

Useful Links

Glossary of Acronyms
Strategic Risk Register
Internal Audit Plan
Committee Remit

AGENDA


Polite Reminder

Please take a 10 minute break every hour of meeting

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

Meeting: Audit and Risk Committee Annual Private Pre-Meeting

Date: Thursday 16 November 2023 at 1.30pm

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	External / Internal Audit Process	Discuss	BF	2-2

AUDIT AND RISK COMMITTEE

Meeting: Audit and Risk Committee

Date: Thursday 16 November 2023 at 2.00pm

Location: Microsoft Teams

No	Item	Action	Lead	Pages
1	Welcome, Apologies and Declarations of Interests	Note	BF	N/A
2	Minutes of the Previous Meeting: 7 September 2023	Approve	BF	
3	Matters Arising / Actions Outstanding	Note	BF	3-3
4	Emerging Themes	Discuss	All	N/A
5	Strategic Risk Register	Approve	JT	4-8
6	Internal Audit:			
	6.1 Internal Audit Actions: Exception Report	Note	IA	
	6.2 Credit Return 2022-23	Note	IA	
	6.3 Student Support Funds 2022-23	Note	IA	
	6.4 Education Maintenance Allowance 2022-23	Note	IA	
	6.5 Internal Audit Plan 2023-24 to 2025-26	Homologate	MP	
7	Draft Audit Committee Report to the Board of Governors	Approve	JT	
8	Review of Meeting	Discuss	All	N/A
9	Date of Next Meeting: Tuesday 27 February 2024 at 3.30pm	Note	BF	N/A

BOARD OF GOVERNORS OF FIFE COLLEGE**Audit and Risk Committee: Private Pre-Meeting with External and Internal Auditors****External / Internal Audit Process****1 Introduction**

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

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

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

The purpose of the meeting is to:

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

3 Some Potential Areas for Discussion

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

4 Recommendations

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

Actions Outstanding / Progress Made

Key:	
	Outstanding and deadline passed
	Progressing and on target
	Complete

	Date of Meeting	Action	Responsibility	Deadline	Comments
1	16.09.23	To recommend the approval of the Strategic Risk Register 2023-24 to the Board of Governors for approval.	Deputy Principal	28.09.23	Complete
2	16.09.23	To finalise the draft letter and send it to the external auditors.	Director: Governance and Compliance	14.09.23	Complete
3	16.09.23	To approve the audit plan subject to risk management and student recruitment and retention being switched in the timetable, and net zero being added to year 2 of the plan.	Deputy Principal / Internal Auditor	30.09.23	Complete
4	16.09.23	To retain a quarterly update report on progress with implementing internal audit recommendations on the agenda.	Deputy Principal / Internal Auditor	30.09.23	Complete



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Strategic Risk Register 2022-23	
Date of Meeting:	Thursday 16 November 2023
Purpose:	To present to the Audit and Risk Committee the updated Strategic Risk Register 2023-24
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:	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:	27 October 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 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 October 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 2023-24](#).
4. Specific changes to highlight to the Audit and Risk Committee are:

4.1 Change in risks since previous version

New Risks

No new risks have been added to the register.

Risk Descriptions

There have been no changes made.

Risks Removed

No risks have been removed from the register.

4.2 Change in Net Risk Scores since previous version

Increased Net Risks

One net risk score increased during the period as follows:

- Risk 8 has increased from 9 to 12.

Decreased Net Risks

One net risk score decreased during the period as follows:

- Risk 1 has decreased from 9 to 4.

Risk Scores outwith Tolerance Level

Five risks remain out with tolerance.

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

- Flexible Workforce Development Fund grant for 2023/24 has still to be confirmed by SFC but at best, the College is expecting this to be no more than what it received for 2022/23.
- 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.
- Planning for the 2024/25 budget will commence in January 2024 with a first draft being formally presented to the Executive Team in April 2024.

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

- The 2023/24 budget was approved by the Board in June 2023. Performance against budget is reviewed on a regular basis by Finance and budget holders. Where required actions will be taken to bring overall spend back in line with budget.
- The College's 2023 Financial Forecast Return projected figures to 2025/26. This was based on assumptions agreed nationally and outlined the level of savings to be achieved if the College is to ensure future financial sustainability. This work is being linked to the College's Strategic Plan for 2023-28 and the resources required to deliver this.
- The College continues to await SFC confirmation of additional 2023/24 funding i.e. FWDF. When this is known, budgets and plans will be amended to reflect the final figures.

Risk (8) Risk that we fail to achieve and grow commercial income in line with the five-year financial forecast plans.

This risk has moved out with tolerance due to the risk of:

1. Scottish Government withdrawing Flexible Workforce Development Fund (FWDF);
2. Skills Development Scotland Modern Apprenticeship funding moving to a bidding process for the funded period of April 2024 to April 2025.

The following actions will be progressed over the coming months:

- Continue to seek clarification on the position of FWDF allocations for 2023/24 from SFC.
- Continue to engage with SDS on the procurement process for 2024/25 for Modern Apprenticeships.
- Modern Apprenticeship team to continue engagement with our clients to secure accurate data for apprenticeship number projections.
- Business Development Managers proactively engaging with their current clients to secure alternative direct payment or alternative funding sources to support any planned training.
- Business Development teams to promote wider solution packages for business support including training needs analysis, procurement support, upskilling and reskilling, professional qualifications etc.
- Business Development Managers and Academic Faculties increasing working closely to seek, develop and resource new opportunities in industry growth sectors, with a focus on engineering, green technologies, digital and health and social care.

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

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

The College continues to engage, actively and positively, at all levels in the national discussions to reduce the likelihood of the risks materialising. There are scheduled meetings of the College Employers Scotland on 25 October and 1 November when further, formal discussion and decisions will be made on both these issues. Verbal updates will be provided to the Board and committees on these meetings as appropriate. Where required the risk profile and likelihood of risk will be amended to reflect the developments from these meetings.

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:

- 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

November 2023

Overview

The following have been identified as the top strategic risks of Fife College for the reporting period up to January 2024. 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
- ↔ (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
- ↑ (8) Risk that we fail to achieve and grow commercial income in line with the five year financial forecast plans
- ↔ (7) Risk of external political/ funding/regulatory changes

AMBER Score

- ↔ (13) Failure to deliver new appropriate accommodation in Dunfermline and deliver outcomes for the College
- ↔ (10) Failure to achieve positive and sustained transitions for students and to create attractive and motivating learning environments and conditions for learner journeys
- ↔ (9) Failure to achieve cohesive culture
- ↔ (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
- ↔ (4) Failure to focus on wider wellbeing of staff and students
- ↔ (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
- ↔ (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

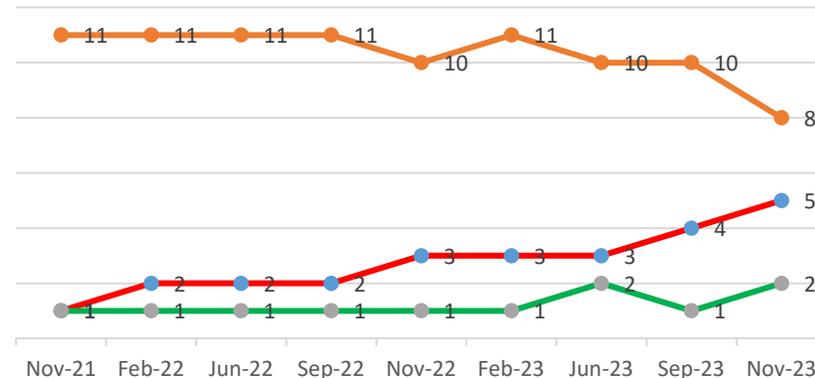
GREEN Score

- ↓ (1) Failure to implement effective financial planning and control regarding estates and achieve the estate strategy objectives in support of the strategic plan
- ↔ (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

