

AGENDA


Polite Reminder

Please take a 10 minute break every hour of meeting

Meeting: Audit and Risk Committee
Date: Thursday 7 September 2023 at 3.30pm
Location: Microsoft Teams

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

No	Item	Action	Lead	Pages
1	Welcome, Apologies and Declarations of Interests	Note	BF	N/A
2	Minutes of the Previous Meeting: 1 June 2023	Approve	BF	
3	Matters Arising / Actions Outstanding	Note	BF	2-2
4	Emerging Themes	Discuss	All	N/A
5	Strategic Risk Register	Approve	JT	3-8
6	External Audit Update: Fieldwork and Planning (<i>Verbal Update</i>)	Note	EA	N/A
7	Draft Response to Letter from External Auditors	Approve	BF	
8	Internal Audit:			
	8.1 Internal Audit Actions: Exception Report (Azets)	Note	IA	
	8.2 Internal Audit Report: Student Assessment (Azets)	Note	IA	
	8.3 Internal Audit Annual Report (Azets)	Note	IA	
	8.4 Internal Audit Annual Plan (Wylie & Bisset)	Approve	IA	
9	Annual Update Reports			
	9.1 Whistleblowing Policy and Procedure	Note	MP	9-10
	9.2 Fraud Prevention Policy and Response Plan: Register of Losses	Note	MP	11-12
	9.3 Business Continuity Planning	Note	MP	13-14
10	Self-Evaluation 2022-23: Feedback	Discuss	MP/BF	15-17
11	Review of Meeting	Discuss	All	N/A
12	Date of Next Meeting: Thursday 16 November 2023	Note	BF	N/A
	<ul style="list-style-type: none"> Annual private pre-meeting: 1.30pm Audit and Risk: 2pm Joint Audit and Risk/Finance Commercial and Estates: 3.15pm 			

Actions Outstanding / Progress Made

Key:	
	Outstanding and deadline passed
	Progressing and on target
	Complete

	Date of Meeting	Action	Responsibility	Deadline	Comments
1	01.06.23	To remove Risk 14 from the Audit and Risk Committee's updates until such time as year 8 negotiations or re-tender exercise is underway.	W Brymer	07.09.23	Complete
2	01.06.23	To refer the Internal Audit report to the New Build Project Board for information and to highlight that recommendations require to be taken forward by the deadline.	M Philp	08.06.23	Complete
3	01.06.23	To approve the external audit plan and fee.	M Philp	31.07.23	Complete
4	01.06.23	To circulate the name of the external audit manager and the dates for external audit work once available.	M Philp	31.07.23	Complete. External audit field work will take place w/c 25 September and 2 October. Manager to be appointed and will be notified to us in due course
5	01.06.23	To approve the accounting policies for the year end 31 July 2023.	M Philp	31.07.23	Complete
6	01.06.23	To issue the self-evaluation template by email to members and attendees.	M Philp	02.06.23	Complete
7	01.06.23	To complete and return the self-evaluation template.	All Committee Members and attendees	30.06.23	Complete



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Strategic Risk Register 2023-24	
Date of Meeting:	Thursday 7 September 2023
Purpose:	To present to the Audit and Risk Committee the updated Strategic Risk Register 2023-24
Intended Outcome:	To recommend to the Board of Governors the approval of the Strategic Risk Register for 2023-24 To review the controls in place for the top risks and give assurance to the Board that the risks are being appropriately controlled by management
Paper Submitted by:	James Thomson, Deputy Principal
Prior Committee Approvals:	N/A
Board Impact from Decision:	Confirmation that the College's approach to risk assessment and management remains robust and effective and that all reasonable steps appear to have been taken by management to eliminate, reduce and remove risks as appropriate, in line with our overall risk management policy
Financial Health Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Strategic Risk(s):	All
Publicly Available:	Yes
Author Contact Details:	Wendy Brymer (wendybrymer@fife.ac.uk)
Date of Production:	16 August 2023

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Strategic Risk Register 2023-24

Introduction

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

Changes to the Risk Environment

2. The Strategic Risk Register has been reviewed as at end July 2023. Attached is a dashboard report summarising where the risks are sitting, if there has been any movement since the previous report, and if we have any risks out with their tolerance level.
3. The summary below details where significant changes have been made however all individual risk sheets, including those where minor or no changes have been made, can be accessed via the following link: [Fife College Strategic Risk Register 2023-24](#)
4. Specific changes to highlight to the Audit and Risk Committee are:

4.1 Change in risks since previous version

New Risks

One new risk has been added to the register as follows:

Risk (15) National bargaining sets pay award outwith college resources impacting on our financial sustainability

Risk Descriptions

There have been no changes made.

Risks Removed

One risk has been removed from the register.

Risk (14) Failure to mutually negotiate agreeable terms for year 7, being the final year of the optional extension period for the Scottish Prison Service (SPS) contract impacting on margins and more equitable contract terms and conditions.

- It was agreed at the Audit and Risk Committee in June 2023 to remove this risk until such time as negotiations start for Year 8 or the re-tender for the SPS contract.

With the removal of the above risk, the following risk has been renumbered from 15 to 14:

(14) Failure to implement the agreement for a national job evaluation scheme impacting on our reputation, staff morale, and financial sustainability.

4.2 Change in Net Risk Scores since previous version

Increased Net Risks

No net risk scores increased during the period.

Decreased Net Risks

One net risk score decreased during the period as follows:

- Risk 7 has decreased from 16 to 12.

Risk Scores out with Tolerance Level

Four risks remain out with tolerance.

Risk (2) Failure to achieve annual financial targets in line with the five-year financial forecast plan

- Based on the 2023/24 final allocations from SFC we will be receiving flat cash for core funding.
- SFC have issued the 2023/24 final allocation which confirms a 10% reduction in the credit activity.
- Flexible Workforce Development Fund grant for 2023/24 has still to be confirmed by SFC but we are expecting this at best to be no more than what we received for 2022/23 which included a £400k cut from 2021/22.
- Ongoing inflationary cost pressures require ongoing review of the college's financial forecast and actions to maintain a financial sustainability across the planning period. This has been done initially for 2023/24 and discussed by the Executive Team.
- The College will take a planned approach to secure financial sustainability which will incorporate the following:
 - Non-SFC Income growth to offset the cut in FWDF grant as much as possible.
 - Increased student retention and credit maximisation.
 - Review our curriculum offering and delivery models ahead of the 10% reduction in credit activity.
 - Explore and expand collaborations with other College and Universities.
 - Review our estate, utilisation and current footprint.
 - Review all non-staff and discretionary spend to seek savings.
 - Review all areas of the business to consider impact/output.
 - Accelerate business process improvements seeking efficiencies.
- Voluntary Severance scheme is available and will be utilised as part of the ongoing workforce planning and FTE requirements set.
- The detailed budget for academic year 2023/24 was approved by the Board in June 2023.

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

- The College will continue to engage with SFC for confirmation of additional 2023/24 funding i.e. FWDF and adjust our planning accordingly as information is released. Once we have clarity we will revert this risk back within tolerance.
- Based on the information we have received to date the College has compiled the 2023/24 budget, projecting the figures out to 2025/26 and has presented this to the Board along with mitigating actions which will need to be considered to ensure future financial sustainability.
- The 2023/24 budget has been presented to the Board and discussions are underway to put plans in place to minimise the financial risks regarding the funding settlement.
- The Executive Team have been working through the implications of the funding cuts and after doing everything they can to cut non-staff costs, we are looking at a possible reduction of up to 19 FTE posts across the College over the next year to ensure we balance the books. We will work with staff and the trade unions to see how we can achieve this and we remain committed to avoiding any compulsory redundancies.

Risk (14) Failure to implement the agreement for a national job evaluation scheme impacting on our reputation, staff morale, and financial sustainability.

- While there are limited mitigations that can be put into action by Fife College at present due to this being a national level project. We do continue to input to sector level discussions on the proposals for appropriate next steps forward in implementing this project. As well as planning for and carrying out the following:
 - Securing additional resource and support for the HR team for implementation including specialist and system support.
 - Providing clear and regular communications to staff as the project progresses as appropriate and in line with nationally agreed communications.
 - Participate in any training opportunities provided nationally for implementation.
 - Review and challenge data supplied to the College from the national team to ensure clear accountability as responsibility shifts to individual colleges.
 - Scenario plan around the financial implications for the College and engage with national team and SFC as appropriate on outturn.
 - Engagement with other colleges, particularly Edinburgh and NesCol, to provide support to each other and increase influence in raising key issues and concerns and their resolution to others in the sector and College Employers Scotland.

Risk (15) National bargaining sets pay award outwith college resources impacting on our financial sustainability

- The College will continue to participate in College Employers Scotland (CES) and other relevant groups to support national negotiations and implementation. As well as planning for and carrying out the following:
 - Scenario plan around the financial implications for the College and engage with national team and SFC as appropriate on outturn.
 - Annual budget forecasts for pay awards in line with public sector trends.
 - Continued engagement and discussion with CES on concerns and their resolution.
 - Engagement with other colleges to increase influence in raising key issues and concerns to CES.
 - Participation in discussions at Employers' Association and other relevant meetings on the papers and key issues emerging based on the agreed college position.
 - Continual workforce planning discussions at a leadership level.

Risk Events Log

5. There were two risk events logged during this period relating to Risk 11. Further details can be found in the [Risk Events Log](#).

Recommendation

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

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

STRATEGIC RISK REGISTER

August 2023

Overview

The following have been identified as the top strategic risks of Fife College for the reporting period up to October 2023. The colour status applied to each listed risk is based on the residual (Net) score applied within the top risk register maintained by the College.

RED Score

- ↔ (2) Failure to achieve annual financial targets in line with the five year financial forecast plan
- ↓ (7) Risk of external political/ funding/regulatory changes
- ↔ (14) Failure to implement the agreement for a national job evaluation scheme impacting on our reputation, staff morale, and financial sustainability
 - (15) National bargaining sets pay award outwith college resources impacting on our financial sustainability

AMBER Score

- ↔ (1) Failure to implement effective financial planning and control regarding estates and achieve the estate strategy objectives in support of the strategic plan
- ↔ (3) Failure to adopt current and emerging technologies, and to ensure continuous enhancement of digital capability in support of effective and efficient hybrid learning and teaching delivery models
- ↔ (4) Failure to focus on wider wellbeing of staff and students
- ↔ (5) Failure to achieve recruitment targets across GIA and Non-GIA income activity and to deliver relevant, inclusive and sustainable curriculum, ensuring successful outcomes for all students
- ↔ (8) Risk that we fail to achieve and grow commercial income in line with the five year financial forecast plans
- ↔ (9) Failure to achieve cohesive culture
- ↔ (10) Failure to achieve positive and sustained transitions for students and to create attractive and motivating learning environments and conditions for learner journeys
- ↔ (11) Failure to take steps to maintain reliable IT infrastructure and to protect systems from attacks and misuse, possibly remotely over the internet. Steps may be technical or procedural in nature. Technical steps more easily addressed than procedural steps which require buy in from staff and learners across the College
- ↔ (12) Failure to fully comply with statutory or regulatory requirements leading to a breach of legislation, resulting in legal action, a fine or another penalty against the College
- ↔ (13) Failure to deliver new appropriate accommodation in Dunfermline and deliver outcomes for the College

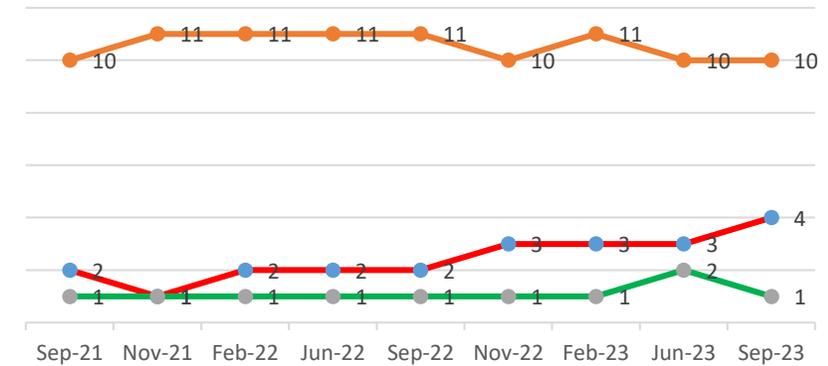
GREEN Score

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

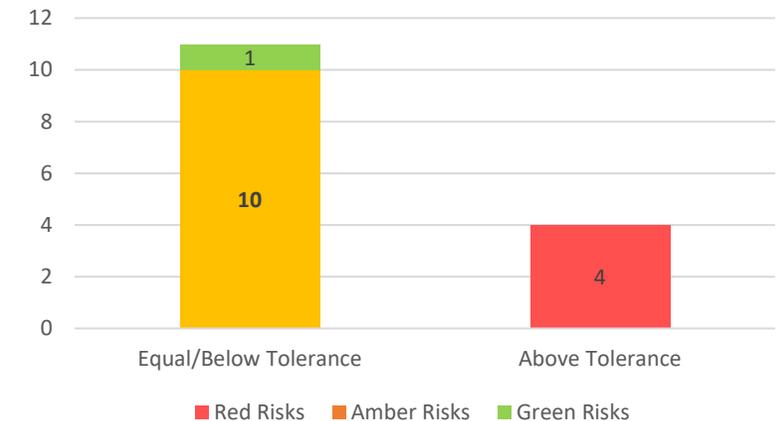
RAG Key

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

Risk Movement



Risk Tolerance Summary





COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Annual Update: Whistleblowing Policy and Procedure	
Date of Meeting:	7 September 2023
Purpose:	To advise Committee members of any PIDA allegations made under the Whistleblowing Policy and Procedure during academic year 2022-23
Intended Outcome:	To note the position
Paper Submitted by:	Marianne Philp, Director: Governance and Compliance
Prior Committee Approvals:	N/A
Board Impact from Decision:	Reassurance that the Whistleblowing Policy and Procedure is in place and that relevant action is taken should any allegations be received
Financial Health Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Strategic Risk(s):	(12) Failure to fully comply with statutory or regulatory requirements leading to a breach of legislation, resulting in legal action, a fine or another penalty against the College
Publicly Available:	Yes
Author Contact Details:	Marianne Philp; mariannephilp@fife.ac.uk ; 01383 845009
Date of Production:	16 August 2023

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Whistleblowing Policy and Procedure

1 Introduction

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

2 Current Position

The Whistleblowing Policy and Procedure was reviewed in June 2023. The only change made was to update contact details for our internal auditors. A copy of the Whistleblowing Policy and Procedure is available on [Microsoft Teams](#) should members wish to review it. Members are invited to confirm that no further changes are required.

During 2022-23, no allegations were made under PIDA. Should any serious PIDA allegations be made during the year, these will be reported to the Committee on an individual basis, to allow Members to take appropriate and timeous action.

3 Recommendation

Members are invited to

- note the update and in particular that no entries were made in the Register of PIDA Allegations for 2022-23
- confirm that no further changes are required to the Whistleblowing Policy and Procedure.



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Annual Update: Fraud Prevention Policy and Response Plan: Register of Losses	
Date of Meeting:	7 September 2023
Purpose:	To advise Committee members of any losses recorded under the Fraud Prevention Policy and Response Plan
Intended Outcome:	To note the position
Paper Submitted by:	Marianne Philp, Director: Governance and Compliance
Prior Committee Approvals:	N/A
Board Impact from Decision:	Reassurance that the Fraud Prevention Policy and Response Plan is in place and that relevant action is taken should any irregularity be discovered
Financial Health Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Strategic Risk(s):	(12) Failure to fully comply with statutory or regulatory requirements leading to a breach of legislation, resulting in legal action, a fine or another penalty against the College
Publicly Available:	Yes
Author Contact Details:	Marianne Philp; mariannephilp@fife.ac.uk . 01383 845009
Date of Production:	16 August 2023

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Fraud Prevention Policy and Response Plan

1 Introduction

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

2 Current Position

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

During academic year 2022-23, no instances of fraud and irregularity have been reported or recorded on the register of losses.

3 Recommendation

Members of the Committee are invited to note the update, and in particular that no instances of fraud or irregularity have been entered on the register for academic year 2022-23.



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Annual Update: Business Continuity Planning	
Date of Meeting:	7 September 2023
Purpose:	To update Committee members on progress made with Business Continuity Planning matters over the past year
Intended Outcome:	To note the position
Paper Submitted by:	Marianne Philp, Director: Governance and Compliance
Prior Committee Approvals:	N/A
Board Impact from Decision:	To be assured that the processes in place for Business Continuity are appropriate and effective
Financial Health Implications:	In the event of a major incident, a faster recovery will minimise loss from income and help business survival
Learner Implications:	An effective response will minimise disruption to learners and ensure effective communication
Equality and Diversity Implications:	N/A
Strategic Risk(s):	All
Publicly Available:	Yes
Author Contact Details:	Marianne Philp; mariannephilp@fife.ac.uk ; 01383 845009
Date of Production:	16 August 2023

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Update on Business Continuity Planning

1 Introduction

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

2 Progress Made: 2022-23

- The Incident Response Team has met three times over the past year to review progress and identify any key risks to business continuity
- A well-regarded and trusted colleague from Colleges Development Network facilitated a desktop test with the Business Continuity Team in March 2023. A debrief was held with some improvements and clarifications agreed and implemented
- Debrief / lessons learned exercises are routinely held following each incident and test in order to update plans and processes as required
- The Incident Response Plan and its appendices has been updated to take account of changes to contacts, lessons learned and other feedback received
- The Health and Safety Manager provided an update to the group on the anti-terrorism public sector legal duties of Prevent and Protect (Martyn's law)
- Digital Services has continued to carry out local testing of plans and other activities such as penetration testing.

3 Plans for the Year Ahead: 2023-24

- Incident Response Team meetings will be held three times a year
- Debriefs/lessons learned sessions will continue to be held following each test and live incident with feedback being provided to the Incident Response Team
- Test exercises will be undertaken
- The college's new insurer (FE Protect) has offered a run-through of our Incident Response Plan
- We will contact the local police and ask them to facilitate some briefings for the Incident Response Team on key risks for the College
- Annual review of departmental and overall plans will be undertaken and consideration is being given how to consolidate plans and introduce improvements to scenario planning and responses in the event of an incident
- Work will continue once the impact of the new public sector duty to Protect is fully understood and known (the legislation is currently at draft Bill stage so subject to change).

4 Recommendation

Members are invited to note the update on progress.



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Self-Evaluation 2022-23: Audit and Risk Committee	
Date of Meeting:	7 September 2023
Purpose:	To review the effectiveness of the Committee for 2022-23
Intended Outcome:	To discuss the feedback and agree recommendations and actions for the year ahead
Paper Submitted by:	Marianne Philp, Director: Governance and Compliance
Prior Committee Approvals:	N/A
Board Impact from Decision:	To provide reassurance to the Board of Governors that the Committee is operating effectively and in accordance with its delegated authority
Financial Health Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Strategic Risk(s):	(12) Failure to fully comply with statutory or regulatory requirements leading to a breach of legislation, resulting in legal action, a fine or another penalty against the College
Publicly Available:	Yes
Author Contact Details:	Marianne Philp; 01383 845009; mariannephilp@fife.ac.uk
Date of Production:	28 August 2023

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee: Self-Evaluation 2022-23

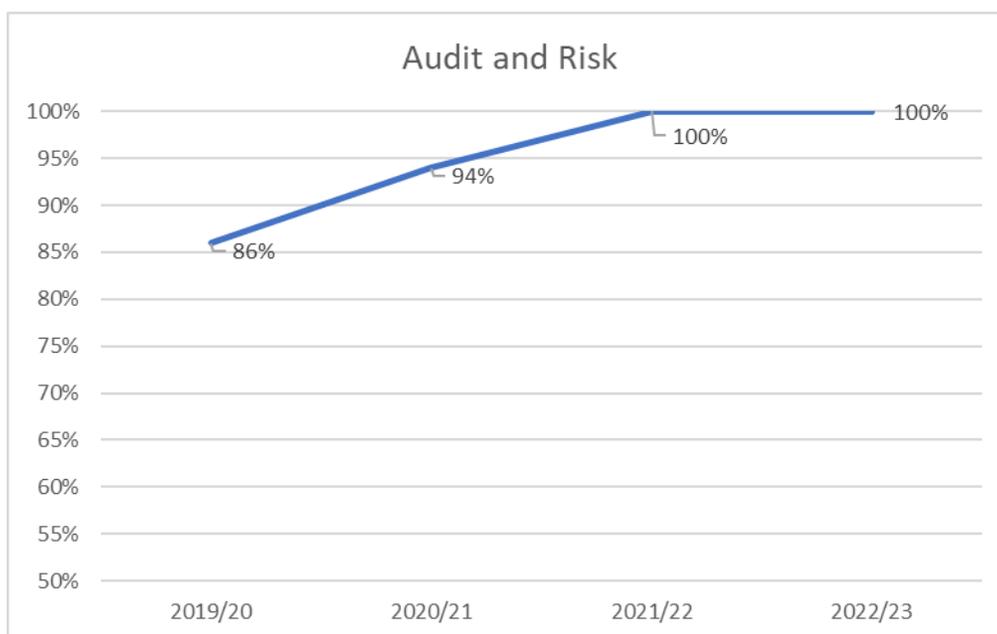
1 Introduction

Following on from discussion at the last Committee meeting, all attendees were asked to complete self-evaluation paperwork. There were a number of themes emerging across feedback received from the Board and all Committees and this has been summarised in one paper which will go to the Board at its September 2023 meeting for discussion. Members can review the draft paper and draft Board Development Plan on [Microsoft Teams](#) for information.

This paper gives some feedback specific to the Audit and Risk Committee which will be added to paper to the Board.

2 General Arrangements, Remit and Attendance

No changes were proposed to the format or timing of meetings and no changes have been proposed to the Remit. Attendance for the year was 100% overall – see the graph below showing attendance levels over the past 4 years.



Members of the Committee also confirmed that no changes were required to the Audit Committee self-assessment completed by the Director: Governance and Compliance and circulated with papers for the last meeting.

3 Feedback Specific to Committee

Internal/External Auditors: New external auditors (Mazars) were appointed by Audit Scotland. In addition, some members of the Committee were involved in a procurement process following which Wylie & Bisset were appointed as internal auditors. Members

commented that the process had been robust and transparent and arrangements had gone well.

Further action: Ensure successful onboarding of the newly appointed External and Internal Auditors.

Strategic Risk Management: Having the opportunity to ask all Board members to consider each Committee's role with regard to Strategic Risk Management had been a useful and positive exercise. Adding emerging risks to each Audit and Risk Committee agenda and moving this and the risk register itself to the start of the agenda had increased the Committee's focus on risk and set the context for the remainder of the meeting.

Further Actions:

- Review the Strategic Risk Register and offer a further Strategic Risk Workshop following on from the approval of the corporate strategy
- Update the Board/Committee paper template to cross reference paper to relevant strategic risk(s) to increase the focus on risk
- Continue to have emerging risks on each Audit and Committee agenda in order to maintain a focus on the future – and to consider the impact of significant changes within the sector / College
- Make the risk register a “live document” focussing on changes since the last meeting and moving away from a complete list of everything in place, with a view to moving away from lists to driving action and ownership

4 Recommendation

Members of the Committee are invited to discuss the findings and agree on action to be taken over the next year. This will also be reported to the Board at the next meeting and thereafter confirmation will be sent to the Scottish Funding Council that self-evaluation has been undertaken together with the Board's updated Development Plan.