

AGENDA

Meeting: Audit and Risk Committee

Date: Thursday 1 June 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: 7 March 2023	Approve	BF	
3	Matters Arising / Actions Outstanding	Note	BF	2-2
4	Any Emerging Themes	Discuss	All	N/A
5	Strategic Risk Register	Approve	WB	3-8
6	Internal Audit:			
	6.1 Internal Audit Actions: Exception Report	Note	IA	
	6.2 Commercial Income and Business Strategy	Note	IA	
	6.3 Estates Strategy: New Dunfermline Campus Project	Note	IA	
	6.4 Internal Communications	Note	IA	
7	External Audit Plan and Fee	Approve	BF	
8	National Fraud Initiative Update	Note	WB	
9	Accounting Policies for Year End 31 July 2023	Approve	JT/MP	
10	Self-Evaluation 2022-23	Discuss	MP	9-12
11	Review of Meeting	Discuss	All	N/A
12	Internal Auditor Appointment	Note	MP	
13	Date of Next Meeting: Thursday 7 September 2023 at 3.30pm	Note	BF	N/A



Board of Governors: Audit and Risk Committee

Actions Outstanding / Progress Made

Key:	
	Outstanding and deadline passed
	Progressing and on target
	Complete

	Date of Meeting	Action	Responsibility	Deadline	Comments
1	07.03.23	To add reference to industrial action to risk 9.	W Brymer	21.03.23	Complete
2	07.03.23	To refine the new risk to create a short risk description and to ensure the financial, reputational and impact on staff morale were appropriately captured.	W Brymer	21.03.23	Complete
3	07.03.23	To recommend the approval of the addition to the risk register to the Board of Governors for approval.	W Brymer/ M Philp	21.03.23	Complete
4	07.03.23	To consider having a session to look at potential opportunities for each of the strategic risks at the Board Strategy Day.	M Philp	25.05.23	Complete. On agenda for Board Strategy Day
5	07.03.23	To discuss with the Chief Information Officer the comments from Committee members relating to processes, systems and business continuity templates.	W Brymer	21.03.23	Complete
6	07.03.23	To keep Committee members updated by email on progress made at each key stage of the internal audit service procurement process.	M Philp	30.04.23	Complete and update on today's agenda



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Strategic Risk Register 2022-23	
Date of Meeting:	Thursday 1 June 2023
Purpose:	To present to the Audit and Risk Committee the updated Strategic Risk Register 2022-23
Intended Outcome:	Audit and Risk Committee members are invited to review the controls in place for the top risks and give assurance to the Board that the risks are being appropriately controlled by management
Paper Submitted by:	Wendy Brymer, Director of Planning and Performance
Prior Committee Approvals:	N/A
Board Impact from Decision:	Confirmation that the College's approach to risk assessment and management remains robust and effective and that all reasonable steps appear to have been taken by management to eliminate, reduce and remove risks as appropriate, in line with our overall risk management policy
Financial Health Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Risks Assessed:	N/A
Publicly Available:	Yes
Author Contact Details:	Wendy Brymer (wendybrymer@fife.ac.uk)
Date of Production:	16 May 2023

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Strategic Risk Register 2022-23

Introduction

1. The Strategic Risk Register is monitored and reviewed on a quarterly basis by the Executive Team, in order to give assurances to the Board of Governors, via the Audit and Risk Committee, that 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 April 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: [Risk and Opportunities Register 2022-23](#).
4. Specific changes to highlight to the Audit and Risk Committee are:

4.1 Change in risks since previous version

New Risks

There were no new risks added to the register.

Risk Descriptions

There was one risk with an updated description as outlined below:

Risk (15) Failure to implement the agreement for a national job evaluation scheme impacting on our reputation, staff morale, and financial sustainability.

- This risk description was amended inline with recommendations from the previous Audit and Risk Committee.

Risks Removed

There is one risk to be considered for removal, as outlined below:

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.

- The contract for year 7 has now been agreed and signed, which shows the significant progress and proactive elimination of this risk. The risk described no longer exists and should be removed from the risk register.
- Early discussions have started for a potential new year 8. Based on the progress of these discussions, a similar risk may be considered over the summer period for inclusion in the Q1 23/24 register.

4.2 Change in Net Risk Scores since previous version

Increased Net Risks

There were no Increased Net Risk scores during the period.

Decreased Net Risks

One net risk score decreased during the period, as outlined below:

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.

- As per the commentary above, this risk no longer exists and should therefore be removed from the risk register.

Risk Scores out with Tolerance Level

Three 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 23/24 indicative allocations from SFC we will be receiving flat cash for core funding.
- SFC have issued the 23/24 indicative allocation which confirms a 10% reduction in the credit activity.
- Flexible Workforce Development Fund grant has been cut by over £400k for 2022/23 which is a risk to the College achieving its commercial income targets.
- 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 at Executive Group.
- 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.
- Work is underway to compile the detailed budget for academic year 2023/24 and an update of this position will be presented to the Finance Committee and Board in June 2023.

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

- The College will continue to engage with SFC for confirmation of 2023/24 funding position 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 carried out a high-level budget for 2023/24 using various scenarios to highlight the effect of the potential funding position and cost of living increases and the mitigating actions which will need to be considered to ensure future financial sustainability.
- The high-level budget has been presented to Executive Group and discussions are underway to put plans in place to minimise the financial risks regarding the funding settlement.
- The Executive Team has been working through the implications of the indicative funding cuts and after doing everything they can to cut non-staff costs, we are looking at a possible reduction of up to 49 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 (15) 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 Events Log

5. There were no risk events logged during this period.

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:
 - Confirm approval to remove risk 14 from the Strategic Risk Register;
 - 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

May 2023

Overview

The following have been identified as the top strategic risks of Fife College for the reporting period up to July 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
- ↔ (15) Failure to implement the agreement for a national job evaluation scheme impacting on our reputation, staff morale, and 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

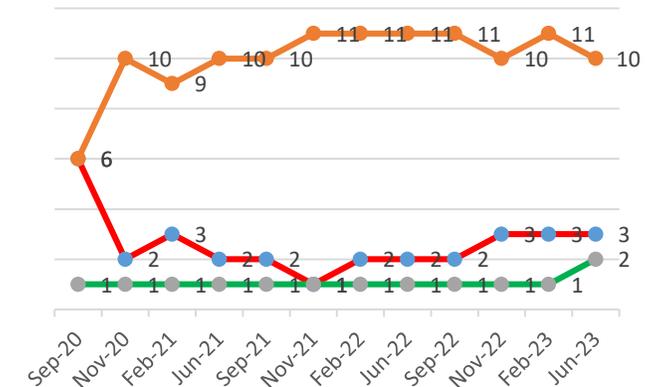
GREEN Score

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

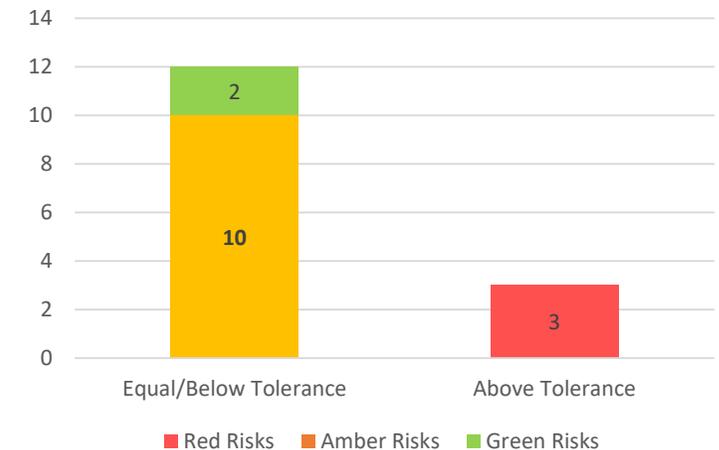
RAG Key

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

Risk Movement



Risk Tolerance Summary





COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Self-Evaluation 2022-23	
Date of Meeting:	1 June 2023
Purpose:	To undertake a review of the remit and self-evaluation of the Audit and Risk Committee for academic year 2022-23
Intended Outcome:	To agree any changes to the remit that may be required, and any improvements that can be made to the work of the Committee and to report on this to the Board of Governors. Requirements will also form part of the Board Development Plan for 2023-24
Paper Submitted by:	Marianne Philp, Director: Governance and Compliance
Prior Committee Approvals:	N/A
Board Impact from Decision:	To be assured that the Committee is fulfilling its governance role and remit, and is operating efficiently and effectively
Financial Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Risks Assessed:	None
Publicly Available:	Yes
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Date of Production:	21 May 2023



BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Self-Evaluation 2022-23

			Strengths	Weaknesses	Actions
1	Meeting inputs	Papers are issued with sufficient time to read / prepare for meeting			
		The information contained in papers gives sufficient detail and clarity			
		Where requested, clear answers are provided to questions asked in advance of and/or during meetings			
2	Meeting process	The time of meetings is suitable			
		Sufficient time is allocated for meetings			
		There are high quality discussions at meetings			
		All members participate and make valuable contributions			
3	Membership and Attendance (see Appendix 1)	Members of the Committee have sufficient skills and expertise to fulfil the Committee's remit			
		Attendance levels over the year have been acceptable			
4	Remit (see Appendix 2)	All aspects of the Committee's remit have been covered over the year			

5	In your view, does the Committee's remit (see Appendix 2) require any changes? Yes/No If yes, please detail your suggestions below.
	1
	2
	3

6	In your view, what have been the main achievements of the Committee over the year?
	1
	2
	3

7	In your view, what aspects of the Committee have not gone well over the year?
	1
	2
	3

8	What opportunities for improvement do you see over the next year?
	1
	2
	3

9	Are there any training opportunities or briefings you think would help the Committee achieve its responsibilities over the coming year?
	1
	2
	3

10	Please provide any additional feedback, comments or suggestions that you may have
	1
	2
	3

11	Please review the Audit Committee Self-Assessment (see Appendix 3). In your view does it require any changes? Yes/No If yes, please detail your suggestions below.
	1
	2
	3