Committee considered the abovementioned report at its meeting on 22 June 2023 by taking evidence from the Auditor General for Scotland (AGS) and the external auditors, Mazars LLP. At this meeting, the Committee noted that South Lanarkshire College (SLC) has improved its governance arrangements and was fully compliant with the code of good governance by the end of the academic year 2021-22.

Following the evidence session with the AGS, the Committee agreed to write to SLC to seek further information.

Progress against the auditor's recommendations

The Committee notes that progress is being made against the auditor's recommendations from the 2020/21 audit through its rolling governance review programme. The Committee further notes that two recommendations have been fully implemented, two have been mostly implemented and one has not been implemented although it is understood that the college has plans to address this.

The Committee is seeking an update on the progress of the audit recommendations that are still to be fully implemented regarding—

- **the reporting timetable of the board and its committees so that there is timely reporting to the Lanarkshire regional Board following meetings.**

- **the monitoring of progress on reviews' recommendations, particularly in relation to the need to "ensure that robust monitoring and reporting processes are in place and maintained, and that challenge, scrutiny and escalation arrangements are in place to drive the improvements required to the college governance framework", as recommended by external reviews undertaken during 2021.**

- **the tenure of board members, following the recruitment of six new board members. [It is understood that the recruitment process commenced in May 2023.]**

Clerk to the board

The Committee notes that at the point in which the auditor signed their opinion on 19 April 2023, the acting clerk to the board remained in post, and would do so until a permanent appointment could be made.

The Committee seeks an update on the progress that has been made in appointing a new permanent clerk to the board.

The Committee would be grateful for a response by **28 July 2023**.

Yours sincerely,

Richard Leonard

Richard Leonard MSP,
Convener

Audit and Risk Committee

DATE	28 August 2023
TITLE OF REPORT	Draft Workplan for the Committee
REFERENCE	Agenda Item 6.3
AUTHOR AND CONTACT DETAILS	Keith McAllister, Head of Finance keith.mcallister@slc.ac.uk
PURPOSE:	To present the draft workplan of the Audit and Risk Committee
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: • Review the draft workplan as a basis for future discussion and arrange for a formal consideration of its appropriateness in terms of timing • Instruct College management to arrange for the appropriate supporting documents to be available according to the timetable • To note that the remit of the Committee will be reviewed at a future meeting at which time any amendments to the workplan can be incorporated
RISK	• That there is a failure of financial controls • That there is business interruption due to major disaster, IT failure etc • That there is a theft of, or damage to, Management Information System (incl. cyber-crime) • That there is a failure of Corporate Governance arrangements • That there is a reputational risk to the College.
RELEVANT STRATEGIC AIM:	• The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• The remit of the Committee is under review and a revised draft workplan has been drawn up • The workplan is a suggested timetable for the year, incorporating formal requirements which the Committee is invited to consider. • It should be noted that there are several items which have not yet been addressed in 2023 and the Committee should agree with College management to ensure that all items are covered in the workplan over the next 12 months.

Audit and Risk Committee Activity Monitor		Colour key:	Item duly presented to this meeting		
			Item planned to be presented		

	Feb / Mar	Special with FRC (April 23)	May / Jun	Aug / Sept	Nov / Dec
2023					
Standing agenda items					
Consideration of reports received from the College's internal audit providers					
External Auditor update					
College and Region Risk Registers and Commentary					
Quarterly Procurement Report					
Log of audit recommendations					
Audit Scotland Technical Bulletin extract					
Update of Governance from Governance Porofessional					
Update from College Quality Audiit Group (QAG)					
Non Financial Audits (SDS, etc)					
Spring (Feb / Mar)					
Review of the external audit report produced in respect of the LRSB consolidated accounts				[yellow]	
Completion of the self-assessment checklist from the Audit and Assurance Committee Handbook					
Consideration of the Audit Assurance Framework for the year			[yellow]		
Review and evaluation of the internal and external audit provision services					
Consideration of the College's Risk Appetite			[yellow]		
Summer (May / Jun)					
Review of the remit of the Audit and Risk Committee and its annual workplan				Workplan review	Remit review
Review of the audit plan presented by the external audit service providers			[yellow]		
The determination of the external audit fee, the range of which is advised by Audit Scotland	[yellow]				
Review of the College's Risk Policy					[orange]
Review of the draft plan for work presented by the internal audit providers for the following year, with reference to the initial appointment documentation	[yellow]			[yellow]	
Biannual report of cyber security by Head of MIS					
Autumn (August / September)					
Review of the audit programme of the College's Quality Audit Group					[orange]
Consideration of the annual Accounts Direction guidance issued by SFC				[orange]	
Biannual report of cyber security by Head of MIS					
Committee self-evaluation					
Winter (Nov / Dec) - Joint with FRC					
Consideration and, if appropriate, recommend approval of the external auditor's draft Annual Audit Report to the Board of Management		2021/22 Accts			
Audit and Risk Committee to recommend to the members of the Finance and Resources Committee that they can consider the draft audited Financial Statements.					
Note: Finance and Resources Committee to consider the audited Financial Statements and recommend their approval to the Board of Management					
Consideration of the draft Annual Report of the Audit and Risk Committee to the Board of Management and to recommend its acceptance to the Board.			2021/22		

Discussion of matters of concern with the College's external and internal audit providers that may have arisen during the year. This should be done in the absence of College staff and executive officers,									
Review of the College's compliance with the "Code of Good Governance for Scotland's Colleges".									
Review of the audit certification of student activity and student support funds									

DATE	28 August 2023
TITLE OF REPORT	Other Audits – SLC Quality Audit Group
REFERENCE	**07.1**
AUTHOR AND CONTACT DETAILS	Keith McAllister – Head of Finance Keith.mcallister@slc.ac.uk
PURPOSE:	• To inform the Committee of the results of audits undertaken by the College's Quality Audit Group
KEY RECOMMENDATIONS/ DECISIONS:	• Committee to note the results of the audits undertaken by the College's Quality Unit. • Committee to note that the report on the assessment work being carried out by a third party revealed no findings of concern.
RISK	• That there is a failure of financial controls • That there is a failure to achieve acceptably high standards of learning and teaching. • That there is a failure to safeguard the health and wellbeing of staff and students. • That the College cannot provide a robust learner experience supporting them onto their final destinations.
RELEVANT STRATEGIC AIM:	• The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	The QAG undertakes a range of audits throughout the year under a Curriculum Manager whose specific remit is quality. As part of the funding agreement re Educational Maintenance Allowances (where younger full-time students are given an allowance of £30 per week paid by the College and reclaimed from the Scottish Funding Council), the College has to undertake two spot check audits during the year, this being dealt with by the QAG. The second of the 2022/23 audits, attached as item **07.1.1**, noted that there were no previous recommendations to follow up and that there were no actions / recommendations for improvement identified in this audit. The QAG also undertakes reviews of specific courses and procedures employed during the year. Item **07.1.2** is the report from the audit of the service provided by a third

	party to assess Construction students and the College arrangements around this. The value of this contract with the third party is approximately £100k p.a. and their work replaces assessment previously undertaken by the Construction Industry Training Board (CITB). The report has made several recommendations for the third party provider and for the College; the QAG team will follow these recommendations up. There were no findings of concern.

South
Lanarkshire
SLC College
East Kilbride

Quality Audit Group Report

Review of SVQ Construction Craft Assessment and Verification Processes

February 2023

Audit Number: 02-2022/2023

Table of Contents

1.0 Executive Summary

This report seeks to inform the Quality Audit Group of the activity and findings associated with the review of the SVQ Construction Craft assessment and verification processes support by the South Lanarkshire College and Competence Matters Ltd.

2.0 Audit Rationale

The selection rationale is discussed and agreed by the Quality Audit Group.

2.1 Scope and Range

The scope, range and methods of gathering evidence are agreed by the Quality Audit Group.

2.2 Audit Findings

The audit findings are outlined in relation to the evidence gathered.

2.3 Previous Actions/Recommendations for Improvement

There were no previous actions/recommendations.

2.4 Actions/Recommendations for Improvement

The findings are discussed by the Quality Audit Group and actions/recommendations for improvement proposed.

3.0 Audit Rationale

The rationale for conducting this audit was in response to the Quality Audit Group *Internal Intelligence Review* from 2021-22 and SQA SVQ Construction Craft Qualification Verification Activity from 2021-22.

3.1 Scope and Range

The design of the audit ensured that systems, assessor and verifier qualifications and CPD were reviewed, and a series of professional discussions were undertaken to evaluate the implementation of SQA compliant assessment and verification processes.

The Competence Matters Learning Portal was reviewed to provide an overview of how the system supports assessment and verification.

The qualitative evidence was gathered through professional discussions with the following stakeholders:

- Apprentices (across all 4 years of the framework)
- Competence Matters Assessors
- SLC Internal Verifiers
- Curriculum Managers
- Associate Principal
- CEO Competence Matters

The scope of the audit also covered Quality Indicator 2.3 of the Education Scotland *How Good is Our College?* framework and SQA Qualification Verification Criterion 2.1, 2.4, 3.2, 3.3, 4.2, 4.6 & 4.9.

3.2 Audit Findings

The audit progressed smoothly.

Stakeholders were available to provide clarification, answer questions and provide additional evidence as required. Records, and the supporting information/documentation was made available.

Overview of Provision

SLC have approximately 600 apprentices registered on the SVQ3/SCQF6 Construction Craft awards. The apprenticeship programmes include an SVQ Level 3 or SCQF Level 6 award which is delivered over a 4-year programme for under-25s, and a 2-year programme for over-25s.

For the SVQ component apprentices must add evidence from Direct Observation in the workplace, until such time as the Assessor deems it sufficiently complete. A completed portfolio of work-based evidence is to be completed before candidates can be put forward for their Skills Test, subject to the Construction Skills' COVID-19 Guidance to the Consolidated Assessment Strategy and the associated Solution Updates.

As the ability of candidates and their site experience vary, so too will the number of site visits required to complete individual portfolios.

Apprentice Requirements

Apprentices are required to begin the process of accumulating Work Based Evidence into a portfolio from the first year of their programme. They are required to work with their allocated assessor to plan Direct Observation of the SVQ.

Professional Discussion with Apprentices

Year-1 Apprentices:

- Are aware of when they should expect to complete their PDA qualification.
- Have attended a college induction with their PDA lecturers and their SVQ Assessor for year 3 & 4.
- Are aware of who their on-site assessor is.
- Report that on-site assessor contact is variable.
- Are not aware of when they would undertake their Skills Test.

Year-2 Apprentices:

- Are not familiar with the terminology associated with the qualifications they are undertaking.
- Are aware of who their on-site assessor is.
- Report that on-site assessor contact is variable.
- Are aware of the requirement to pass evidence to their assessor, who uploads onto the Learning Portal.
- Most are aware of what they have to complete prior to undertaking their Skills Test.

Year 3 and 4 Apprentices

- Are not familiar with the terminology associated with the qualifications they are undertaking.
- Are aware of who their on-site assessor is.
- Have received their induction from their on-site assessor.
- Have had little contact with their on-site assessor.
- Report that on-site assessment/direct observation is variable.
- Have passed a variety of evidence to their on-site assessor, who uploads onto the Learning Portal.

- Not all have access to the Learning Portal as yet.
- Are aware of when they expect to undertake their Skills Test.
- Report that discussions have taken place where there are gaps in the portfolio evidence, with their employer or Managing Agent.

Assessor Requirements

In line with Awarding Body requirements and the Sector Skills Council Assessment Strategy, the Assessors must have sufficient, verifiable, relevant current industry experience, knowledge and understanding of the occupational working area at, or above, the level being assessed. This must be of sufficient depth to be effective and reliable when judging candidates' competence.

Evidence of assessors' relevant qualifications and evidence of currency were shared with SLC's Quality Team for review to support the conclusion of the 2021-22 SQA Qualification Verification Activity. A single incident of non-conformance was found, and duly resolved, evidenced by the subsequent Qualification Verification Report.

An agreement is now in place to ensure that new assessors' relevant qualifications and evidence of currency are shared with SLC's Quality Team for review to ensure compliance.

Competence Matters Ltd. have a risk matrix in place to mitigate the risk associated with deploying new assessors.

Assessors are required to participate in standardisation meetings as part of SLC's internal verification processes and to meet Awarding Body requirements.

Assessors are required to undertake Direct Observations and make assessment decisions in relation to the Candidate's Competency as set against the National Occupational Standards (NOS).

A sufficient number of assessors are required for each craft area, with particular requirements for Year 3 and Year 4 candidates, and for over 25s Year 2 candidates; where Direct Observation is required to support compliant assessment.

Professional Discussion with Assessors

- Range of experience between 9 months and over 25 years.

- Occupational currency maintained in various ways including, site-visits, research, industry specific training and personal projects.

- Report to have between 30 and 120 candidate portfolios overall, within their caseload.

- Report that candidates in their final year usually require between 4 months and a year to complete their SVQ, in advance of the Skills Test.

- Expect to make 4 or 5 site visits to ensure direct observation covers all of the NOS.

- Induction to the e-portfolio system is reported to occur at different stages in each construction craft area. Ranging from year-1 to start year-4.

- Regular contact with apprentices, and their employers, are managed by the Assessors, and on-site visits are mutually agreed then logged in the Learning Portal.

- Feedback is largely associated with the direct observation process, supported by pre-visit portfolios review.

- There are some construction craft specific evidence requirements that are more challenging to collate. In this event discussions between Assessors, employers and CITB Apprenticeships Officers are undertaken to agree an action plan.

- Post COVID-19 restrictions, a greater focus on direct observation is evident.

- Some challenges reported with candidate engagement.

- A manageable allocation of candidate portfolios is important to support effective direct observation.

- Report variable levels of contact across the construction craft areas.

Internal Verifier Requirements

In line with the Awarding Body requirements and the Skills Sector Council Assessment Strategy internal verifiers must have sufficient, verifiable, relevant up to date experience, knowledge and understanding of the occupational working area at or above the level being verified. This must be of sufficient depth to be effective and reliable when verifying judgements about assessors' assessment processes and decisions.

Evidence of the Internal Verifier qualifications was provided by SLC's Human Resources department. Internal Verifiers qualifications were confirmed for 6 of the 8 participants, and clear evidence of how they meet the requirements was provided.

The Internal Verifiers participate in training activities for their continued professional development. Most Internal Verifiers record vocationally relevant CPD in staff CPD logs, in some cases clearer signposting to how CPD activity meets the requirements would be beneficial.

Professional Discussion with SLC Internal Verifiers.

- Most suggest that 3 or 4 on-site Direct Observations would be required to capture all the evidence required to meet the NOS, however they note that this will vary depended on the candidate and the employer work schedules.

- The rate of portfolio completion is variable.

- They expect to have Observations Reports (primary evidence) available to support on-site assessment, however the availability of this type of evidence was impacted throughout the COVID-19 timeframe, and in some cases a focus has been on assessing the 2017-18 and 2018-19 cohort. It was reported that focus is now moving towards Direct Observation of the 2019-20 candidates for whom the mitigations did not apply at the time of the audit.

- Some issues were reported regarding navigation of the Learning Portal and limited access to information and direct signposting the NOS.

- Some would welcome clearer reporting to evidence how the assessment judgements were made.

- The SVQ award IVs have regular planned and unplanned contact with the associated assessors, including standardisation meetings.

- The PDA IVs meet with assessors at the SVQ induction sessions. No other formal planned meetings are taking place, it is reported that candidate evidence is not added to the SVQ portfolios at this stage.

- The Skills Test IVs have varied contact with assessors, due to the roll-on roll-off nature of the unit.

- IVs note that they would welcome training and support in the event of updates to systems, process or procedures.

Curriculum Manager Requirements

The Curriculum Manager is the Competence Matters Ltd. liaison, for their associated Construction Craft, and they oversee the management and co-ordination of all Internal Verification and External Verification activity, ensuring that college Internal Verifiers meet the qualification and vocational competency requirements, and ensuring Awarding Body and regulatory requirements are met.

Professional Discussion with CMs:

- The Curriculum Managers have between 2 and 4 years' experience of leading the SVQ programmes. The Curriculum Managers report that in general

Modern Apprentices (MAs) under 25 require at least 4 years' experience, including a minimum of 2 years on the SVQ, to demonstrate competency to meet the NOS. For candidates over 25 on the 2 years programmes the timeframe is more variable.

- There is a clear expectation from Curriculum Managers that assessors are required to conduct as many on-site direct observations as required to ensure competency across the full range of NOS. From their experience between 4 and 8 on-site observations would typically be required.

- The Curriculum Managers would recommend the following full-time equivalent assessor ratios for each construction craft:

  - Plastering - 2
  - Brickwork - 2
  - Painting and Decorating - 2
  - Roof, Tiling and Slating - 2
  - Carpentry and Joinery - 4

- The candidate induction process varies across the construction craft portfolios. Historically, the induction to the SVQ was planned for year-3 to coincide with the SVQ on-site assessment, COVID restriction delayed the process for some individual candidates.

- For the 2022-23 cohort, Carpentry and Joinery conducted inductions in partnership with Competence Matters Ltd., inducting candidates to both the PDA and SVQ components.

- Enrolment onto the Learning Portal has been conducted in year-3 for under 25s and year-1 or year-2 for over 25s. This induction will be conducted towards the end of year-2 from session 2022-23.

- For 2022-23 cohort, there is no standardised approach to ensure that candidates are inducted onto their SVQ by their allocated assessor and the candidates have been enrolled onto the new SVQ awards, as per SQA guidelines.

- For 2021 enrolments, there is no standardised structured approach to assessing candidates' development needs and maintaining regular contact with the SVQ assessors. The PDA assessors are reviewing candidates progressed against the knowledge and understanding requirements.

- For 2019 & 2020 enrolments, there has been a limited adoption of verification of live assessment. The internal verification process has been supported via the use of video evidence and observation reports.

- Skills Tests have been conducted where there is evidence of 100% completion of the portfolio.

- There has been no submission to the Awarding Body to apply for a change the Conditions of Assessment.

- Arrangements to support on-site observation of live assessment are made directly between the assessors and the IV.

- Feedback to the candidates is evidence on the Learning Portal and can be access by the IV and CM for review.

- Candidate progress is captured via the IV process – through sampling. Competence Matters Ltd. send progress reports to the CMs on a monthly basis.

- There are construction craft specific challenges regards collating evidence to meet all of the NOS. It is the managing agent's responsibility to capture this at enrolment on the ATS.

- The SLC and Competence Matters Ltd. teams meet regularly to discuss candidate progress. Formal meetings are evident on a fortnightly or monthly basis, with agenda and recorded action minutes. Standardisation meetings have been taking place.

Associate Principal's Requirement

The Associate Principal's role is to oversee the financial and contractual arrangements associated with the procurement of on-site assessment services for SVQ Construction Craft courses. This role has overarching responsibility for all quality initiatives and continuous improvement activity related to qualitative and quantitative performance, in the associated curriculum areas.

Professional Discussion with the Associate Principal:

- The Associate Principal has had leadership responsibilities for Construction Craft SVQs for approximately 18 months at SLC, and has over 25 years' experience in the SVQ landscape.

- The operational responsibilities for Construction Craft SVQ management and quality assurance are devolved to the Curriculum Managers.

- Interval verification of the SVQs is supported through timetabling, which is managed by the Curriculum Managers.

- The Associate Principal reported that on-site assessment should be conducted as required to ensure that candidates complete their SVQ portfolios.

- They reported that the on-site assessment is supported through Year-3 and Year-4 of the apprenticeship.

- An assessor should be responsible for around 40 portfolios to ensure they have adequate time support direct observations across their allocated cohort.

- Induction to the SVQ and e-portfolio has been scheduled for Year-3. Plans are to complete this at the end of Year-2 for the 2021-22 cohort onwards.

- Reports that Year-1 induction to the portfolio is not required, and does not form part of the current agreement.

- The responsibility for ensuring candidates are inducted onto the portfolio/learning portal, and that they are clear regarding the evidence required to achieve their SVQ lies with the Curriculum Managers.

- Reports that for 2021 enrolments, that it is the managing agent's responsibility to provide evidence confirming a structured approach to meeting the candidate's development needs and maintaining regular contact between assessor and candidate.

- The use of Skills Test Readiness Declaration documents (STRD) or Adaptation to Assessment (ATA) documents would be considered, if required.

- Responsibility for ensuring work-practices cover the NOS lies with the managing agent and employer.

- Reports that staff participate in standardisation meetings and staff development days, which are recorded on their CPD logs.

- Regular reviews taking place between the assessors, SLC and the managing agent focusing candidate progress.

- The Associate Principal has an expectation that Direct Observation reports should be available as primary evidence to support assessment judgements.

- Knowledge transfer from the PDAs to the SVQs is supported through uploaded evidence for the competed PDA to the Learning Portal.

- A process for checking Assessor competence is required through collaboration between Competence Matters Ltd. and SLC.

- Reports that staff development for IVs should continue during planned staff development days and standardisation meetings.

- Training to support new IVs would be welcomed.

Competence Matters Ltd. Services to Support On-site Assessment

The services of Competence Matters Ltd. were procured to support the on-site assessment of Construction Craft SVQs. As on 20ᵗʰ January, Competence Matters Ltd. assessors are supporting candidates on the following SVQs:

- Plastering
- Brickwork
- Painting and Decorating
- Roof Tiling and Slating
- Roofing
- Timber Frame Erection
- Carpentry and Joinery

The online Learning Portal hosts individual portfolios, where apprentices can submit evidence and where progress and feedback can be reviewed by candidates, assessors, Curriculum Managers and IVs. It provides a 24/7 secure learning portal which hosts evidence of competence mapped to the relevant National Occupational Standards.

Professional Discussion with Competence Matters Ltd.

- Reported that all scheduled contacts between assessors and students are recorded in the individual portfolios on the Learning Portal.

- Assessors provide feedback to students, and in some cases to employers and CITB on the Learning Portal.

- A new learning portal platform is under development.

- Suggested that SLC of Competence Matters Ltd. should shadow/signpost EVs during the portfolio review.

- Competence Matters Ltd. continue to provide inductions for EVs on the assessment process and how it is supported via the Learning Portal.

- A video is provided to each apprentice when enrolling on the Learning Portal, which includes the evidence authenticity requirements.

- Close-out interviews are conducted for each completed apprentice.

- SLC and Competence Matters Ltd. standardisation meetings are taking place.

- Annual review meetings are being considered.

- Evidence retention requirement are exceeded – archive available indefinitely.

3.3   Previous Actions/Recommendations for Improvement

There were no previous actions/recommendations.

3.4   Actions/Recommendations for Improvement

The following recommendations for improvement have been identified:

South Lanarkshire College -

Continue to provide staff development associated with the verification process for on-site assessment and e-portfolios.

Competence Matters Ltd. -

Consider updating the direct observation reports to specify which signposts meet the performance criterion of the SVQ units assessed to support verification activity.

Monitor and feedback direct assessor contact statistics to share with SLC.

Consistent approach to uploading and recording assessed secondary evidence to the Learning Portal.

Cross-organisational -

Annual meeting to consider cross-organisational quality enhancement activity and action planning.

The following actions are required:

South Lanarkshire College -

Share IV planning and IV documentation with Competence Matters Ltd. – May 2023.

Competence Matters Ltd. -

Share data and/or statistics with SLC Quality team re. the number of on-site visits conducted to support portfolio completion – August 2023.

Cross-organisational -

Regular scheduled meetings with representation from SLC IV and Competence Matters Ltd. Assessors – May 2023.

SVQ induction to include representation from SLC and Competence Matters Ltd. at the end of year 2 of the 4-year programmes and the end of year 1 for 2-year students – June 2023.

Competence Matters Ltd. and SLC to review their associated IV systems with the view to minimising duplication – September 2023.

Lead Auditor : Lisa Doonan

Signed off by:

Area Manager / Curriculum Manager(s):

_____ Fraser Waugh
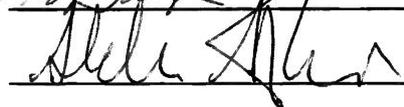
_____ Alistair McTavish

Curriculum Manager, Quality
(Chair of Quality Audit Group): _____ Lisa Doonan

South Lanarkshire College

East Kilbride

Quality Audit Group
Audit Report

EMA 'Spot Check'
2nd Audit
13th April 2023

Audit Number: 03-2022/2023

Table of Contents

1.0   Executive Summary

This report seeks to inform the Quality Audit Group of the audit activity and findings from the second EMA targeted audit.

2.0   Audit Rationale

The selection rationale is discussed and agreed by the Quality Audit Group.

2.1   Scope and Range

The scope, range and methods of gathering evidence are agreed by the Quality Audit Group.

2.2   Audit Findings

The audit findings are outlined in relation to the evidence gathered.

2.3   Previous Actions/Recommendations for Improvement

There were no previous actions/recommendations for improvement proposed during the audit in December 2022.

2.4   Actions/Recommendations for Improvement

The findings are discussed by the Quality Audit Group and actions/recommendations for improvement proposed.

3.0 Audit Rationale

The rationale for conducting this audit is in response to statutory requirements placed on the College set out in the Scottish Funding Council document *'Education Maintenance Allowance Guidance for Colleges* 1st July 2022.

3.1 Scope and Range

The design of the audit ensured a student-centred focus by sampling 11 student applications out of 203, across the Faculties (5.42%) and actual payments over each month for this academic session. The range of evidence sampled included:

Evidence from the EMA applications log.

Application forms for every applicant supported by documentary evidence of:
- Birth certificate
- EMA reference number
- Residency
- Bank details
- Income records
- Correct EMA rate applied
- Awards letter
- Supporting documentation
- Signed learning agreement
- Sickness and authorised absence record
- Confirmed BACs payments

Access to the comprehensive Electronic Bursary Application system which has been implemented by the College was made available by the Bursary Team on the day. This facilitated the identification of evidence for each student sampled.

Qualitative evidence was also gathered through professional discussions with the Bursary Team who administer EMA provision.

The scope of the audit also covered Quality Indicator 2.4 of the Education Scotland *How Good is Our College?* framework and SQA criteria 1.1 and 1.4.

3.2 Audit Findings

The audit progressed smoothly. Online access to student applications, attendance and payment records was provided by the Bursary Team.

Bursary staff were available to provide clarification, answer questions and provide additional evidence as required. Record keeping was thorough, and any supporting information/documentation was available.

Applications and supporting documentation were sampled across a range of students and payment dates.

The 11 applications sampled contained the required student details including address, date of birth, residency and income information. The appropriate sections of the application form were answered for students within the sample.

All necessary documents used by the Bursary Team were available to view through the College secure system.

Individual payment records were available for all students in the sample. These records were checked against attendance records and BACS payment records up to payment week 35. Payment records were consistent with attendances.

Detailed BACs payment records were kept. Authorised and sickness absences were recorded methodically, and all payments had been confirmed against attendance.

3.3 Previous Actions/Recommendations for Improvement

There were no previous actions/recommendations for improvement proposed during the audit in December 2022.

3.4 Actions/Recommendations for Improvement

No actions/recommendations for improvement have been identified from this Audit.

Lead Auditor : A Jamieson

Signed off by:
Area Manager / Curriculum Manager: _____

Curriculum Manager, Quality
(Chair of Quality Audit Group): _____

AUDIT & RISK COMMITTEE

DATE	28 August 2023
TITLE OF REPORT	Audit Scotland Publications https://www.audit-scotland.gov.uk/publications/search
REFERENCE	**08**
AUTHOR AND CONTACT DETAILS	Keith McAllister – Head of Finance Keith.mcallister@slc.ac.uk
PURPOSE:	• To inform the Committee of publications issued by Audit Scotland which the College and either or both of our own internal and external audit providers have to take account of.
KEY RECOMMENDATIONS/ DECISIONS:	• Committee to note the contents of the extract from Audit Scotland's Technical Bulletin 2023/2. • Committee to note the contents of the specific report on Fraud and Irregularity. This report will be presented to SLT in August 2023.
RISK	• That there is a failure of financial controls • That there is a failure of Corporate Governance arrangements • That there is a reputational risk to the College.
RELEVANT STRATEGIC AIM:	• The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	Audit Scotland issues a Technical Bulletin each quarter, concentrating on issues in the public sector; an extract from the Bulletin is attached as item 08.1. There is often a section on Further Education, but this is not the case with this issue. The more general sections, "All Sectors" and "Professional Matters", will have items which the College may have to take account of, and there are often instructions to auditors which the College, of course, has to be aware of. The Bulletin makes mention of the "Good Practice Note on the Remuneration Report", a report which the college sector has to incorporate in its own Annual Report and Financial Statements. A briefing note on the requirements was presented to the August 2023 meeting of the Finance and Resources Committee. The Professional Matters section mentions proposed revisions to arrangements for audit confirmations as this section is included for information.

	Attached as item 08.2 is Audit Scotland's report on Fraud and Irregularity which details issues of concern that have been identified in public sector organisations.
	This report will be presented to the College's Senior Leadership Team and will be cascaded to College staff as appropriate.

Technical Bulletin 2023/2

Technical developments and emerging risks from April to June 2023

AUDIT SCOTLAND

Contents

1: Introduction

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 responses to any requests from auditors for technical consultations with Professional Support.

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

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

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

Highlighted items

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

Highlighted items		
Professional Support has published a Good Practice Note (GPN) on Remuneration Reports [**paragraph 1**]	Professional Support has published guidance on Independent Auditor's Reports for local government [**paragraph 5**]	CIPFA has issued Bulletin 13 on Local Authority Reserves and Balances [**paragraph 10**]
CIPFA has issued Bulletin 14 on Closure of the 2022/23 Financial Statements [**paragraph 12**]	PWC has provided a report to support auditors when assessing information produced by actuaries in respect of the Local Government Pension scheme (LGPS) [**paragraph 31**]	LASAAC have issued updated guidance on accounting for common good funds [**paragraph 40**]
Professional Support has published guidance on objections to 2022/23 annual accounts [**paragraph 46**]	Professional Support has issued guidance for auditors on certifying the 2022/23 housing benefit (HB) subsidy claim [**paragraph 49**]	The SG has issued the 2022/23 Non-domestic rates notified return and guidance [**paragraph 54**]
The NAO has published a disclosure guide on the 2022/23 financial Statements for bodies covered by the FReM [**paragraph 58**]	The Cabinet Office has published an Employers Pension Notice on the Remuneration Report [**paragraph 61**]	Professional Support has issued a report to auditors following an examination of the CNORIS [**paragraph 65**]
The Scottish Government has issued guidance on the Junior Doctors' pay award [**paragraph 67**]	The FRC has issued an invitation to comment on proposed revisions to ISA 505 [**paragraph 71**]	The FRC has published a thematic review of fair value measurement disclosures [**paragraph 75**]

Consulting with Professional Support

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

2: All sectors

Good practice note on Remuneration Report

1. Professional Support has published a Good Practice Note (GPN) following a review of the Remuneration Reports in the 2021/22 annual accounts of a sample of public bodies in Scotland.

2. The Remuneration Report was chosen for a good practice review because of the high-profile nature of the information, along with indications that the quality of the disclosures was variable. Good practice is illustrated, where possible, using examples taken from the 2021/22 annual accounts of the bodies in the sample.

3. The review was carried out by a team in Professional Support with knowledge of the relevant financial reporting framework. However, the team does not have a detailed understanding of each body's particular circumstances or the specific underlying transactions. The GPN is available to auditors on SharePoint* and is also freely available from the Audit Scotland website. The review identified the following key messages:

- Public bodies should clearly identify the parts of the Remuneration Report that are subject to audit.

- Bodies should consider carefully how to present the required information and support significant messages with relevant context.

- Important information should be highlighted and not obscured by immaterial detail that causes clutter. To avoid clutter:

    – tables (or columns or rows) which do not contain entries should be removed

    – signposting can be used effectively to provide complementary information.

- The language used in the Remuneration Report should be clear and precise.

4. Auditors are requested to encourage their audited bodies to use the GPN to assess and enhance their own disclosures in 2022/23.

Fraud and irregularity

Annual report 2022/23

AUDIT SCOTLAND

Contents

Accessibility

You can find out more and read this report using assistive technology on our website.

For information on our accessibility principles, please visit: www.audit-scotland.gov.uk/accessibility.

Key messages

1 During 2022/23, 12 cases of fraud and irregularity valued over £139,000 were identified. Weaknesses in internal controls contributed to each case identified.
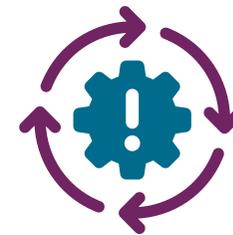
2 Auditors have found that public bodies have effective systems, procedures and controls in place to help prevent and detect the majority of fraud and irregularity.

Recommendations

Public bodies should ensure they have effective counter-fraud arrangements. This includes:

- undertaking a fraud risk assessment to identify areas at risk

- having effective counter-fraud governance arrangements

- having a counter-fraud strategy and regularly reviewing counter-fraud plans

- regular assessment and review of internal controls

- considering the control weaknesses identified in this report.

Auditors should review:

- whether counter-fraud governance arrangements are effective and regularly reviewed and revised as necessary

- the effectiveness of counter-fraud controls along with the details on the control weaknesses identified in this report.

Fraud and irregularity identified during 2022/23

Auditors provide Audit Scotland with details of fraud and irregularity discovered in their audited bodies. This report sets out the cases identified during 2022/23 including the details of the control weaknesses which contributed to these cases.

Aims of this report

1. This report shares information where control weaknesses have contributed to fraud and irregularity. This report aims to help prevent similar situations happening in other bodies by sharing the details and highlighting weaknesses in internal controls. Other cases of fraud or irregularity may exist that were not facilitated by weaknesses in internal controls. External auditors[1] identified 12 cases of fraud and irregularity totalling over £139,000 in audited bodies in 2022/23 (seven cases totalling £401,500 were identified in 2021/22). This level of fraud and irregularity is very small when compared to the £56.5 billion Scottish budget.[2]

2. The cases included in this report have been investigated internally but will not necessarily have been reported to Police Scotland or to have been proven as fraud in a court of law.

3. This report encourages public bodies to consider the cases included in this report and reflect whether the same control weaknesses exist in their own systems. Public bodies are also encouraged to regularly review their counter-fraud arrangements to ensure they remain effective against both existing and newly emerging types of fraud and irregularity.

4. The case studies in this report aim to help auditors consider and review the effectiveness of the counter-fraud governance arrangements in their audited bodies.

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[1] External auditors report frauds, or suspected frauds, to Audit Scotland where they are caused or facilitated by weaknesses in public bodies' internal controls. Frauds and irregularities are considered significant where the value of the loss is over £5,000 or where it is of significance owing to the nature of the activity.

[2] Scottish Budget 2022 to 2023: Your Scotland, Your Finances – guide

Fraud and irregularity cases identified in 2022/23

Fraud and irregularity identified during 2022/23 totalled over £139,000 and fell into the following categories:

5 cases
Grant payments
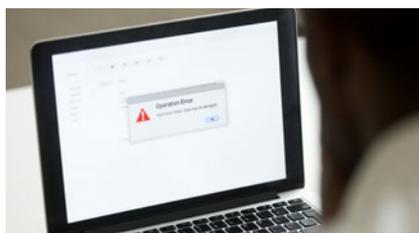
1 case
Invalid supplier

1 case
Procurement card

1 case
School funds

3 cases
Payroll and pensions

1 case
Theft

Control weaknesses

The following control weaknesses contributed to the fraudulent and irregular activity identified during 2022/23.

Not checking all details on applications for funding

Lack of management checking

No independent confirmation with the customer before changing bank account details

Not following procedures

A lack of segregation of duties

Weak authorisation processes

Lack of awareness of potential fraud risks

Poor security arrangements

Specific details of the fraud and irregularity cases identified during 2022/23 are on the following pages.

Expenditure

Expenditure fraud relates to cases where a body has incurred additional expenditure because of fraud. This may be due to invalid suppliers, fictitious invoicing, or the redirection of payments intended for legitimate suppliers.

Case study 1.
Grant payments

Four unknown third parties made four fraudulent grant applications for Covid-19 support totalling £51,000.

Key features

Supporting documentation and proof of bank account evidence was provided. The frauds were possible as there were small differences in the business name and email address which were not picked up. The bank accounts used to facilitate the fraud were included in a suspicious activity report; however, due to pressure to ensure grants were paid without delay the applications were processed and paid despite this.

In one case, the fraud was identified after the grant payment was rejected by the bank. In the other cases, a retrospective data-matching exercise identified the frauds.

Retrospective checking including use of a national data-sharing facility has since been carried out on all Covid-19 grant payments.

Case study 2.
Grant payments

An unknown individual compromised a grant recipient's email account and committed bank mandate fraud. A grant of £12,300 was subsequently paid to the fraudulent bank account.

Key features

After informing the grant applicant that their application was successful, the council received a request to change the grant recipient's bank account details.

The request came from the genuine grant recipient's email account and contained an attachment on headed paper requesting the change. The bank details were then changed.

The fraud was identified when the genuine grant recipient reported non-receipt of the funds.

The fraud could have been prevented if the council had contacted the grant recipient to confirm the bank account changes.

The council have since issued bank mandate guidance for staff and existing controls have been strengthened.

Case study 3.
Invalid supplier

A third party defrauded over £11,000 from a public body by purporting to be a supplier to the body.

Key features

The public body received a request by email to amend a supplier's bank account details. The supplier's email address had been intercepted by a fraudster who requested the change.

The fraud was possible as the public body did not telephone the supplier to verify the change of bank details.

The issue was identified when the genuine supplier queried why the payment had not been received.

The public body's counter-fraud team has reviewed the process for changing suppliers' bank account details and improvements have been made to procedures.

The matter has been reported to Police Scotland.

Case study 4.
Procurement card

A manager misused a procurement card to the extent of £5,450 to withdraw cash fraudulently and to make fraudulent payments.

Key features

The fraud was identified when the manager was on leave and another member of staff looked for the cash.

The fraud was possible as management did not check procurement card receipts or supporting documentation prior to approving expenditure.

The body is reviewing the number of procurement cards holders and approvers and staff are required to complete refresher training on procurement cards. The manager has been dismissed.

Case study 5.
School funds

A head teacher embezzled over £5,300 from a school fund.

Key features

The teacher fraudulently used the school fund purchase card, which was held in the name of another member of staff, for personal purchases. The teacher also falsified an invoice to disguise the payment of a personal membership fee, and misappropriated school fund concert cash that had been entrusted to the teacher.

The fraud was identified after concerns were raised regarding misappropriation of the school fund purchase card.

Subsequent investigations identified that high-value items purchased from the school fund could not be located on the school premises. These items were subsequently recovered from the teacher's home.

The fraud was possible as, due to the seniority of the teacher; the actions were not challenged by other staff. In practice, there was no segregation of duties.

The council has:

- revised school fund procedures

- introduced random sampling of purchase card transactions

- provided fraud awareness and procurement training to school staff.

The case has been reported to the Procurator Fiscal. The teacher resigned following the instigation of disciplinary proceedings.

Items to the value of £1,600 have been recovered.
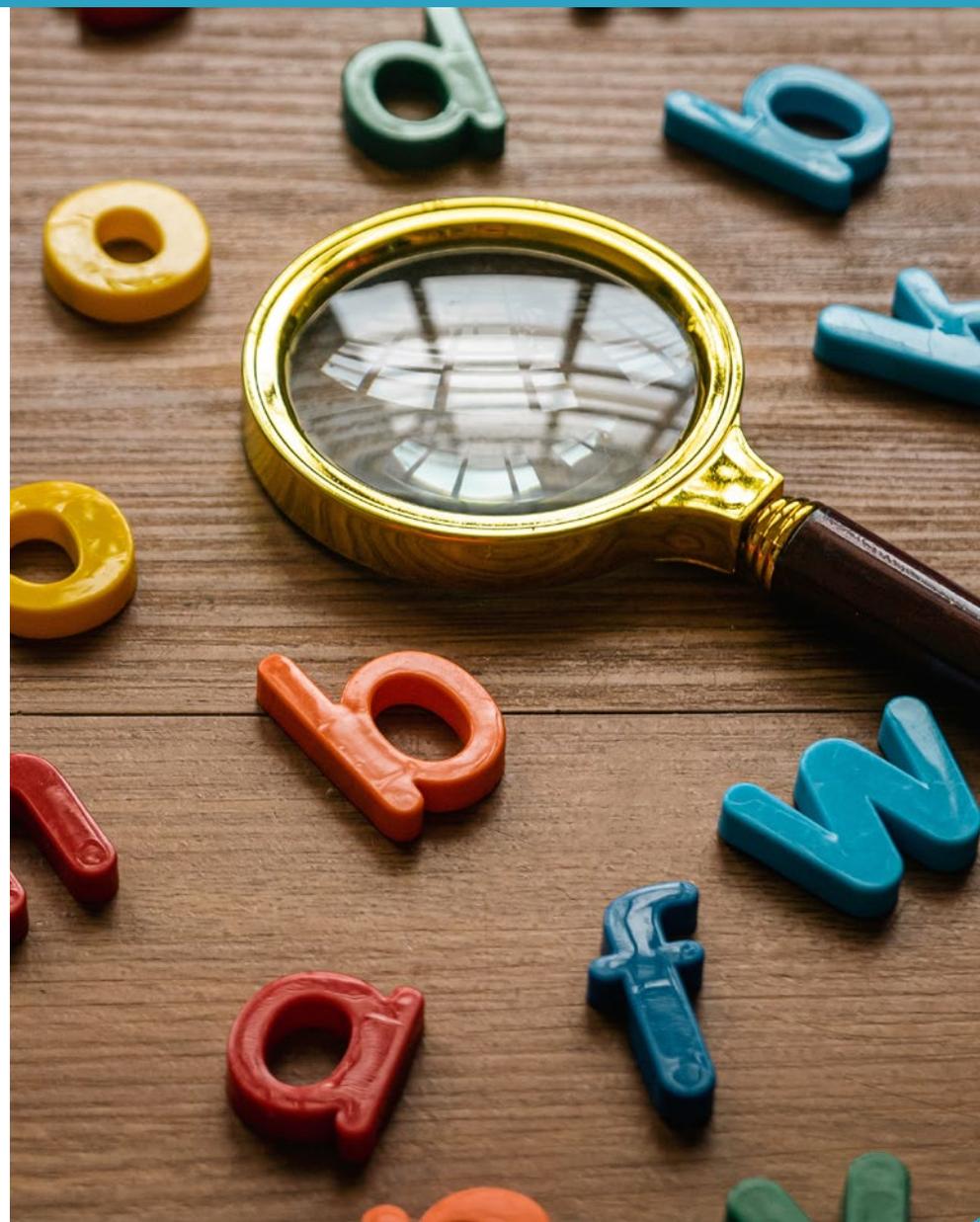
Payroll and pension fraud

Payroll and pension fraud relates to people receiving payroll or pension payments to which they are not entitled.

Case study 6.
Payroll fraud

A council employee failed to report a £25,000 payroll overpayment over a three-year period.

Key features

An error in processing a reduction in working hours resulted in an increase to the employee's salary. The error was not identified by the authorising officer, and the employee did not report the overpayment.

The fraud was identified during a data check carried out by the council. The fraud was not detected earlier as the normal annual data checks were suspended during the pandemic.

The council has issued reminder instructions to staff processing and authorising payroll amendments to emphasise the importance of ensuring that details are correct. A new checking process has been introduced that requires staff to verify any change of working hours requests to amendment forms, contracts, and payroll details.

Disciplinary action has been taken and recovery action is in process.

Case study 7.
Payroll fraud

An ex-council employee failed to report a £10,500 payroll overpayment over a seven-month period.

Key features

The employee left the council's employment and moved to a health board following a secondment period. However, the council salary continued to be paid for seven months after the employee left the council.

The fraud was identified when the health board queried an invoice for recovery of the employee's costs.

The fraud was possible as the employee's manager in the council failed to complete a termination form.

The manager has been reminded of the requirement to complete termination forms. The council has reintroduced a previously suspended monthly report requiring managers to confirm the employment status of employees in their service.

A repayment plan is in place to recover the overpayment.

Case study 8.
Pension payments

A third party claimed over £6,600 from a widower's pension following his death.

Key features

The fraudster had notified the pension fund of a change of bank details for receipt of the pension after the pensioner had died. This notification came from the same email account used for the original bank mandate. The personal details provided, along with the signature, matched those on the original bank mandate and it was processed.

The fraud was identified as part of the National Fraud Initiative (NFI).

The fraud was possible as there was limited consideration given to the potential risks associated with the receipt of new bank details. An internal audit investigation identified recommendations to help strengthen controls around changes to bank details.

Police Scotland identified the individual who submitted the fraudulent bank mandate and, following a police caution, the full amount was repaid.

Theft

Theft relates to cases where someone acts dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it.

Case study 9.
Theft

An unidentified perpetrator stole random access memories (RAMs) valued at £12,000 from laptops stored in the office of a public body.

Key features

It was discovered during a stock check that some laptops had been opened and RAMs removed.

The theft was possible due to poor security arrangements. The perpetrator has not been identified due to the absence of CCTV.

Security procedures have been strengthened and a process for controlling the distribution of laptops has been developed.

Further information

Further information about Audit Scotland's work on counter-fraud is available on our website. This includes information on:

Our counter-fraud work

The National Fraud Initiative

Red flags in procurement

Cybercrime: A serious risk to Scotland's public sector

SEPA continues to count cost of cyber-attack

Fraud and irregularity

Annual report 2022/23

AUDIT SCOTLAND

AUDIT & RISK COMMITTEE

DATE	28ᵗ August 2023
TITLE OF REPORT	Consideration of the annual Accounts Direction Guidance issued by SFC
REFERENCE	8.3
AUTHOR AND CONTACT DETAILS	Elaine McKechnie, Financial Accountant, Elaine.mckechnie@slc.ac.uk
PURPOSE:	To update Board and Committees on annual Accounts Direction guidance, identifying any amendments in approach for the purposes of 2022-23 Financial Statements.
KEY RECOMMENDATIONS/ DECISIONS:	The Board and Members are asked to: • Note no significant changes in Accounts Direction guidance for 2022-23 Financial Statements production. • Note that a new SORP will likely be effective from Academic Year 2024-25 but does not impact on 2022-23 or 2023-24 reporting. • Note that Audit Scotland issued a Good Practice Note on enhancing the quality of financial reporting within the Remuneration Report on 29 May 2023. It is recommended that the Committee accept the proposals noted within the report. • Committee also asked to note that CIPFA have issued a Bulletin to provide guidance on closing the 2022/23 financial statements; this has been done and is attached below. Within that guidance and pertinent to Scottish publicly funded bodies are: 　i. Reporting impacts of inflation and interest rates in current climate 　ii. Grant recognition and presentation within balance sheet where conditions of spend have not yet been met; 　iii. Subsequent measurement of property, plant & equipment 　iv. Accounting standards that have been issued but not yet adopted. 　v. Accounts closure process.

	Having reviewed the updates, finance conclude that these areas and changes do not pose any significant impact on the reporting of College financial results for 2022-23.
RISK	• Risk of non-compliance with statutory and legal obligations by Board and Committees to ensure good corporate governance and accurate financial reporting.
RELEVANT STRATEGIC AIM:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	There are no significant changes to the requirements contained in the Accounts Direction issued by SFC. The College will consider the recommendations from the Good Practice Note in respect of the Remuneration Report, as outlined above. The two documents have been attached for the information of members. College management has formalised the accounts production and reporting process, as per the table below. **Note that this report has also been submitted to the Finance and Resources Committee**

1. INTRODUCTION

1.1. This paper provides a brief outline of annual Accounts Direction guidance as issued by the Scottish Funding Council (SFC), together with a Good Practice Note as issues by Audit Scotland and another technical Bulletin from CIPFA.

2 BACKGROUND

2.1 Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).

2.2 The Scottish Funding Council set out specific, mandatory disclosures for incorporated Colleges annually and these should be considered internally by the College prior to Financial Statements preparation to ensure full compliance.

2.3 Moreover, Audit Scotland seeks to promotes high-quality financial reporting in Scottish public bodies. Audit Scotland's Professional Support carries out reviews of the annual accounts of public bodies to identify and share examples of good practice reporting and highlight areas where enhancements can be made. These enhancements should be considered within the context of accounting disclosures and so it is pertinent that both are considered together within this report.

2.4 Audit Scotland have also referenced a technical Bulletin that has been issued by CIPFA, the Chartered Institute of Public Finance & Accountancy to provide guidance on closing the 2022/23 financial statements. There are a few points within that bulletin that are relevant to Scottish local government organisations and are discussed below.

3 DISCUSSION

3.1 In terms of the accounts guidance for 2022-23, no significant changes have been noted since last year.

3.2 The Good Practice Note in respect of Remuneration Report within the Financial Statements recommends several actions, namely to:
➢ Clearly identify the parts of the Remuneration Report that are subject to audit.
➢ Rather than using narrative around tables, make better use of remuneration tables for disclosing changes in senior personnel and new appointments made mid-year within the tables.
➢ Disclose the College's _**target**_ for sickness absence alongside the actual % for the year and provide comment of any trends or factors influencing the statistic.
➢ For fair pay disclosures, consider using a combined, tabular format to disclose highest paid senior management team member, the staff average remuneration and the median, upper, and lower percentile remunerations. FReM further requires disclosure of the reasons for any change in current year pay ratios compared to prior year.

3.3 Within that Technical Bulletin issued by CIPFA and pertinent to Scottish local government are:

- Reporting impacts of inflation and interest rates in current climate which is less relevant for us given no current loan/overdraft facilities in use; albeit increased bank interest in the year

- Reinforcing grant recognition and presentation should be within balance sheet where conditions of spend have not yet been met, which is already standard practice for the College;

- For subsequent measurement of property, plant & equipment, management are required to take a critical view of any valuation reports received considering the current economic climate. Ensure sufficient challenge is raised for any significant changes to valuations.

- Accounting standards that have been issued but not yet adopted should be disclosed. This primarily refers to IFRS 16 Leases which dictates that operating leases ('pay as you go' leases) need to be disclosed on the balance sheet. This is less relevant to the College as it does not currently utilise many operating leases but will be considered fully during the accounts preparation process.

- Accounts closure process to be timetabled and mapped out with stringent deadlines to ensure effective working practices lead to quicker close process. Please see schedule below detailing key deliverables and timeline for completion by Finance Team.

  All things considered, there is no need to deviate from any existing accounts disclosures in 2022-23, however it is recommended that some of the best practices for the remuneration report are taken on board and that an accounts closure process be mapped out to ensure timely production of the Financial Statements.

4   EQUALITIES

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

5   RISK AND ASSURANCE

Risk of non-compliance with statutory and legal obligations by Board and Committees to ensure good corporate governance and accurate financial reporting.

6   RECOMMENDATIONS

Members are recommended to:

- note the contents of this report and the attachments in relation to the annual Financial Statements that will be produced for 2022-23.

South Lanarkshire College

Year-end planning

Financial Audit 2022-23

Month	Task	Responsibility	Assisted by	Completion Date	Comments
Aug 2023	July P&L management accounts for budget holders	BMcM	N/A	18 Aug 2023	
	Post all residual journal entries including payroll	BMcM, EMcK	AMMcC	18 Aug 2023	
	Balance Sheet Reconciliations	BMcM, EMcK	N/A	25 Aug 2023	
	Ask Chair, Principal & Governance Professional to review performance Report/Governance Statement within Financial Statements	EMcK (copy KMcA)	PH, SMcM, PFS	30 Sept 2023	
	Actuarial Papers received for year end valuation from Hymans Robertson	EMcK	N/A	31 Aug 2023	
Sep 2023	Financial Statement Production	EMcK, KMcA	Finance Team	29 Sept 2023	Elaine working 4 days a week in Sep/Oct
Oct 2023	Audit Scotland Fieldwork	KMcA, EMcK, BMcM	Finance Team	16 Oct – 27 Oct 2023	
	Excel accounts to NCL for consolidation	EMcK, KMcA	N/A	18 Oct 2023	Send to Lynn MacKenzie
	Final clearance meeting with Head of Finance to agree final stats	KMcA, Audit Scotland	N/A	31 Oct 2023	

Nov 2023	Issue proposed audit report, letter of management rep and independent auditor report to Audit & Risk Committee	Audit Scotland	BoM	13 Nov 2023	
	Presentation of proposed annual audit report to Audit & Risk Committee which allows Finance & Resources to consider the Annual Report and Financial Statements.	Audit & Risk Committee	Chair of Finance & Resources Committee	27 Nov 2023	
	Consideration of the Annual Report and Financial Statements by the Finance and Resources Committee with a view to recommending these to the Board of Management for approval. Confirmation given to the RSB that the Financial Statements have been recommended for approval.	Finance & Resources Committee	Chair of the Audit & Risk Committee	27 Nov 2023	
Dec 2023	Meeting of the Board of Management to approve Financial Statements.	EMcK/ VP/Head	N/A	5 Dec 2023	
	Lodge Annual Report and Financial Statements with Audit Scotland and the Scottish Funding Council Complete and lodge financial statements template with Scottish Funding Council	Audit Scotland (as external auditors) EMcK/ VP /Head		31 Dec 2023 31 Dec 2023	

April 2024	Lodge financial statements with OSCR once these have been laid before the Scottish Parliament	EMcK/ VP/Head	N/A	30 Apr 2024	
					7

BMcM   Bill McMahon (Management Accountant)

EMcK   Elaine McKechnie (Financial Accountant)

KMcA   Keith McAllister (Head of Finance)

VP   Vice Principal (Finance, Resource and Sustainability)

Note:

Dates of the Regional Strategic Board to be noted

Audit and Risk Committee   4 Dec 2023

Finance and Resources Committee   4 Dec 2023

Regional Strategic Board   11 Dec 2023

Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

Accounts Direction for Scotland's Colleges 2022-23

Accounts Direction for Scotland's Colleges 2022-23

ISSUE DATE: 20 July 2023

REFERENCE: SFC/GD/22/2023

SUMMARY: To provide SFC's 2022-23 accounts direction for Scotland's colleges and Glasgow Colleges' Regional Board

FAO: Principals / Executive Director / Finance Directors / Board Secretaries of Scotland's colleges and Glasgow Colleges' Regional Board and the general public

FURTHER INFORMATION:

CONTACT: Andrew Millar

JOB TITLE: Assistant Director

DIRECTORATE: Finance

TEL: 0131 313 6538

EMAIL: amillar@sfc.ac.uk

TABLE OF CONTENTS

Accounts Direction for Scotland's Colleges 2022-23

1. It is the Scottish Funding Council's direction that institutions[1] comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts[2].

2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).

3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2022-23 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.

4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2023.

5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.

6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council

20 July 2023

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[1] The term "institutions" includes colleges and Glasgow Colleges' Regional Board
[2] Glasgow Colleges' Regional Board's accounts are prepared on a consolidated basis, incorporating the results of City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College. New College Lanarkshire's accounts are also prepared on a consolidated basis, incorporating the results of South Lanarkshire College.

Introduction and Structure of Accounts Direction

Mandatory and Corporate Governance Disclosures

7. We draw your attention to the specific mandatory disclosures for non-incorporated colleges in **Appendix 1** and for incorporated colleges and Glasgow Colleges' Regional Board ("GCRB") in **Appendix 2**. The corporate governance disclosures required are listed in **Appendix 3**.

Deadlines

8. Incorporated and non-incorporated colleges[3] are required to provide their annual report and accounts, together with the associated annual audit reports, to us by 31 December 2023. If you consider that your college will be unable to meet this deadline, please contact SFC.

9. The annual report and accounts should be prepared with a 31 July year-end.

Future of the SORP

10. The Financial Reporting Council (FRC) has published an Exposure Draft (FRED 82[4]) on the future of FRS 102 on which the SORP is based. Leasing and revenue recognition are two of the main areas of change contained in the Exposure Draft bringing the treatment under FRS 102 into line with International Financial Reporting Standards (IFRS). Once FRED 82 is adopted into FRS 102, the work on updating the SORP to reflect these changes will begin. It is expected that the new SORP will become effective from Academic Year 2024-25 but this may be subject to change.

2022 Code of Good Governance for Scotland's Colleges

11. The latest version of the Scottish Code of Good Governance was published in September 2022: Institutional governance for colleges (sfc.ac.uk). The new Code contains minor revisions (e.g. a new section covering the role of the Senior Independent Member) since the last version of the Code published in 2016. Institutions are asked to comply with the 2016 version of the Code for 2022-23 and adopt the 2022 Code in 2023-24.

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3   The term non-incorporated college covers Argyll College, Newbattle Abbey College, Sabhal Mòr Ostaig, Shetland College and West Highland College. Orkney College forms part of Orkney Islands Council and will be included in the annual report and accounts of the local authority.

4   https://www.frc.org.uk/ge tattachment/6b9ffe9f-4870-4bb7-9eb6-7606014fe27e/FRED-82.pdf

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Appendix 1

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Mandatory Disclosures – Non-incorporated Colleges

1. Listed below are disclosures which non-incorporated colleges must include in the financial statements.

Strategic Report[5]

2. A list of members of the governing body and key committees. This should cover all those who served during the period and include any changes up to the date of signing the annual report and accounts. The report should also disclose attendance of individual members at board meetings but this can be disclosed as a percentage attendance for each member for the year.

3. A statement describing the payment practice code or policy adopted on payment of suppliers and performance achieved, together with disclosure of any interest paid under the Late Payment of Commercial Debts (Interest) Act 1998, or a statement that there were no matters to disclose.

4. A statement on the employment of disabled persons where the average number of all persons employed in the year exceeds 250.

5. The report should provide a commentary on the college financial performance in the year. This should include a table setting out the adjusted operating position for the year in accordance with the template included in **Appendix 4**.

6. The commentary should explain the impact of current inflationary pressures, geopolitical issues and Brexit on the college's financial position.

7. In addition, in accordance with the <u>Trade Union (Facility Time Publication Requirements) Regulations 2017</u>, the following information must be published:

   - Relevant union officials.
   - Percentage of time spent on facility time.
   - Percentage of pay bill spent on facility time.
   - Paid trade union activities.

8. An example of the disclosure required is given in **Appendix 8** of this Direction.

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[5]   Further guidance on Strategic reports is given in the 2019 SORP (paragraphs 3.23 to 3.26)

Notes to the Accounts

9. The audit and non-audit fees paid to external and internal auditors.

Corporate Governance

10. We require non-incorporated colleges to include in their annual report and accounts a statement covering the responsibilities of their governing body in relation to corporate governance. This statement is required to indicate how the college has complied with good practice in this area.

11. It is a condition of the Financial Memorandum (FM) with SFC or the RSB (for assigned colleges) that governing bodies comply with the principles of good governance set out in the 2016 Code of Good Governance for Scotland's Colleges ("the Scottish Code"). Colleges are required to include a statement in their accounts confirming compliance with the Scottish Code. In line with the principle of comply or explain, an explanation should be provided in the event that the college's practices are not consistent with particular principles. A form of wording for the compliance statement is included at **Appendix 3(a)**.

12. We recognise that each college will have its own system of corporate governance, reflecting its particular objectives and management processes. However, in preparing their governance statement, colleges should give due regard to the guidance contained in **Appendix 3**.

13. Colleges should also refer to the Audit Scotland 'Good practice note on improving the quality of college annual report and accounts - Governance statements' published in May 2019.

14. Colleges should be aware that their external auditors will be reviewing the corporate governance statement as part of their audit and will be including a reference to this in their audit report.

Remuneration

15. The actual total remuneration of the head of the college, disclosing separately salary, bonus, employer pension contribution and taxable and non-taxable benefits in kind. This should be the actual figure and not a banding. Where there is a change of head of the college during the year, details should be given separately for each person, noting the dates each was in post. Where the head of the college has been paid salary in lieu of pension contributions, this should be explained in the note.

16. The total number of higher paid staff, including senior post-holders, in bands of £10,000, above a threshold of total emoluments (excluding pension contributions and compensation for loss of office) of £60,000. The number of senior post-holders within

each band should be separately identified.

17. The aggregate amount of any compensation for loss of office payable to the head of the college and any staff member earning in excess of £60,000 per annum, together with the number of people to whom this was payable, or where the costs of all elements of a proposed arrangement amount to more than £75,000.

18. Audit Scotland published a Good Practice Note on the preparation of the Remuneration report in May 2023 which colleges should refer to. The Good Practice Note can be found here: Remuneration Report - Good Practice Note on enhancing the quality of financial reporting (audit-scotland.gov.uk).

National Bargaining Support Staff and Middle Management Job Evaluation Costs

19. The full harmonisation costs of National Bargaining support staff and middle management will not be confirmed until the national Job Evaluation exercise is carried out, the outcome of which will be implemented with effect from 1 September 2018. Where relevant, support staff and middle management Job Evaluation costs (and associated grant) should be accounted for, based on Colleges Scotland's February 2019 costings.

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Appendix 2

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Mandatory Disclosures – Incorporated Colleges and Glasgow Colleges' Regional Board

1. Institutions[6] are required to comply with the <u>Government Financial Reporting Manual (FReM) for 2022-23</u> as well as complying with the SORP. The additional disclosures required in institutions' annual report and accounts to comply with the FReM (i.e. those areas not addressed in the SORP) are set out in the various disclosures below. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.

2. The disclosures which institutions must include in the annual report and accounts are outlined below.

The Performance Report

3. Chapter 5 of the FReM requires institutions to include a Performance Report in their annual report and accounts. The report will provide information on the institution, its main objectives and strategies and the principal risks that it faces. The report must provide a fair, balanced and understandable analysis of the institution's performance, including both positive and negative aspects. The report, which should be signed and dated by the College Principal or Executive Director, should contain an overview of performance in the year and a Performance Analysis. Auditors will review the Performance Report for consistency with the financial statements and compliance with the Accounts Direction and give an opinion on this.

4. The Performance Overview should give the user sufficient information to understand the organisation, its purpose, its objectives, its performance and both the impact of and management of key risks. As a minimum, the Overview should include:

   - A short summary explaining the purpose of the overview section.
   - A statement from the Principal or Executive Director providing their perspective on the performance of the institution over the period. This should include an explanation of the impact of current inflationary pressures, geopolitical issues and Brexit on the college's performance.

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[6] In this section "institutions" refers to all incorporated colleges and Glasgow Colleges' Regional Board.
The disclosures for Glasgow Colleges' Regional Board and New College Lanarkshire will cover the regional performance of their assigned colleges.

- A statement of the purposes and activities of the institution including a brief description of the business model and environment, organisational structure, objectives and strategies, including estates management strategies.
- A summary of key issues and principal risks that could affect the institution in delivering its objectives and explanation of the mitigation of those risks.
- An explanation of the adoption of the going concern basis where this might be called into doubt, for example where there are significant net liabilities which may require to be funded from public sources. Mitigating actions taken as a result of inflationary impacts should form part of the going concern commentary.
- A performance summary including key indicators.
- Confirmation of compliance with Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009. The Schedule to the 2015 Order sets out the required content for the report.
- Disclosures on cash budget for priorities and adjusted operating position (see below).

5. The purpose of the Performance Analysis is for institutions to provide a detailed view of their performance.

6. Colleges should seek to tie in the Performance Analysis to other parts of the financial statements to provide a cohesive and consistent understanding of performance.

7. Guidance on preparation of the Performance Analysis is given in section 5.4 of the FReM. Colleges should note the mandatory requirements listed in section 5.4.4 d-m (excluding e, h and l which do not apply in Scotland).

8. In addition to the mandatory FReM requirements noted above, the Performance Analysis must include:

- Description of the way in which the institution has promoted equality of delivery of service to different groups and had due regard to public sector equality duty under the Equality Act 2010. This may include a cross reference to separately published reports dealing with Public Sector Equality Duties.

- A brief commentary outlining the Fair Work practices that have been developed in agreement with the institution's workforce and the progress the institution has made in their implementation.

9. Further guidance on the preparation of Performance statements is given in the Audit Scotland Good Practice Note: Good practice note on improving the quality of central government annual report and accounts - Performance reports.

Cash Budget for Priorities (CBP)

10. Colleges are required to provide in the Performance Report a breakdown of spend of the CBP allocation for Academic Year 2022-23. Colleges have a fixed annual CBP and they

should disclose how this has been spent in the academic year. This should take the form of a table showing the expenditure under each heading. An illustrative form of wording for the Performance Report disclosure is given in **Appendix 5**. The details of each college's fixed CBP are given in **Appendix 6.** Glasgow Colleges' Regional Board does not itself have a CBP but the consolidated position of the assigned colleges should be reflected in the regional accounts.

Depreciation Budget for Government-funded Assets

11. Colleges are required to include a statement at the foot of the Statement of Comprehensive Income (SOCI) and also a note to the accounts explaining the impact of the depreciation budget for government-funded assets. This is required because the depreciation budget allocation cannot be reflected as income in the SOCI under the FE/HE SORP accounting rules.

12. The adjustment is to add the actual depreciation budget to the SOCI surplus/(deficit) in order to reflect the results on a Government accounting basis for the academic year.

13. The form of wording for the statement at the foot of the SOCI and the note to the accounts is set out in **Appendix 7**.

14. Glasgow Colleges' Regional Board does not itself have a depreciation budget but the consolidated position of the assigned colleges should be reflected in the regional accounts.

Adjusted Operating Position (AOP)

15. The Performance Report must also provide details of the AOP for Academic Year 2022-23. The SOCI presents the financial performance during the accounting period in accordance with the SORP. The AOP is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items outwith the control of the institution. The AOP is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the institution. Institutions should explain what these adjustments are and why they have been made. All adjusting items included in this calculation must be visible (i.e. separately disclosed) in the SOCI or notes as appropriate and should be cross-referenced from the AOP table.

16. The template for the computation of the AOP is shown in **Appendix 4**.

17. It is important that the calculation of the AOP is consistent with other disclosures within the Performance Report and accounts.

18. To ensure correct completion of the AOP and consistency across the sector, institutions should submit the AOP calculation, together with draft accounts, to SFC for review prior

to the accounts being signed off. Institutions are encouraged to submit the AOP as early as possible to allow time for review.

Payment Practice

19. A statement describing the payment practice code or policy adopted on payment of suppliers and performance achieved, together with disclosure of any interest paid under the Late Payment of Commercial Debts (Interest) Act 1998, or a statement that there were no matters to disclose.

The Accountability Report

20. Requirements for the Accountability report are set out in Chapter 6 of the FReM. The Accountability Report is required to have three sections:

    - Corporate Governance report.
    - Remuneration and Staff report.
    - Parliamentary Accountability report.

Corporate Governance Report

21. The purpose of the Corporate Governance report is to explain the composition and organisation of the institution's governance structures and how they support the achievement of institutional objectives.

22. As a minimum, the Corporate Governance report must include a Directors' report, a statement of the Board of Management / Board responsibilities and a governance statement. These elements should be clearly identified.

Directors' Report

23. The Directors' report should set out the membership of the Board of Management/Board and also those members of the senior management team who influence the decisions of the institution as a whole. Details should be given of any directorships or other interests which the members have or a link provided to the relevant Register of Interests. Any information on personal data-related incidents reported to the Information Commissioner's Office should also be disclosed.

Statement of Board of Management/Board Responsibilities

24. The FReM requires government bodies to provide a Statement of Accounting Officer's responsibilities. The SFC Chief Executive provides a governance certificate of assurance covering all institutions to the Principal Accountable Officer of the Scottish Government,

based upon certificates of assurance provided by institutions[7]. In light of this unique arrangement, institutions are required to provide a Statement of Board's responsibilities within their Corporate Governance report.

Governance Statement

25. We require institutions to include in their annual report and accounts a statement covering the responsibilities of their governing body in relation to corporate governance. This statement is required to indicate how the institution has complied with good practice in this area.

26. It is a condition of the FM with SFC or the Regional Strategic Body (for assigned colleges) that governing bodies comply with the principles of good governance set out in the 2016 Code of Good Governance for Scotland's Colleges (the Scottish Code). All institutions are required to include a statement confirming compliance with the Scottish Code. In line with the principles of comply or explain, an explanation should be provided in the event that the institution's practices are not consistent with particular principles. A form of wording for the compliance statement is included at **Appendix 3(a)**.

27. Paragraph 6.4.8 of the FReM sets out the minimum information that a Governance Statement should acknowledge and explain. In preparing the Governance Statement, institutions must comply with the FReM and also with the guidance set out in the Governance Statement section of the SPFM.

28. We recognise that each institution will have its own system of corporate governance, reflecting its particular objectives and management processes. However, in preparing their governance statement, institutions should give due regard to the guidance contained in **Appendix 3**.

29. The governance statement should also outline and explain the changes to the governance framework and any other governance implications arising from the exceptional inflationary pressures exerted on the sector.

30. Institutions should be aware that their external auditors are required to read the information in the Performance Report and the governance statement and express an opinion in the independent auditor's report on whether:

- The information given in the Performance Report and governance statement is consistent with the financial statements.
- The Performance Report and governance statement has been prepared in accordance with the accounts direction.

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[7]   Regional Strategic Bodies provide the certificate of assurance to SFC based upon certificates of assurance provided by the assigned colleges.

31. Further guidance is available in the Audit Scotland '[Good practice note on improving the quality of college annual report and accounts - Governance statements](#)' published in May 2019.

Remuneration and Staff Report

32. Institutions are required to include within their annual report and accounts a remuneration and staff report in accordance with Chapter 6 (Paras 6.5.1 to 6.5.29, and Para 6.5.45) of the FReM. As in 2021-22, this includes significant changes to Fair Pay disclosures with pay multiples disclosures extended to include upper and lower quartile ratios and further explanations (Paras 6.5.19 to 6.5.29). A best practice disclosure for Diversity and Inclusion (Para 6.5.46) encourages institutions to include details and narrative of their own diversity and inclusion policies, initiatives and longer-term ambitions in the staff report. Further information is contained in the FReM 2022-23.

33. Institutions should also refer to further guidance contained in Employers Pension Notice: **EPN679 - Resource Accounts: 2022-23 disclosure of salary, pension and compensation information:** [EPN679 - Resource Accounts: 2022/23 disclosure of salary, pension and compensation information - Civil Service Pension Scheme](#).

34. Although EPN 679 deals specifically with the Civil Service Pension Scheme, it does contain a standard format for disclosure and explanations of what should be included in the report in order to comply with the FReM. The Remuneration report should set out the remuneration and accrued pension benefits of senior managers of the institution and this will include those named in the Directors' report (see paragraph 23 above).

35. An example Remuneration report is attached at **Appendix 8**. It is important to note that individuals should be informed in advance of the intention to disclose their salary information in this report. There is a presumption that information about named individuals will be given unless there is specific justification for not disclosing this (see FReM paragraph 6.5.4 for circumstances where non-disclosure is acceptable). In other cases it would be for the staff member to make a case for non-disclosure which should be considered by the institution on a case by case basis. Where non-disclosure is agreed, the fact that certain disclosure has been omitted should be disclosed.

36. The Staff report must include the following information:

- The number of senior staff by band.

- Staff numbers and costs distinguishing between permanent contract staff and agency/contract staff.

- Staff composition – the number of persons of each sex who were directors or employees of the institution.

- Sickness absence data.

- Staff turnover expressed as a percentage.

- Staff policies applied during the year:

  (a) For giving full and fair consideration to applications for employment to the institution made by disabled persons, having regard to their particular aptitudes and abilities.

  (b) For continuing the employment of, and arranging appropriate training for, employees of the institution who have become disabled persons during the period they were employed by the institution.

  (c) Otherwise for the training, career development and promotion of disabled persons employed by the institution.

- The number and overall value of exit packages (as approved by SFC under Severance Guidance).

- Other employee matters – such as other diversity issues and equal treatment in employment and occupation; employment issues including employee consultation and/or participation; health and safety at work; trade union relationships and human capital management such as career management and employability, pay policy etc.[8]

37. In addition, in accordance with the [Trade Union (Facility Time Publication Requirements) Regulations 2017](#), the following information must be published:

- Relevant union officials.
- Percentage of time spent on facility time.
- Percentage of pay bill spent on facility time.
- Paid trade union activities.

38. Audit Scotland published a Good Practice Note on the preparation of the Remuneration report in May 2023 which colleges should refer to. The Good Practice Note can be found here: [Remuneration Report - Good Practice Note on enhancing the quality of financial reporting (audit-scotland.gov.uk)](#).

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[8]   This FReM requirement strengthens non-financial reporting for the benefit of users of the accounts and aligns with the introduction of EU Regulations and Directives. Further guidance is available at the following link: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017XC0705(01)

Parliamentary Accountability Report

39. The FReM requires the inclusion of a Parliamentary Accountability report and, for Scottish government bodies, the requirements are reflected in the SPFM. The disclosures required are:

- Fees and charges for each service where the full annual cost is £1 million or more, or (if lower) where the amount of the income and full cost of the service are material to the financial statements:
    - Financial objective
    - Performance against that financial objective. The standard approach to setting charges for public services is full cost recovery but the SPFM lists some exceptions e.g. subsidised services.
    - Full cost of the service.
    - Income from charging for the service.
    - Surplus or deficit.
- Disclosure of contingent liabilities, specifically enforceable undertakings given in the form of a guarantee or indemnity which would bind the body into providing the resources in the event of the guarantee or indemnity maturing; or a letter or general statement of comfort which could be considered to impose a moral obligation.
- Disclosure of total losses exceeding £300,000 and total special payments exceeding £300,000.

40. It is not envisaged that the Parliamentary Accountability disclosures will require to be completed by most institutions unless they are material.

41. The Accountability report should be signed and dated by the Principal or Executive Director.

Notes to the Accounts

42. The audit fees and non-audit fees paid to external and internal auditors.

43. The actual total remuneration of the Principal or Executive Director, disclosing separately salary, bonus, employer pension contribution and taxable and non-taxable benefits in kind. Where there is a change of Principal or Executive Director during the year, details should be given separately for each person, noting the dates each was in post. Where the Principal or Executive Director has been paid salary in lieu of pension contributions, this should be explained in the note.

44. The total number of higher paid staff, including senior post-holders, in bands of £10,000 above a threshold of total emoluments (excluding pension contributions and compensation for loss of office) of £60,000. The number of senior post-holders within each band should be separately identified.

45. The tables in the staff cost note required in paragraph 44 should be cross-referenced to the remuneration and staff report. Alternatively, if institutions prefer, the tables can be included in the remuneration and staff report and cross-referenced to the staff costs note. This will avoid duplication of the information.

National Bargaining Support Staff and Middle Management Job Evaluation Costs

46. The full harmonisation costs of National Bargaining support staff and middle management will not be confirmed until the national Job Evaluation exercise is carried out, the outcome of which will be implemented with effect from 1 September 2018. Support staff and middle management Job Evaluation costs (and associated grant) should be accounted for, based on Colleges Scotland's February 2019 costings.

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Appendix 3

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Governance Statement Guidance for Institutions

1. Institutions are required to include in their annual report and accounts a statement covering the responsibilities of their governing body in relation to corporate governance. This statement is required to indicate how the institution has complied with good practice in this area.

2. It is a condition of the Financial Memorandum with the SFC or the Regional Strategic Body (for assigned colleges) that governing bodies meet the principles of good governance, set out in the 2016 Code of Good Governance for Scotland's Colleges. All institutions are required to include a statement in their corporate governance statements confirming compliance with the Scottish Code. In line with the principle of comply or explain, an explanation must be provided in the event that the institution's practices are not consistent with particular principles. The template to be used for the compliance statement is at **Appendix 3(A)**.

3. The following should be included in the governance statement:

    *   The governance framework of the institution, including information about the committee structure of the Board of Management / Board and the coverage of its work.

    *   The operation of the Board of Management / Board, including membership and attendance of individual members at meetings, during the period.

    *   An assessment of corporate governance with reference to compliance with the Scottish Code and explanations of any departures from the Code.

    *   Responsibilities for risk management and internal control systems and for reviewing their effectiveness.

    *   The ongoing process and structures used to identify, evaluate and manage the principal and emerging risks faced.

    *   A statement that the systems have been in place for the year under review and up to the date of approval of the financial statements.

    *   The main features that support regular monitoring, review and assurance.

    *   The process applied in reviewing the effectiveness of the system of risk management and internal control, including explaining what actions have been or are being taken to remedy any significant failings or weaknesses.

    *   In setting out principal risks and uncertainties, colleges should consider the

specific risks arising from inflationary pressures, geopolitical issues and Brexit and the steps being taken to mitigate those risks.

- Details of any significant lapses of data security.

- Confirmation that the institution is a going concern, with supporting assumptions and qualifications as necessary. This disclosure provides support for the use of the going concern accounting policy and should not be inconsistent with the disclosures regarding going concern either in the annual report and accounts or the auditors' report thereon.

4. Institutions should refer to the Audit Scotland 'Good practice note on improving the quality of college annual report and accounts - Governance statements' which is based on a review of the corporate governance statements in the 2017-18 institution accounts. Audit Scotland identifies key characteristics which make for a high quality corporate governance statement, including:

- There should be a single, coherent narrative running through the whole of the annual report and accounts.

- The governance statement, wherever possible, should be brief, focused and high level.

- The governance statement should be open and transparent and should reflect the specific matters that cause concern to the Board of Management / Board.

- Emphasis should be on assessing the effectiveness of the arrangements rather than simply providing an explanation of the arrangements.

- Key risks should be identified, the impact analysed and steps taken to mitigate the risk should be reflected in the statement.

- The statement should provide understandable information and use precise language that explains issues clearly.

Appendix 3 (A)

Template for Statement of Compliance with the 2016 Code of Good Governance for Scotland's Colleges

The institution complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges, and it has complied throughout the year ended 31 July 2023

or

The institution complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges with the exception of xxxx. The institution is taking action to address this by xxxx and xxxx and expects to be fully compliant by xxxx.

<div align="right">Appendix 4</div>

Model Adjusted Operating Position (AOP) Note

1. The SOCI presents the financial performance during the accounting period in accordance with the SORP. The AOP is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items outwith the control of the institution. The AOP is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the institution. All adjustments should be cross-referenced to the relevant note in the financial statements.

	2022-23	2021-22
	£'000	£'000
Surplus/(deficit) before other gains and losses		
Add back:		
- Depreciation (net of deferred capital grant release) on both government funded and privately funded assets including NPD assets* (Note 1)		
- Exceptional non-restructuring costs - Impairment (Note 2)		
- Pension adjustment – Net service cost (Note 3)		
- Pension adjustment - Net interest cost (Note 4)		
- Pension adjustment - Early retirement provision (Note 5)		
- Donation to Arms-Length Foundation (ALF)* (Note 6)		
Deduct:		
- Non-Government capital grants (e.g. ALF capital grant) (Note 7)		
- Exceptional income (if disclosed as exceptional in accounts) - Insurance claim (Note 8)		
- CBP allocated to loan repayments and other capital items* (Note 9)		
- NPD income applied to reduce NPD balance sheet debt (Note 10)		
Adjusted operating surplus/(deficit)		

*incorporated colleges only

Explanation for Adjusting Items

Note 1: Depreciation does not have an immediate cash impact on the institution and, in any case, capital expenditure will largely be funded by government or ALF grants so the charge is taken out.

Note 2: The exceptional non-restructuring adjustment will relate to any material one-off charges in year which may distort the accounts.

Note 3: The adjustments to the pensions charge represent the net service cost (i.e. the present value of projected benefits resulting from employee service in the current year less cash contributions paid).

Note 4: The net interest cost is the interest accumulated on the pension liability and this is offset against the current year's interest earned on pension assets.

Note 5: The early retirement provision adjustment relates to the gain/loss arising from the actuarial valuation during the year. This excludes any adjustments to valuations as a result of adding or deleting employees.

Note 6: The ALF donation is paid out of the commercial surplus for the year so is adjusted to arrive at the pre-donation operating position.

Note 7: Capital grant income is not matched by SOCI expenditure as it has been used to fund capital assets which will be depreciated over the life of the asset.

Note 8: Exceptional income items which distort the results for the year are excluded. This is only relevant where the item is disclosed as exceptional in the accounts.

Note 9: Cash Budget for Priorities is included in income but the loan repayment is not reflected in the costs therefore this amount is adjusted. Loan repayments should only be adjusted where CBP has been used to fund them.

Note 10: NPD grant income is included in the SOCI but the payment is applied to reduce the balance sheet liability and, as this would overstate the surplus, is therefore adjusted.

Spend of Cash Budget for Priorities (Incorporated Colleges and Glasgow Regional Colleges' Board[9] Only)

Illustrative Form of Words for Inclusion in Performance Report

1. Following their reclassification as central government bodies from 1 April 2014, colleges are also required to comply with Central Government budgeting rules. In addressing the impact of these budgeting rules, Scottish Government and SFC committed to providing the cash budget previously earmarked for depreciation for use on specified priorities.

2. Colleges have now each been given a fixed cash budget for priorities (see **Appendix 6**) which must be spent on agreed government priorities as outlined in the table below. Spend of the College's cash budget for priorities, and impact on the operating position for the academic year, is detailed below.

Table of cash budget for priorities spend		
Revenue Priorities	2022-23 (£'000)	2021-22 (£'000)
Student support		
2015-16 pay award		
Voluntary severance		
Estates costs		
Other agreed priorities (give detail)		
Total impact on operating position		
Capital Priorities		

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[9]   Glasgow Colleges' Regional Board and New College Lanarkshire accounts will reflect the consolidated position of the assigned colleges.

Table of cash budget for priorities spend

Loan repayments (including PFI, NPD repayments)

Estates costs

Provisions pre 1 April 2014 (give detail) carried on balance sheet

Total Capital

Total cash budget for priorities spend

Appendix 6

Fixed Cash Budget for Priorities per College (Incorporated Colleges Only)

Region	College	2022-23 cash budget for priorities £'000
Ayrshire	Ayrshire College	1,324
Borders	Borders College	252
Dumfries & Galloway	Dumfries & Galloway College	390
Edinburgh	Edinburgh College	2,547
Fife	Fife College	2,152
Forth Valley	Forth Valley College	613
Glasgow	City of Glasgow College	1,156
Glasgow	Glasgow Clyde College	612
Glasgow	Glasgow Kelvin College	442
Highlands & Islands	Inverness College	496
Highlands & Islands	Lews Castle College	143
Highlands & Islands	Moray College	424
Highlands & Islands	North Highland College	97
Highlands & Islands	Perth College	529
Lanarkshire	New College Lanarkshire	863
Lanarkshire	South Lanarkshire College	197
North East Scotland	North East Scotland College	1,161
Tayside	Dundee & Angus College	1,055
West	West College Scotland	1,639
West Lothian	West Lothian College	190

Impact of Depreciation Budget on Statement of Comprehensive Income (Incorporated Colleges and Glasgow Colleges' Regional Board[10] Only)

Illustrative form of words for inclusion In the Statement at the foot of the Statement of Comprehensive Income

1. The Statement of Comprehensive Income is prepared under the FE/HE SORP. The SORP does not permit colleges to reflect the non-cash budget for depreciation in the Statement of Comprehensive Income. Note X provides details of the adjusted operating position on a Central Government accounting basis.

Illustrative form of words for inclusion in the Notes to the Accounts

2. Following reclassification, incorporated colleges received a non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. Colleges may show a deficit equivalent to net depreciation as a result of having to meet Government accounting rules and the requirement to spend the entire cash allocation.

3. Under the FE/HE SORP, the college recorded an operating deficit of £X for the year ended 31 July 2023. After adjusting for the non-cash allocation provided under government rules, the college shows an "adjusted" surplus/deficit of £X on a Central Government accounting basis.

4. This demonstrates that the college is operating sustainably within its funding allocation.

or

5. The deficit is attributable to other factors reflected in the adjusted operating table and also the impact of factors such as inflationary pressure and geopolitical issues as explained in the Performance Report on pages x to x.

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[10] Glasgow Colleges' Regional Board does not itself have a depreciation budget but the consolidated position of the assigned colleges should be reflected in the regional accounts.

	2022-23 £'000	2021-22 £'000
Surplus/(deficit) before other gains and losses (FE/HE SORP basis) for academic year		
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year		
Operating surplus/(deficit) on Central Government accounting basis for academic year		

<div align="right">Appendix 8</div>

Template for Remuneration Report (for Incorporated Colleges and Glasgow Colleges' Regional Board Only)

Remuneration Policy

1. Institutions should outline here the details of their remuneration policy for the Principal or Executive Director and senior managers and also outline the operation of the Remuneration Committee.

Remuneration (including Salary) and Pension Entitlements

Remuneration (Salary, Benefits In Kind And Pensions)[11]

2. The following table provides detail of the remuneration and pension interests of senior management.

Single total figure of remuneration						
	Year ended 31 July 2023			**Year ended 31 July 2022**		
Name	*Salary £'000*	*Pension Benefit[12] £'000*	*Total £'000*	*Salary £'000*	*Pension Benefit £'000*	*Total £'000*
Name A						
Name B						

3. Where applicable, performance pay or bonuses payable, salary paid in lieu of pension and non-cash benefits in kind should also be disclosed separately in the above table. Explanations of these items should also be provided to aid the understanding of the users of the financial statements.

FAIR PAY – PAY MULTIPLES

4. Institutions are required to disclose the relationships between the remuneration of the

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[11]   The details in this table are subject to audit.

[12]   The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

highest paid official and the remuneration of their workforce.

5. Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

6. While there was a pre-existing requirement around disclosures of median pay ratios, the 2021-22 FReM introduced new requirements around disclosures of 25th and 75th percentile pay ratios, their comparison to the remuneration of the College's highest paid official, percentage changes from the previous year and explanations of any changes.

	2022-23 £'000	2021-22 £'000	Change %
Range of workforce remuneration			
%age change in salary and allowances for employees as a whole			
Highest paid official remuneration			
Performance pay/bonus for highest paid director (disclose for employees as a whole where applicable)			
Median (total pay and benefits)			
Median (salary only)			
Ratio			
25th percentile (total pay and benefits)			
25th percentile (salary only)			
Ratio			
75th percentile (total pay and benefits)			
75th percentile (salary only)			
Ratio			

Explanation of changes (per FReM 6.5.26)

7. The banded remuneration of the highest paid official in the institution in the financial year 2022-23 was £xxx (2021-22 £xxx). This was x times (2021-22x times) the median remuneration of the workforce which was £xx (2021-22 £xx).

8. [Explanation for changes in the ratio]

Accrued Pension Benefits

9. Institutions should outline here the pension schemes in operation and give a brief explanation of how benefits accrue for the employees.

Senior Officials Pension

10. Pension benefits are provided to senior officials on the same basis as all other staff. The accrued pension benefits for senior managers are set out in the table below, together with the pension contributions made by the institution.

Name	Accrued pension at pension age at 31 July 2023	Accrued lump sum at pension age at 31 July 2023	Real increase in pension 1 August 2022 to 31 July 2023	Real increase in lump sum 1 August 2022 to 31 July 2023	CETV at 31 July 2023	CETV at 31 July 2022	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Name A							
Name B							

Cash Equivalent Transfer Value (CETV)

11. A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

12. The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government Pension Scheme service and not just their current appointment.

13. In considering the accrued pension benefits figures the following contextual information should be taken into account:

   (i)   The figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
   (ii) The accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

Real Increase in CETV

14. This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for Loss of Office

15. xx employees left under voluntary exit terms on xx/xx/xx. They received a compensation payment of £'xxx.

16. xx employees left under voluntary redundancy terms on xx/xx/xx. They elected to take early retirement. The cost to the institution of buying out the actuarial reduction on their pension was £xx. They did not receive any additional compensation.

17. The table below summarises the exit packages by cost band.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed (including any voluntary redundancies)	Total number of exit packages by cost band
<£10,000			
£10,000 - £25,000			
£25,000 - £50,000			
£50,000 - £100,000			
£100,000 - £150,000			
£150,000 - £200,000			

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed (including any voluntary redundancies)	Total number of exit packages by cost band
Total number of exit packages			
Total cost (£)			

Salaries and Related Costs

	Directly employed staff on permanent UK contracts	Other staff including short-term contract, seconded and agency staff	Total	Total
Wages and salaries				
Social security costs				
Other pension costs				
Total				
Average number of FTE				

Note: Where the number of staff under any one category of "other staff" is significant, that category should be separately disclosed.

18. The institution employed xx females and xx males as at 31 July 2023.

19. In the year ended 31 July 2023 staff turnover was x%.

Facility Time

20. In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the institution provided the following support through paid facility time for union officials working at the institution during the year ended 31 March 2023.

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period:	Full-time equivalent employee number:

Percentage of time spent on facility time

Percentage:	Number of employees:
0%	
1%-50%	
51%-99%	
100%	

Percentage of pay bill spent on facility time

Total cost of facility time:
Total pay bill:
Percentage of the total pay bill spent on facility time:

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours:	

Accounts Direction for Scotland's Colleges 2022-23 Guidance Notes

CONTENTS

Accounts Direction for Scotland's Colleges 2022-23: Detailed Notes for Guidance on Completion of 2022-23 Financial Statements

Introduction

1. These guidance notes are designed to supplement the Scottish Funding Council's Accounts Direction.

2. The guidance has been prepared with a view to improving the quality and consistency of financial reporting throughout the college sector.

General

3. The Statement of Recommended Practice for Further and Higher Education (SORP) was issued in October 2018 and is effective for accounting periods beginning on or after 1 January 2019. The SORP reflects the changes to UK Generally Accepted Accounting Practice following the issue of FRS 100, 101 and 102. A copy of the SORP and supporting materials can be found on the [BUFDG website](#).

4. As noted in the SORP, institutions[1] must apply all requirements under FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', relevant legislation and accounts direction from Funding Bodies applicable to the institution.

5. Incorporated colleges and Glasgow Colleges' Regional Board[2] are also required to comply with the Financial Reporting Manual (FReM) and the Scottish Public Finance Manual (SPFM).

SFC and Regional Strategic Body Funding

6. The note analysing SFC grants or grants funded by Regional Strategic Bodies (RSBs) should provide sufficient information to allow the reader to understand the major types of grant received from each funding body. **Annex A** contains a model note which institutions should adopt as far as possible.

7. Any significant one-off or ring-fenced grants should be identified on a separate line.

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1   The term institution includes colleges and Glasgow Colleges' Regional Board.
2   Glasgow Colleges' Regional Board's accounts are prepared on a consolidated basis, incorporating the results of City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College. New College Lanarkshire's accounts are also prepared on a consolidated basis, incorporating the results of South Lanarkshire College.

While smaller grants may be grouped together under the heading "other", this should not represent a significant portion (i.e. more than 20%) of the total grants received.

Tuition Fees and Education Contracts

8. Institutions should analyse tuition fees and contracts in accordance with the model notes given in **Annex B**.

Grants from Arms-Length Foundations

9. Institutions should disclose separately any revenue or capital grants received from arms-length foundations.

Student Support Funds

10. Paragraph 16.9 of the SORP states that "Where the institution disburses funds it has received as paying agent on behalf of a funding body or other body, and has no beneficial interest or risks related to the receipt and subsequent disbursement of the funds, these funds should be excluded from the Statement of Comprehensive Income of the institution."

11. What constitutes an agency arrangement will depend upon each individual fund and its own individual characteristics. However, the following can be considered to be agency arrangements:

   - Further Education bursary funds.
   - Discretionary funds.
   - Education maintenance allowances.

12. Accordingly, these should be excluded from the Statement of Comprehensive Income and the movements disclosed in a note to the accounts. Where incorporated colleges have used the cash budget for priorities[3] to fund student support costs in excess of funding they should record this expenditure in the Statement of Comprehensive Income. To ensure comparability between institutions, we recommend that the standard note shown in **Annex C** is adopted.

13. FE and HE childcare funds received by institutions should be included in the main Statement of Comprehensive Income as institutions have more discretion in the manner in which these funds are disbursed and these funds do not therefore meet the definition

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[3] Glasgow Colleges' Regional Board does not itself have a cash budget for priorities but the consolidated position of the assigned colleges should be reflected in the regional accounts.

of agency funds. The income from childcare funds should be identified as a separate line in the Scottish Funding Council income note. Related expenditure from the fund should be shown as a separate line within the appropriate expenditure heading. A note of the movements on childcare funds should be disclosed in the notes in accordance with the model note given in **Annex C**. The guidance section on the SFC website provides further details of childcare guidance for FE and HE students studying at colleges.

14. Any in-year redistributions agreed by SFC should also be reflected in the notes. Amounts to be recovered should be identified as repayable to SFC or other body in the student support fund note.

15. Institutions should have in place systems which minimise incorrect payments of student support funds. However, where there has been overpayment for any reason and funds are recovered these should be credited to the fund balance at the time of recovery. The administrative costs of recovering these overpayments, in line with other administrative costs relating to student support fund payments, should be met from core funds.

16. A link to extant guidance relevant to non-advanced student support funds from SFC is given in **Annex D**.

Staff Costs

17. For consistency and clarity the headings shown in the staff costs note should be analysed as shown in **Annex E**. As in previous years, agency staff costs should be included as a separate line under 'Other operating expenses'.

18. The full harmonisation costs of National Bargaining support staff and middle management will not be confirmed until the national Job Evaluation exercise is carried out, the outcome of which will be implemented with effect from 1 September 2018. Support staff and middle management Job Evaluation costs (and associated grant) should be accounted for, based on Colleges Scotland's February 2019 costings.

Non-profit Distributing Projects

19. In accounting for the unitary charge payment, the split between the running cost and loan repayment elements should be disclosed in the notes to the financial statements.

Donations to Arms-length Foundations

20. Any donation to an arms-length foundation should be disclosed above the operating surplus line, under the expenditure headings, in the Statement of Comprehensive Income. The donation should be clearly disclosed in order to ensure transparency within the annual report and accounts.

Summary Pension Note

21. A model summary pension note disclosing SOCI charges and Balance Sheet movements is shown at **Annex F**. The suggested note is included within the guidance notes with a view to generating consistency of reporting between colleges of the key SOCI charges and Balance Sheet movements. The suggested note will form part of the wider disclosures on pensions required in the accounts though this additional information is not reflected in **Annex F**. It is important that the note sets out the non-cash movements charged to the SOCI (service costs and net interest cost) as these will also be disclosed and cross-referenced on the adjusted operating position table.

Annex A

Model Note: SFC and Regional Strategic Body Income

	2022-23 £'000	2021-22 £'000
SFC/RSB FE recurrent grant (including fee waiver)		
SFC/RSB financial sustainability funding		
UHI recurrent grant – HE provision		
FE childcare funds		
SFC/RSB Capital grants received		
Release of SFC/RSB deferred capital grants		
SFC grant for NPD		
Other SFC / RSB grants – FE provision		
Other UHI grants – HE provision		
Total		

Annex B

Model Note: Tuition Fees and Education Contracts

	2022-23 £'000	2021-22 £'000
FE fees – UK		
FE fees – EU		
FE fees – non EU		
HE fees		
SDS contracts		
Education contracts		
Other contracts		
Total		

Annex C

Model Note: FE Bursaries and Other Student Support Funds

	2022-23 FE Bursary £'000	2022-23 EMAs £'000	2022-23 Other £'000	2022-23 Total £'000	2021-22 Total £'000
Balance b/fwd					
Allocation received in year					
Expenditure					
Repaid to SFC (recovery of funds)					
College contribution to funds					
Intra-region allocations					
Virements					
Balance c/fwd					
Represented by:					
Repayable to SFC (recovery of funds)					
Repayable to region					
Retained by college for students					

Note:
- The SAAS Discretionary fund should be included in the "other" column; and
- The expenditure included above should be net of recoveries made in the year.

Annex C (Continued)

Model Note: FE and HE Childcare Funds (College Funds)

	2022-23	2021-22
	£'000	£'000
Balance b/fwd		
Allocation received in year		
Expenditure		
Repaid to SFC (recovery of funds)		
College contribution to funds		
Intra-region allocations		
Virements		
Balance c/fwd		
Represented by:		
Repayable to SFC (recovery of funds)		
Repayable to region		
Retained by college for students		

<div align="right">Annex D</div>

Extant SFC Guidance for Student Support Funds

22. Student support guidance for academic year 2022-23 can be found on the guidance section of the SFC website.

23. Guidance notes on the audit requirements for EMAs for 2022-23 and the audit requirements for student support funds for 2022-23 will be made available on the SFC website in summer 2023.

Annex E

Model Note: Staff Numbers and Staff Costs

Staff Numbers

	2022-23 Number	2021-22 Number
Academic / Teaching departments		
Academic / Teaching services		
Research grants and contracts		
Administration and central services		
Premises		
Other expenditure		
Catering and residences		
Total		

Staff Costs

	2022-23 £'000	2021-22 £'000
Academic / Teaching departments		
Academic / Teaching services		
Research grants and contracts		
Administration and central services		
Premises		
Other expenditure		
Catering and residences		
Sub-total		
Exceptional restructuring costs		
Total		

Annex F

Model Summary Pension Note

The analysis of amounts charged to the Statement of Comprehensive Income (SOCI) is as follows:

	2022-23 £'000	2021-22 £'000
Charged to staff costs:		
Current service costs	x	x
Past service costs	x	x
Total charged to staff costs	**xx**	**xx**
Credit/charge for net return on pension scheme:		
Interest income	x	x
Interest cost	x	x
Net interest charged	**xx**	**xx**
Credit/charge to other comprehensive income:		
Return on assets	x	x
Other experience	x	x
Gains and losses arising on changes in financial assumptions	x	x
Actuarial Gain/(Loss)	**xx**	**xx**
Total charge to the SOCI	**xxx**	**xxx**

Analysis of the movement in deficit during the year:		
Deficit in scheme at start of year	x	x
Service costs	x	x
Employer contributions	x	x
Net interest costs	x	x
Actuarial gain/(loss)	x	x
Deficit in scheme at end of year	**xx**	**xx**

Remuneration Report

Good Practice Note on enhancing the quality of financial reporting

AUDIT SCOTLAND

Contents

Introduction

Purpose

1. Audit Scotland promotes high-quality financial reporting in Scottish public bodies. Audit Scotland's Professional Support carries out reviews of the annual accounts of public bodies to identify and share examples of good practice reporting and highlight areas where enhancements can be made.

2. This Good Practice Note shares the findings from a review of the Remuneration Reports within the 2021/22 annual accounts of a sample of 32 Scottish public bodies across all sectors. It is intended to act as a catalyst for public bodies to assess and enhance their own disclosures going forward.

Context

3. The Remuneration Report was chosen for a good practice review because of the high-profile nature of the information, along with indications that the quality of the disclosures was variable.

4. The good practice review was carried out by a team in Professional Support with knowledge of the relevant financial reporting framework. However, the team does not have a detailed understanding of each body's particular circumstances or the specific underlying transactions.

Disclosure requirements

5. The disclosure requirements for public bodies in Scotland are set out as follows:

- Local authorities are required to produce a Remuneration Report as part of their annual accounts in accordance with the Local Authority Accounts (Scotland) Regulations 2014 (accounts regulations)

- Section 6.5 of the Government Financial Reporting Manual (FReM) sets out the requirement for a Remuneration and Staff Report* for central government bodies, health boards and colleges.

*This Good Practice Note uses the term "Remuneration Report" for ease of reference. All such references should be read as including the Remuneration and Staff Report except where stated otherwise.

Contact points

6. The contact points in Professional Support for this Good Practice Note are:

- Neil Cameron, Head of Professional Support and Learning – ncameron@audit-scotland.gov.uk

- Anne Cairns, Manager – acairns@audit-scotland.gov.uk .

Key Messages

1   Public bodies should clearly identify the parts of the Remuneration Report that are subject to audit.

2   Bodies should consider carefully how to present the required information and support significant messages with relevant context.

3   Important information should be highlighted and not obscured by immaterial detail that causes clutter. To avoid clutter:

- tables (or columns or rows) which do not contain entries should be removed

- signposting can be used effectively to provide complementary information.

4   The language used in the Remuneration Report should be clear and precise.

1: Identifying audited information

Public bodies should clearly identify the parts of the Remuneration Report that are subject to audit

7. Some parts of the Remuneration Report are audited and are covered by a specific opinion from the external auditor. Other parts are read and considered by auditors but not formally audited (i.e. additional audit evidence is not obtained for those parts). It is important that the audited parts are correctly and clearly identified.

8. For local government bodies:

- the items set out at paragraphs 4 to 12 of the Schedule to the accounts regulations are audited

- the narrative information on remuneration arrangements required by paragraphs 2 and 3 are not audited.

9. In addition, The Trade Union (Facility Time Publication Requirements) Regulations 2017 require employers to publish information in relation to trade union facility time. Guidance from the Cabinet Office indicates that disclosure should be in the Remuneration Report. This information is not subject to audit.

10. The Code of Practice for Local Authority Accounting in the UK (accounting code) requires local authorities to disclose members' salaries, allowances and expenses. Some authorities choose to make the disclosure in the Remuneration Report while others include it as a note to the financial statements. Regardless of where it is disclosed, the information requires to be audited.

11. Finance Circular 8/2011 (paragraph 5) requires local authorities to clearly identify those parts of the Remuneration Report that are subject to audit, and provides illustrative wording. It should be noted that the wording:

- used in the unaudited financial statements should state that the information 'will be audited' but the tense should be updated to 'has been audited' in the audited financial statements

- needs to reflect that any disclosure of members' salaries, allowances and expenses requires to be audited.

12. For bodies covered by the FReM:

- information subject to audit is set out at paragraphs 6.5.8 to 6.5.30, and 6.5.31 b) and l). The FReM requires bodies to clearly identify the information as audited.

- The items required by FReM paragraph 6.5.7 and the other elements of paragraph 6.5.31 are not audited.

13. Exhibit 1 briefly summarises the disclosure requirements in each sector and indicates whether the disclosure is subject to audit.

Exhibit 1

Audited

Disclosure	LG	CG	NHS
Remuneration in specified categories	√	√	√
Pension benefits	√	√	√
Analysis by pay bands	√	√	√
Exit packages	√	√	√
Payment for loss of office	√	√	√
Members' salaries, allowances and expenses	√	X	X
Fair pay disclosures	X	√	√

Unaudited

Disclosure	LG	CG	NHS
Remuneration policy	√	√	√
Trade Union facility time	√	√	√
Analysis of staff by gender	X	√	√
Sickness absence data	X	√	√
Policies on diversity issues and disabled persons	X	√	√

Source: Audit Scotland

14. In June 2022, Professional Support examined the 2020/21 Remuneration Reports of councils to evaluate whether they correctly and clearly identified the parts of the Remuneration Report that are audited. The review found that 16 councils identified which disclosures had been audited. Technical Bulletin 2022/2 (paragraph 9) drew attention to this issue. As the FReM contains a similar requirement, the guidance in the bulletin was aimed at all public bodies.

15. Our review of the 2021/22 Remuneration Reports found that most of the central government bodies and councils in the sample clearly identified the parts of the Remuneration Report that were subject to audit. However, that was the case for only 10% of the health boards in the sample. Professional Support has worked with the NHS Technical Accounting Group to amend the 2022/23 accounting manual for health boards to include suggested wording to address this issue.

16. The bodies that identified the audited parts did so in a variety of ways. Good practice disclosures provided an explanation at the beginning of the Remuneration Report, as shown in Exhibit 2, along with an indication in the title of the table or disclosure that the information is audited.

Exhibit 2:

> **b) REMUNERATION AND STAFF REPORT**
>
> The tables on pages 70 - 72 in the Remuneration and Staff Report and the tables notes 2, 4 and 10 on pages 77, 78 and 80 have been subject to audit by the Board's External Auditor. The other sections in the Remuneration and Staff Report are reviewed by the External Auditor to ensure they are consistent with the financial statements.

17. However, our review identified areas for improvement in some of the descriptions of the audited parts. These included the following:

- 18 bodies (56% of the sample) failed to identify all the disclosures subject to audit, for example the information on exit packages.

- Some unaudited parts were described as audited. For example, two councils stated that all tables in the Remuneration Report were subject to audit but the tables included the facility time disclosure which is not audited.

- Six councils stated that the information "will be" subject to audit. It appears that this narrative in the unaudited accounts had not been updated in the published audited accounts.

2: Presenting information

Bodies should consider carefully how to present information and support important messages with relevant context

Context

18. When considering how best to present information, it is important to provide adequate context to help users gain a full understanding.

19. It is good practice to provide an explanation of the measurement basis used, particularly where there is more than one option for the same item of information. For example, it is helpful to state whether staff numbers are on a full-time equivalent basis or headcount basis.

Footnotes

20. It is good practice to provide appropriate explanation of details included in renumeration tables, such as new appointments made during the year.

21. Footnotes can be used to provide points of detail. However, some bodies used a significant number of footnotes which may have made it more difficult for users to identify what each related to. Some disclosures would have been enhanced if items disclosed as footnotes had been presented in the body of the narrative. Exhibit 3 provides an example of full year salary and starting and leaving dates being disclosed in the remuneration table.

Exhibit 3

es	2021/22		
Post held	Annual Salary £	Election Allowances £	Total Remuneration £
Chief Executive until 15 December 2021 *(full year equivalent £151,238)*	107,317	13,613	120,930
Director of Finance and Resources until 15 December 2021; Chief Executive from 16 December 2021; *(full year equivalent : £151,328)*	131,520	5,445	136,965

Comparatives

22. The disclosure of prior year comparative amounts highlights movements between years. It is good practice to explain any significant change.

23. Presenting current and prior year figures in the same table can streamline disclosures while making comparisons easier. A simple example of how this can be presented is shown in Exhibit 4.

Exhibit 4

Salary £000		Benefits in kind £		Pension Benefits £000		Total £000	
2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22

Remuneration policy

24. Bodies are required to disclose details of their remuneration policy. Good practice disclosures:

- identified the committee responsible for setting remuneration policy

- highlighted whether the full council/board or a specific committee is responsible for setting the remuneration policy

- provided links to meeting papers and relevant pay circulars.

Compensation for loss of office

25. Disclosures on compensation for loss of office are required for those senior officers included in the Remuneration Report. They are also presented in the central government disclosure of total staff costs.

26. Where additional compensation payments are disclosed which have been paid to staff not in the remuneration table, it is good practice to clearly explain the difference between the figures.

Bonuses

27. Disclosures on the remuneration policy frequently highlighted that senior managers are subject to performance appraisal arrangements which can result in them receiving additional remuneration.

28. However, in some cases there were no amounts disclosed in the bonuses component of remuneration. It would have been helpful to users of the accounts to explain why that was the case.

Benefits in kind

29. Bodies are required to explain what types of benefits in kind are included in remuneration. However, in many cases the explanations were very limited.

30. Exhibit 5 provides an example of a helpful and brief explanation that the benefits in kind related to leased cars:

Exhibit 5

100-105	0.2	100-105	50	150-155	Benefit in kind for lease car of £0.2k which ceased on 5 August 2021

Sickness absence data

31. The review identified some good practice in relation to sickness absence data where disclosures included:

- the body's targets

- details of trends or factors influencing their performance.

Subsidiaries

32. Information on employees of council subsidiaries requires to be presented in a separate table.

33. However, the review found that four councils had incorporated the details into the bottom of the council senior office remuneration table.

Members' salaries, allowances and expenses

34. It is good practice to present members' salaries, allowances and expenses in a separate table. Exhibit 6 provides an example of a clear presentation:

Exhibit 6

Total Remuneration paid to Councillors
The Comhairle paid the following salaries, allowances and expenses to all Councillors (including those included above) during the year:

Type of Remuneration	2021/22 £	2020/21 £
Salaries	602,773	581,301
Allowances	5,599	970
Expenses	27,449	15,092
Total	635,821	597,363

Full details of Councillors' salaries and expenses for 2021/22 are included in Note 30 of the Annual Accounts and can also be viewed on the Comhairle website at https://cne-siar.gov.uk/your-council/wards-and-councillors/council-members/

35. While most councils disclosed a separate table, one council in the sample incorporated the disclosure as an extra row in the table for senior councillors' remuneration. Users may have found that difficult to follow.

Fair pay disclosures

36. The fair pay disclosure requirements in the FReM are intended to explain the relationship between the remuneration of the highest paid director and the body's employees. Narrative disclosure should be used to assist users understand the calculations, the body's scope for controlling pay policy arrangements and changes between years.

37. It is helpful to users if the disclosures (which contain the highest paid director's remuneration, the staff average remuneration, and the median, upper and lower percentile remunerations) follow a logical flow. Exhibit 7 provides an illustrative disclosure that could be used.

Exhibit 7

	2022	2021	change
Range of staff remuneration			
Staff average (salary & allowances)			
Highest earning director's total remuneration			
Explanation of change			
Median (total pay & benefits)			
Median (salary only)			
Ratio between highest earning director's total remuneration and the median			
Explanation of change			
25th percentile (total pay & benefits)			
25th percentile (salary only)			
Ratio between highest earning director's total remuneration and the 25th percentile			
Explanation of change			
75th percentile (total pay & benefits)			
75th percentile (salary only)			
Ratio between highest earning director's total remuneration and the 75th percentile			
Explanation of change			

38. The FReM requires disclosure of the reasons for any change in the current year's pay ratios when compared to the previous year. It is helpful if explanations cover:

- whether the movement in the ratios is attributable to a change in the highest paid director's remuneration or the employees, or a change in the body's employment models

- trends in the ratios between highest paid director and employees

- whether the body believes that the ratios reflect the pay, rewards and progression policy for employees as a whole.

39. Around half the bodies in the sample disclosed an appropriate explanation for the movement in the ratios. For example, some explained that a senior member of staff joined or left the organisation causing the pay ratios to change. In Exhibit 8, the body explained that the change was due to their priority of reducing pay inequality.

Exhibit 8

Fair Pay Disclosures

Reporting bodies are required to disclose the relationship between the banded remuneration of the highest paid director in their organisation and the lower quartile, median, and upper quartile remuneration of the organisation's workforce. Banded remuneration for this purpose is the sum of salaries & fees, taxable benefits, and excludes pension benefits and cash equivalent transfer values. The banded remuneration of the highest paid director in Skills Development Scotland for the year to 31 March 2022 was £150,000 to £155,000 (2021: £145,000 to £150,000).

	2021-22				2020-21		
	25th Percentile	Median	75th Percentile		25th Percentile	Median	75th Percentile
Pay ratio	4.2 : 1	3.7 : 1	3.3 : 1		4.3 : 1	3.7 : 1	3.4 : 1
Remuneration	£36,120	£40,735	£45,898		£33,935	£39,643	£43,555
(Salary)	(£35,960)	(£40,735)	(£44,290)		(£33,935)	(£39,643)	(£43,555)

For the year to 31 March 2022, the remuneration of the highest paid director increased by 0.6% (2021: 0.0%) while the average remuneration for the organisation as a whole increased by 3.9% (2021: 3.6%). All employees have their salary reviewed annually at 1 April. All pay awards are equality impact assessed, supported by an equal pay audit every two years, and aligned with Scottish Government public sector pay policy. The increase of 2.8% (2021: 3.0%) in the median pay ratio reflects a continuation of our programme of prioritising investment to areas of pay inequality.

The minimum full-time equivalent salary on the organisation's Pay and Grading Framework for the year to 31 March 2022 was £20,275 (2021: £19,175).

40. It may be necessary to explain that another employee is paid more than the highest paid director. Additional disclosure of non-director level employees with remuneration in excess of the highest paid director is good practice and should be provided as part of the narrative accompanying the range of remuneration.

41. Two health boards disclosed that another employee was the highest paid. An example is shown in Exhibit 9.

Exhibit 9

In 2021/2022, 3 (2020/2021, 1) employees received remuneration in excess of the highest paid director. Remuneration ranged from £8,930 to £346,423 (2020/2021 £8,842 to £247,913).

42. The range of staff remuneration together with prior year comparatives requires to be disclosed, with the amounts rounded to the nearest pound. Exhibit 10 sets out an example.

Exhibit 10

	2022	2021	%Change
Range of Staff Remuneration	8,930-346,423	8,842-247,913	1.0% - 39.7%

43. Only two bodies, both health boards, disclosed the range of remuneration for 2021/22 and 2020/21 rounded to the nearest pound. The other bodies in our sample disclosed the range of remuneration to the nearest thousand or five thousand pounds. This should be addressed in 2022/23.

3: Cutting clutter

Important information should be highlighted and not obscured by immaterial detail that causes clutter. To avoid clutter:

- tables (or columns or rows within tables) which do not contain entries should be removed

- signposting can be used effectively to provide complementary information.

44. Local circumstances may mean that a particular disclosure requirement is only partially applicable to a body, or perhaps not applicable at all. Disclosures should be appropriately tailored where that is the case. For example, it is good practice to remove any blank columns or rows from tables. An example is shown in Exhibit 11.

Exhibit 11

Taxable Salary (bands of £5,000)	Pension Benefits £'000	Total Remuneration (bands of £5,000)
180 - 185	-	180 - 185
180 - 185	6	185 - 190
10 - 15	22	35 - 40
185 - 190	39	225 - 230
155 - 160	-	155 - 160
20 - 25	17	40 - 45
145 - 150	76	220 - 225

45. It may be helpful to explain why the columns have been removed, such as in Exhibit 12.

Exhibit 12

The only benefits received by employees are: salary; employer contributions to the pension fund; and where applicable, payment for election duties. There were no bonuses, compensation for loss of office or other benefits paid to senior employees during the year. The remuneration details for senior employees are noted in Table 2:

46. It is also good practice to explain when a required disclosure has not been made owing to it not being relevant to the body's circumstances. For example, a council provided the concise explanation in Exhibit 13 as to why it had not disclosed remuneration for subsidiary employees.

Exhibit 13

Subsidiary Entities

None of our subsidiaries have remunerated employees.

47. When cutting clutter, it is important that bodies:

- take care to ensure that they do not streamline to such an extent that minimum requirements are no longer met. For example, two central government bodies included the components of remuneration but did not provide a total remuneration figure

- consider the accessibility and understandability of the Remuneration Report. For example, one body combined the remuneration and pensions disclosures and associated footnotes on one page. This involved the use of a significantly smaller font size which made it difficult for users to read.

48. Information that is not required to meet a specific disclosure requirement, but which provides additional detail, can be provided by 'signposting'. This is a means by which attention can be drawn to complementary information. When using signposting, bodies should bear the following points in mind:

- The Remuneration Report must meet disclosure requirements without users having to refer to signposted information

- Signposts should make clear that the complementary information does not form part of the Remuneration Report

- Signposted information may be located either within the annual accounts (e.g. an appendix) or separately (e.g. a link to a website document or page)

- Where a hyperlink is provided, it is helpful if it takes the user directly to the relevant information rather than a website homepage

49. Exhibit 14 provides an example of where a health board used signposting by including hyperlinks to more detailed information on performance.

Exhibit 14

NHS Grampian fully complies with the requirements of the Equality Act (Specific Duties) (Scotland) Regulations 2012. More information, including the key reports listed below, can be accessed at the following link https://www.nhsgrampian.org/about-us/equality-and-diversity/

- NHS Grampian Equalities Outcomes 2021-2025, update report;

- Making equality duty an integral part of the way NHS Grampian functions - progress Report for the period April 2019 to March 2021;

- An NHS Grampian Equal Pay Monitoring Report, June 2021; and

- An NHS Grampian Equality and Diversity Workforce Monitoring Report 2020/21.

4: Clarity

The language used in the Remuneration Report should be clear and precise

Plain language

50. The Remuneration Report should be written in plain language that users can easily understand; jargon should be avoided.

51. Where the use of technical terms is necessary, they should be clearly defined and used consistently.

Tailored wording

52. Boiler-plate wording refers to generic disclosure which could apply to any body that gives no additional useful information to users of the accounts; it should be avoided. However, the review identified boiler-plate wording across all sectors.

53. While taking standard wording from another source can be of assistance as a starting point, care should be taken to suitably tailor the information appropriately to ensure it is relevant to each body's circumstances.

Precise terms

54. The terminology used should be precise and unambiguous. It is good practice to simply use the terms specified in the accounts regulations or FreM, and most bodies in the sample did so. However, some bodies used their own terms which users may have found more difficult to understand or compare.

55. Expense allowances chargeable to income tax are a component of remuneration. Around half of the bodies making that disclosure were clear that it related to taxable expenses. The other bodies used more imprecise terms, such as 'expenses'.

56. Exhibit 15 shows a council remuneration table that is clear that only taxable expenses are included:

Exhibit 15

Council's Leader, Civic Head and Senior	Salary, Fees and Allowances	Taxable Expenses	Non-Cash Expenses / Benefits--in-kind	Total Remun. 2021/22	Total Remun. 2020/21

Remuneration Report

Good Practice Note on enhancing the quality of financial reporting

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