AUDIT COMMITTEE REPORT

BORDERS COLLEGE REGIONAL BOARD

Subject: Strategic risk register update	**Purpose:** **For Approval** ☐ **For Discussion** ☒ **For Information** ☐
Prepared by: Kirsty Robb - Vice Principal – Finance and Corporate Services,	**Date of Committee:** 9 February 2023

Purpose: To present to the Committee the current strategic risk register and to provide an update on the planned activities previously identified.

Executive Summary:

Identifying and managing risk is a corner stone of effective management and good governance. The strategic risk register was developed through a period of engagement with Board Members and with the Senior Leadership Team. The framework and register was approved by the Board on 17 June 2021.

This report provides an update on the strategic risks and progress on the planned activities identified to further mitigate the risks. Each risk is assigned to a Committee for scrutiny. The risks assigned to the Audit Committee are as follows:

3a – Information management – maximize technology deployment
3b – Internal Financial Controls – breakdown in internal control
3c – Cybersecurity – protect from cyber risk

The table below summaries the current risk profile for all the risks and the full details for each risk are shown in appendix 1.

	Risk theme	Target	Rating
Customer / Student	1a Delivery model - changes to political environment	6	6
	1b Alumni skilled, resilient and agile – impact of COVID	4	4
	1c Alumni skilled, resilient and agile – practice reflects need	6	6
Financial	2a Financial plan and in year targets	6	16
Internal process/ compliance	3a Maximize technology deployment	6	6
	3b Breakdown in internal controls	6	6
	3c Protection from cyber risk	10	12
Organisational capacity	4a Motivated, engaged and capable staff	4	6
	4b Inadequate governance arrangements	2	2
	4c Turnover in Executive team	2	4

Key items:
There has been no change to the rating for the three risks assigned to the Audit Committee. The progress for the planned activities is shown fully in appendix 1 for each risk. Key activities are summarised below

No	Risk	Planned activity progress
3a	Information management	Prometrics fully implemented and integrated into the course planning and finance budget process. Service desk solution launched on 14th Nov 22.
3b	Internal Financial Controls	Review in progress of finance procedures and out standing audit recommendations. Audit recommendations will be fully addressed prior to Annual Accounts commencement in July.
3c	Cyber security	JISC report received identifying some areas for improvement. Being discussed with Executive Team.

Questions that Members should ask themselves when reading the paper:
Has reasonable progress been made for the planned activities and do these further mitigations reduce the risk?
Are there any additional activities which should be undertaken or any additional risks not contained in the risk register?

Linked to Strategic Ambition(s):
Take a leading role in enabling an inclusive, resilient and sustainable Scotland

Choose an item.
Performance Measures: All
Choose an item.
Choose an item.

Linked to Strategic Risk Register: All risks encompassed
Choose an item.
Choose an item.

Recommendation:
Members are asked to:
- Review the register and assurances provided.
- Endorse the current status of risks, actions and linked performance review.

Previous Committee Approvals:
Regional Board - 01/12/2022
Finance & General Purpose – 17/11/22
Audit – 14/11/22

For publication ☒	**Not for publication** ☐ **If not, why not?**

Customer perspective (external partners)

1a Major changes / opportunities in socio political environment				Feb-23

Positive uncertainty – opportunity	Negative uncertainty – threat			
Significant funding / resources available from partnerships	Lack of clarity regarding future funding			
Partnership and driving value for money	Potential changes in priority areas			
Major changes in political environment e.g. Brexit, new	Uncontrolled variability in funding streams			
	Tertiary sustainability (SFC review)			

Existing controls	Planned activity	Responsible	Date	Update
Liaise strategically with funding bodies e.g. SOSE, Borderlands, City Deal, Community Renewal Fund	Work with interested college/university partners	Execs	Dec-22	Community Renewal fully implemented and final funding claim submitted. Work with Partners to assess further funding opportunities as they arise
Political lobbying for growth and fair funding	Principal meeting with and writing to political figures	Principal	Jan-22	actively engaging with SFC, politcal figures and College Development Network.
Liaise with policy forum - Principals Group, Colleges Scotland, SFC	Diversifying funding streams	SLT	Jul-22	Actively contributing to all funding discussions with SFC and attending regular meetings for funding updates
Developing customer relationships	Investing in future products and delivery models to weather storm of changing priorities	Director of EBI	Nov-22	Procurement process did not result in a solution which met the needs of the college. Further discovery taking place to determine whether existing software will provide the functionality required. Implementation date of later in 2023.

Performance measures	Tolerance level			Current position
Apprenticeship starts up 33%	+/- 5% of contract level			on target
Increased funding from varied sources	Not meeting budget			on target
Employer satisfaction 100%	Not meeting non SFC target			on target based on latest survey Sept 2022
Advancement of service delivery in priority areas	Drop in employer satisfaction			on target via Flexible Workforce Development Fund

Owner	Scrutiny	Impact	Likelihood		Status
Principal	Board	3	2		No change
		Overall score (as is)	6		
		Strategy and appetite	TREAT (6)		

Customer perspective (Covid19 impact)

1b Profound impact of COVID19 on delivery and student achievement		Feb-23

Positive uncertainty – opportunity	Negative uncertainty – threat
Beyond level zero - flexibility for online and on campus	High level of concern at national level - may need to reduce activity
Expect the average to be 2 days in college and	potential disruption due to isolation and illness of
Lecturing staff ability and desire to redesign	Uncontrolled variability in funding streams
Received funding to cover Covid costs	Low number of deferrals - 500 credits at risk due to deferrals - nothing else to add

Existing controls	Planned activity	Responsible	Date	Update
Apprentices will add missed activity into this year	Additional hours and proposal to SQA for skills tests for missed evidence from VQ	APs	Complete	With regards to COVID apprentices will be complete by the end of this academic year.
Effective use of timetabling	Use of new MIS offers greater planning and tracking and monitoring functionality	APs	Complete	Weekly support sessions have been set up for CLMs to meet with MIS staff.
Management of staffing	Contingency planning for material levels of absence	SLT	Complete	

Performance measures	Tolerance level			Current position
number of deferrals	No COVID deferrals into 2022/23			no deferrals expected

Owner	Scrutiny	Impact	Likelihood
VP Student Experience	Curriculum and Quality	2	2
		Overall score (as is)	4
		Strategy and appetite	TOLERATE (4)

Status:
No change

Customer perspective (learners)

1c Ability to proactively engage with our community and stakeholders to ensure our practice reflects their needs			Feb 23

Positive uncertainty – opportunity	Negative uncertainty – threat		
Learners are enrolled to target in appropriate courses and	If positive outcomes are not achieved, successful destinations		
Wrap around support requirements are met	Complaints due to expectations not met		
Hierarchy of needs met - funding, support and safety	Uncontrolled variability in funding streams		
BCSA to provide vibrant community	Travel difficulties preventing engagement		
Assisted technologies provided to improve engagement	Poor connectivity, multiple people in home - inappropriate		
Collaborate with local providers of support	learning environment - home or schools		
Further develop MH support - with local orgs	Non attendance		
Cost of living crisis	Students may have no alternative but to leave college		
Financial forecast of College	Constraints towards funding of all curriculum areas		

Existing controls	Planned activity	Responsible	Date	Update
Curriculum planning and marketing	Investment in eLearning and quality standards for delivery, closer alignment to Skills needs	AP Q&D	Complete July 2022	
Support through achievement coaches, course tutors, CLMs	Use tracking and monitoring through ProSolution	CLMs	Complete	Weekly support sessions have been set up for CLMs to meet with MIS staff.
Responsive support services - Student Support, MH, Student Finance, FM and ISLT, Union	Promote service management approach	VPF&CS	Jun-22	Halo service desk launched successfully on 14/11/22 for IT & FM. All other support services to be onboarded by June 23
Student experience committee	3 times a year meet, and implement action plan	APs & Dir SSS	ongoing	Appointment of BCSA student support officer Jan 23 & 3 paid vice president post. Student Experience committees reinstated . Next meeting is 27/02/2023. Initiatives commenced Jan 23, Breakfast club, food banks, clothing recycling etc.
Campus Management Committee/Sustainability committee	BCSA to co chair a workstream on behaviour	BCSA President	ongoing	on hold until new student reps are fully trained and established.
Feedback mechanisms - local, BCSA, national	Equalities, Enhancement plan, application and enrolment	APs	ongoing	4 year equalities plan in place, strong progress, report to c&QC
Quality check points	Implement action plan	APs	ongoing	Guide to Curriculum meetings developed to support CLM with the quality check process
Student support services pastoral and finance, MH service	Mental Health action plan	Dir SSS	Jul-22	Being updated reported to C&QC
BCSA support , MH Agreement with SA	Recruitment to MH team	Dir SSS	Complete	
Allocation of hardship / discretionary funding	Targeted engagement and communication with students	Dir SSS	ongoing	Cost of living allowance paid from Discretionary to eligible students in Dec 22. Students in hardship being supported to access Discretionary Fund. Various initiatives to help address cost of living crisis implemented

Performance measures	Tolerance level			Current position
% of students with positive destinations	less than 85%			On track for credit target (Jan 23) Early withdrawal decreased from previous session . Overall KPI remain higher than sector average
Retention rates	decreasing trend and /or less than national average			Early withdrawal level below predicated.
Student progress	decreasing trend and /or less than national average			student success rates benchmarked against the rest of the sector for 2020/21 - out performed the sector in every category & in top quartile of all colleges in Scotland
Student satisfaction	decreasing trend and /or less than national average			Appointment of BCSA student support officer & 3 paid vice president post. Student Experience committees reinstated meeting Feb
Credits used	less than 95% of allocation			Predicted achievement of credits for 2022/23
Quality of Learning and Teaching Assessments				reported to Learning & Teaching Committee 1/2/23, improvement demonstrated compared to 2021/22
Student survey - 50 % response rate	decreasing trend and / or less than national average			Survey 1 launched, ends 3 February. Good responses to date
Out come Agreement measures	decreasing trends			on target
Equality measures	achievable targets not met			KPI's being monitored to be reported curriculum & equality in Feb and Regional Board in March.

Owner	Scrutiny	Impact	Likelihood		Status:
VP Student Experience	C&Q Committee	3	2		no change
		Overall score (as is)	6		
		Strategy and appetite	TREAT (6)		

Financial perspective (financial stability)

2a Long term variability in spend and /or insufficiency in income streams leading to financial instability	Feb-23

Positive uncertainty – opportunity	Negative uncertainty – threat
Maximise opportunities for commercial funding	Loss of funding streams, insufficient income to deliver future model
Bid for project funding to lever major changes in College	National bargaining drives pay costs upwards without
Additional in year allocations to advance College service provision	Uncontrolled variability in funding streams
	No growth in SFC main grant in aid
COVID19 restrictions ease such that excess spend reduces and commercial and community delivery can resume	Return to variable grant in aid income may result in threat to financial performance

Existing controls	Planned activity	Responsible	Date	Update
3 year financial plan through FFR	Integrated planning approach	VPF&CS	Complete	
Savings targets	Model impact of scenarios	VPF&CS	Complete	
Budgetary control and management accounts system	Push out to 5 year plan	Dir Finance & Procurement	Jun 23	Timetable for 2023/24 budget plan developed to include information from Pro-solutions and impacts for future years
Treasury management of debtors creditors and cash	Refresh KPIs and implement targets for P2P	Dir Finance & Procurement	Mar 23	Review of procedures 80% complete. Strong rating given by internal audit.
Capital funding	Retain capital receipt - agree with SFC	VPF&CS	Complete	

Performance measures	Tolerance level			Current position
Variance from budget	5%			Budget monitoring in place.
% non SFC income	less than 15%			on target
Staff costs as % of total costs	less than 67%			Awaiting outcome of pay negotiations
Cash days	less than 31 days			24 days December 22 - Core cash
Creditor payment days	increasing trend within 30 days			73% within 30 days
% savings delivered	less than 75% achievement			Savings being monitored and will form part of Business review reports

Owner	Scrutiny	Impact	Likelihood		Status:
VP F&CS	F&R Committee	4	4		no change
		Overall score (as is)	16		
		Strategy and appetite	TREAT (6)		

Internal process perspective (information management)

3a Inadequate IT and information management and security leading to information breach, excess costs and service unavailability	Feb-23

Positive uncertainty – opportunity	Negative uncertainty – threat			
Good information and data management supports day to day delivery and data analytics will lead to improved decision making and service delivery	Breaches of Data Protection – loss of information, potential regulatory action and reputational damage			
Strong IT services and provision will enable efficient working practices and enable remote working	Unacceptable unplanned downtime leading to loss of service or data			

Existing controls	Planned activity	Responsible	Date	Update
Data analytics - stage of development	Develop and Implement action plan for deployment of analytics	Dir MIS & E Learning	Nov 22	Prometrics fully implemented and integrated
IT management controls	Rebrand as IT Service, with service management culture and formal change management processes	Dir IT & Digital	Nov 22	Halo service desk launched successfully on 14/11/22 for IT & FM. All other support services to be onboarded by June 23

Performance measures	Tolerance level			Current position
Positive audit outcomes	no high risk issues			Audit recommendations being monitored
IT Service performance reporting	no high impact business continuity issues			no high impact issues
DP events	no more than 5 data events annually			3 breaches with the current year.
Maturity of data analytics	Assessed availability of data to service managers			Prosolutions implementation complete.

Owner	Scrutiny	Impact	Likelihood		Status:
VP F&CS	Audit Committee	3	2		no change
		Overall score (as is)	6		
		Strategy and appetite	TREAT (6)		

Internal process perspective (internal financial controls)

3b Potential breakdown in internal financial controls leading to loss of funds / excess costs / fraud				Feb-23

Positive uncertainty – opportunity	Negative uncertainty – threat			
Strong and efficient internal financial controls will improve efficiency and effectiveness, and deliver value for money	Weak or missing internal financial controls may not prevent or detect attempts at fraud			
Effective management of senior finance capacity will enable redesign and improvements in processing, thus reducing rework and enabling good financial control	Workload pressure may cause capacity constraints for process redesign, reviewing financial position, analysis and projections			

Existing controls	Uncontrolled variability in funding streams	Responsible	Date	Update
Financial Regulations, Finance Manual, Anti Fraud and Anti Bribery Policies, Procurement Policy, Fee Policy, Internal Audit	Complete review of finance procedures, prioritise purchase ledger and fixed assets, if workload demands are too high	Dir Finance & Procurement	Mar 23	Strong rating from Internal Audit. Review of procedures 80% complete.
	Improved fixed asset management	Dir Finance & Procurement	Jul 23	Process being reviewed and in discussion with Auditors
Internal and External audit recommendations	Ensure completion of audit action points, prioritising fixed asset controls and impairment	VP F&CS	Jul 23	Monitoring report presented to Audit Committee

Performance measures	Tolerance level			Current position
Positive audit outcomes	only low risk IA issues - 2 significant deficiencies in external audit - priority to address			Reviewing post 2021/22 audit for 2022/23 annual accounts
Material delay in implementing audit action plan	Both longstanding significant deficiencies to be clear for 2021/22 accounts			
Serious breach of financial regulations	no reported issues			no reported issues

Owner	Scrutiny	Impact	Likelihood		Status:
VP F&CS	Audit Committee	3	2		No change
		Overall score (as is)	6		
		Strategy and appetite	TREAT (6)		

Internal process perspective (cyber security)

3c Inadequate measures in place to minimise severity of a cyber attack and inability to respond timeously to lack of systems and / or data				Feb-23

Positive uncertainty – opportunity	Negative uncertainty – threat			
Strong IT services and provision will enable efficient working practices and enable remote working	Cyber attack - complete loss of data and service			

Existing controls	Planned activity	Responsible	Date	Update
Cyber Accreditation, Cyber Technical Risk	Complete implementation of action plan	Dir IT & Digital	Complete	
	Move to datavita backup as a service, and	Dir IT & Digital	Complete	
	Disaster recovery and fail over test	Dir IT & Digital	Complete	
	Implement O365 backup	Dir IT & Digital	Complete	
	Implement cyber security insurance	Dir IT & Digital	Complete	
Staff and student training	Implement comprehensive suite of staff and student training and awareness including exercise in a box programme	Dir IT & Digital/Dir People Services	Jul 23	JISC information received regarding Staff training and cyber exercises. Discussions to be held with Exec team regarding timings and budget.
Board awareness	Briefings for audit committee and Board	VPF&CS	Complete	
	Compile response to 16 questions for	Dir IT & Digital	Complete	

Performance measures	Tolerance level			Current position
Unplanned downtime	no significant episodes			no significant events
IT Service performance reporting	no high impact business continuity issues			no high impact issues

Owner	Scrutiny	Impact	Likelihood
VP F&CS	Audit Committee	4	3
		Overall score (as is)	12
		Strategy and appetite	TREAT (10)

Status:
no change

Organisational capacity perspective (staffing)

4a Staff are not motivated, engaged or capable		Feb-23

Positive uncertainty – opportunity	Negative uncertainty – threat
Continuing to gather and use engagement info through GPTW	Not being able to attract the right individuals
Wellbeing and mental health initiatives	Insufficient HR staff to support recruitment
Covid impact on turnover	Covid impact on turnover
Increasing access to funding for training posts MAs/interns	Over reliance on short term posts could destabilise
Funding for suitable training	Is training meeting our needs
National bargaining paying rates above average for region	Results delayed so long - staff uncertain about outcomes

Existing controls	Planned activity	Responsible	Date	Update
HR policies and procedures, HR Manual	Monitoring of KPIs	Dir People Services	ongoing	process is embedded into reporting cycle
Workforce strategy	Annual review of performance against measures	Dir People Services	Complete	process is embedded into reporting cycle
GPTW	Extension for 3 years, action plan in response, 2 areas of concern	Dir People Services	Complete	
NJNC involvement	Involvement in national pay and grading group	Dir People Services	Ongoing	embedded into job role
JCCP and local NJNC, Wellbeing Group	Informal meetings staff side, Principal and Director of People Services	Dir People Services	ongoing	Facilities time at a national level impacting ability to close off
H&S Committee	Agile workstation assessments, all training up to date	H&S Manager	Complete	
F&R oversight	Report to every meeting	Dir People Services	ongoing	Dir of People services a standing item on F& Resources agenda
SPDR reviews - interim and annual	100% target - monitor through dashboard	WLT	Complete	process is embedded into reporting cycle
Staff contingency arrangements	Consideration of scenarios for loss of staff due to pandemic flu, Temporary arrangements to cover critical staff absence or recruitment challenges.	IMT	complete	

Performance measures	Tolerance level
KPIs - turnover, sickness	turnover > 7%, absence > 10%
Staff satisfaction	reduction of 2%
GPTW survey and action plan	Actions not completed by end of reference period
Completion rate Agile	less than 100%
Completion rate SPDR	less than 100%
Performance measures from workforce strategy	Actions not completed by end of reference period

Owner	Scrutiny	Impact	Likelihood		Status:
Head of HR	F&R committee	2	3		No change
		Overall score (as is)	6		
		Strategy and appetite	TREAT (4)		

Organisational capacity perspective (inadequate governance arrangements)

4b Staff are not motivated, engaged or capable		Feb-23

Positive uncertainty – opportunity	Negative uncertainty – threat
Brings a wider expertise - options	Not a balanced view
Staff and students have assurance	Ineffective engagement of non executives
Positive reputation	Executives dominate conversation
Can rely on committee assurance	Not being provided with enough (or too much info)
Right information at right time will enhance decision making	Unable to gain assurance
Confident and collaborative dialogue	Members do not comply with code of governance
New board members	New board members
Workplan for efficient and effective working	Inability to recruit
Attend committees to gain information	Not given advice on options available

Existing controls	Planned activity	Responsible	Date	Update
Standing orders	Governance admin review including admin support	Board Sec	Mar-22	
Code of conduct	Development and enhancement plan	Board Sec	Jul-22	
External evaluation	Process of new appointment of internal auditors	VPC & CS	Jul-24	Contract in place until July 2024.
	Chairs of committees and new Execs	Board Sec	Nov-22	Revised Terms of References approved 1 Dec 22
Self evaluation				
Appraisals of members				
Board Secretary report to Board				
Board Secretary - independent				

Performance measures	Tolerance level
External evaluation	Weak outcome
Internal audit	Weak outcome
Self evaluation	material drop in ranks

Owner	Scrutiny	Impact	Likelihood		Status:
Ingrid Ogilvie	Board	1	2		No change
		Overall score (as is)	2		
		Strategy and appetite	TOLERATE (2)		

Organisational capacity perspective (turnover in Executive team)

4c Staff are not motivated, engaged or capable		Feb-23

Positive uncertainty – opportunity	Negative uncertainty – threat			
Key priorities to be embedded before leaving	Knowledge loss - you don't know what you don't know			
Progress with business case for land-based	Loss of strategic relationships			
New strategic thinking about direction of travel	Staff confidence and concern			
	Gap in governance - arrangements for acting principal			
	Risk to stability of financial position			

Existing controls	Planned activity	Responsible	Date	Update
Existing strategic direction - strategies and priorities	Identify priorities / individuals to transition to new posts		completed	
Staff communications	Communications from Board through Ray, Angela		completed	
Strategic contacts	Make introductions to other members of team		completed	
Appoint someone who has value base consistent with BC	Nominations committee to recommend appointment		completed	
Gap filling approach	Nominations to decide re acting		completed	
	Consider temporary change of portfolios to reduce risk		completed	
MS Teams ownership and membership	Add additional owners		completed	
Staff engagement and management of disputes	Continued staff engagement e.g. 3 week meet, resolve two disputes	Dir People Services	Feb-23	One dispute resolved one outstanding
Strong track record in relation to governance support	Review and potentially strengthen governance support		completed	

Performance measures	Tolerance level			

Owner	Scrutiny	Impact	Likelihood		Status:
	Board	2	2		no change
		Overall score (as is)	4		
		Strategy and appetite	TOLERATE (2)		