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AUDIT COMMITTEE REPORT

BORDERS COLLEGE REGIONAL BOARD

Subject: Strategic Risk Register	**Purpose:** **For Approval** ☐ **For Discussion** ☒ **For Information** ☐
Prepared by: Hazel Robertson, Vice Principal – Finance and Corporate Services	**Date:** 21 September 2021

Purpose: To provide members with the first formal report on the new register.

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

Executive Summary:

Introduction

The Strategic Risk Register was designed through a period of engagement with Board members and with Strategic Leadership Team. A new Risk Management Framework was also designed, to provide guidance on the operation of the process. This is the first formal report on the new register.

Summary risk profile

Perspective	Risk theme	Target	Rating
Customer	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	2 Financial plan and in year targets	6	15
Organisational	3a Integrated asset management	6	9
	3b Breakdown in internal controls	6	9
Staffing	4 Motivated, engaged and capable staff	6	6

New risks

None identified

Changes to risk profile

2	Rating increased to 15 to reflect concern about lack of SFC funding for pay uplift. SFC asked us to forecast this scenario for the FFR. Impact and options will be reviewed in detail and presented to F&GP Committee and then onward to the Board.

Progress on actions

1b	Use of MIS for tracking and monitoring is delayed a month due to need to familiarise with new MIS and resolve outstanding queries
2	SFC have given approval to retain capital receipt for Melrose Road

3a **3a**	Data Protection Assurance Framework developed, will be rolled out by end September
	Datavita project on track to meet programme deadline
	Relaunch of IT Service - planning is underway as part of discovery phase for Phase 2 DTP
3b	Review of fixed asset register complete, change in accounting policy for grouped equipment asset has been proposed

KPI performance

KPI performance has not been incorporated as it is too early in the year to provide meaningful information. KPIs will be reviewed at the end of the first quarter and incorporated where it is meaningful.

Recommendation:

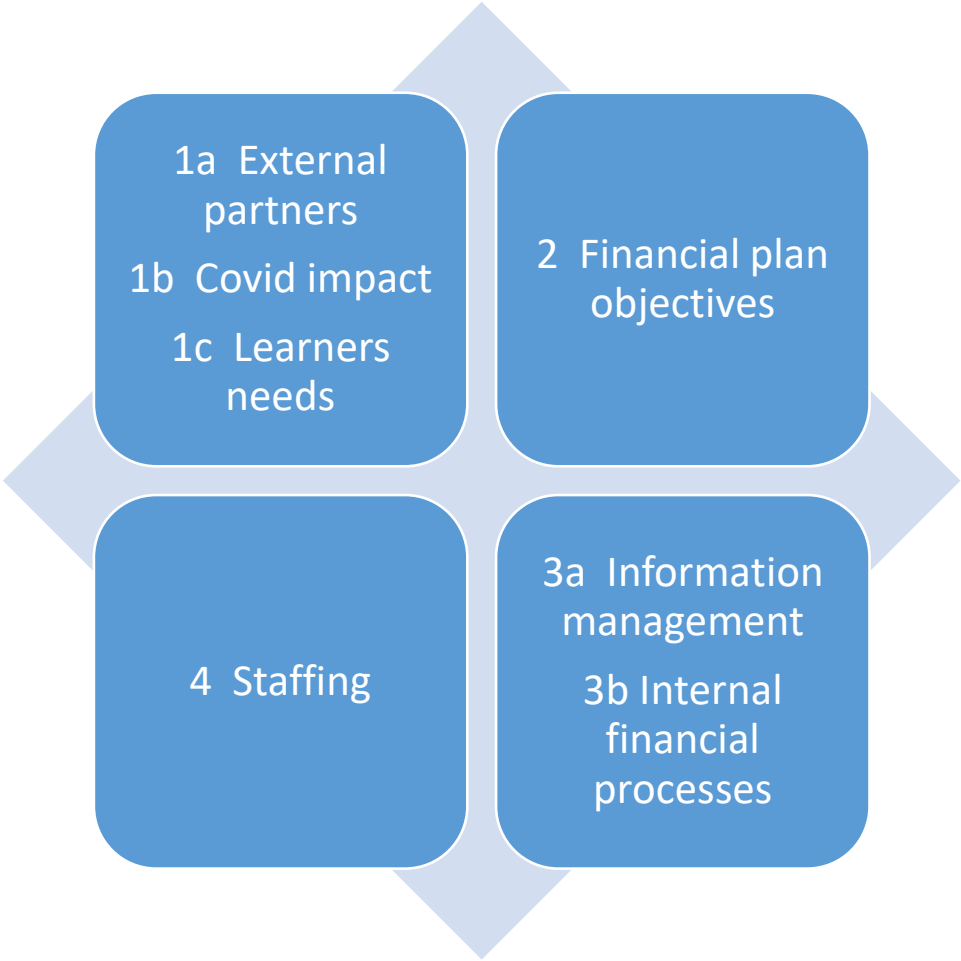
Members to

- Seek clarification on any specific risks and gain assurance on mitigation plans;
- Identify any additional strategic risks to be added to the Register.

Previous Committee Approvals: n/a

For publication ☒	**For publication with redactions** ☐	**Not for publication** ☐

Strategic Risk Management Report



21 Sep 2021

Strategic Risk Management Report

	Strategic ambition performance measures	Strategic Risk Theme	Scrutiny	Perspective	Target	Rating 21 Sep 21	Rating 07 Sep 21
1a	Recognised leader in sustainable practice; influential and collaborative partner; recocgnised nationally as progressive organisation; delivery models are personalised focus on individual and business need	Major changes / opportunities in socio political environment	Board	Customer	TREAT (6)	6	6
1b	Alumni skilled, resilient and agile; student outcomes in the top quartile; engaged and empowered student body; student satisfaction in the top quartile	Profound impact of COVID19 on delivery and student achievement	Curriculum & Quality	Customer	TOLERATE (4)	4	4
1c	Alumni skilled, resilient and agile; student outcomes in the top quartile; engaged and empowered student body; student satisfaction in the top quartile	Ability to proactively engage with our community and stakeholders to ensure our practice reflects their needs	Curriculum & Quality	Customer	TREAT (6)	6	6
2	Financial plan and in year financial targets to be met	Long term variability in spend and /or insufficiency in income streams leading to financial instability	Finance & GP	Financial	TREAT (6)	15	9
3a	Integrated asset management - maximise technology deployment	Inadequate IT and information management and security leading to information breach, excess costs and service unavailability	Audit	Organisational	TREAT (6)	9	9
3b	Compliance with financial regulations	Potential breakdown in internal financial controls leading to loss of funds / excess costs / fraud	Audit	Organisational	TREAT (6)	9	9
4	Agile and creative staff body; engaged and empowered staff body; staff satisfaction in the top quartile	Staff are not motivated, engaged or capable	Finance & GP	Organisational	TREAT (4)	6	6

Customer perspective (external partners)

1 Major changes / opportunities in socio political environment		21/09/2021	
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 eg Brexit, new Scottish or UK government, independence	Uncontrolled variability in funding streams		
	Tertiary sustainability (SFC review)		
Existing controls	Planned activity	**Responsible**	**Date**
Liaise strategically with funding bodies eg SOSE, Borderlands, City Deal, Community Renewal Fund	Work with interested college/university partners	Execs	Jul-22
Liaise with policy forum - Principals Group, Colleges Scotland, SFC	Diversifying funding incomes	SLT	Jul-22
Developing customer relationships	Investing in future products and delivery models to weather storm of changing priorities	SLT	Jul-22
Performance measures	Tolerance level		
Apprenticeship starts	+/- 5% of contract level		
Increased funding from varied sources	Not meeting budget		
Employer satisfaction	Not meeting non SFC target		
Advancement of service delivery in priority areas	Drop in employer satisfaction		

Owner	Scrutiny	Impact	Likelihood
Angela Cox	Board	3	2
		Overall score (as is)	6
		Strategy and appetite	TREAT (6)

Customer perspective (Covid19 impact)

1b Profound impact of COVID19 on delivery and student achievement		21/09/2021		
Positive uncertainty – opportunity	Negative uncertainty – threat			
Beyond level zero - flexibility for online and on campus				
Expect the average to be 2 days in college and one online	potential disruption due to isolation			
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**	
Apprentices will add missed activity into this year				
Effective use of timetabling	Use of new MIS offers greater planning and tracking and monitoring functionality	APs	Sep-21	extended to allow familiarisation with MIS
Performance measures	Tolerance level			
number of deferrals	No COVID deferrals into 2022/23			

Owner	Scrutiny	Impact	Likelihood
Heather Anderson	Curriculum and Quality	2	2
		Overall score (as is)	4
		Strategy and appetite	TOLERATE (4)

Customer perspective (learners)

1c Ability to proactively engage with our community and stakeholders to ensure our practice reflects their needs		21/09/2021	
Positive uncertainty – opportunity	Negative uncertainty – threat		
Learners are enrolled to target in appropriate courses and success rates are high	If positive outcomes are not achieved, successful destinations will not be achieved, and Education Scotland Grade could be impacted		
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 learning envirnonment - home or schools		
Collaborate with local providers of support			
Further develop MH support - with local orgs	Non attendance		
Existing controls	Planned activity	Responsible	Date
Curriculum planning and marketing	Investment in elearning and quality standards for delivery	AP Q&D	Jul-22
Support through achievement coaches, course tutors, CLMs	Use tracking and monitoring through prosolution	CLMs	Oct-21
Responsive support services - Student Support, MH, Student Finance, FM and ISLT, Union	Promote service management approach	VPF&CS	Jun-22
Student experience committee	3 times a year meet, and implement action plan	APs & HoSS	ongoing
Campus Management Committee/Sustainability committee	BCSA to co chair a workstream on behaviour	BCSA President	ongoing
Feedback mechanisms - local, BCSA, national	Equalities, Enhancement plan, application and enrolment procedure	APs	ongoing
Quality check points	Implement action plan	APs	ongoing
Student support services pastoral and finance, MH service	Mental Health action plan	H of SS	Jul-22
BCSA support , MH Agreement with SA	Recruitment to MH team	H of SS	Oct-21
Performance measures	Tolerance level		
% of students with positive destinations	less than 85%		
Retention rates	decreasing trend and /or less than national average		
Student progress	decreasing trend and /or less than national average		
Student retention	decreasing trend and /or less than national average		
Student satisfaction	decreasing trend and /or less than national average		
Credits used	less than 95% of allocation		
Quality of LTA			
Student survey - 50 % response rate	decreasing trend and / or less than national averae		
OA measures	decreasing trends		
Equality measures	achievable targets not met		

Owner	Scrutiny	Impact	Likelihood
Heather Anderson	C&Q Committee	3	2
		Overall score (as is)	6
		Strategy and appetite	TREAT (6)

Financial perspective (financial stability)

2 Long term variability in spend and /or insufficiency in income streams leading to financial instability		21/09/2021		
Positive uncertainty – opportunity	Negative uncertainty – threat			
Maximise opportunities for commercial funding	Loss of funding streams, insufficient income to deliver			
Bid for project funding to lever major changes in College capacity	National bargaining drives pay costs upwards without matched funding			
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	
3 year financial plan through FFR	Integrated planning approach	VPF&CS	Oct 21	Oct F&GP
Savings targets	Model impact of scenarios	VPF&CS	Oct 21	Oct F&GP
Budgetary control and management accounts system	Push out to 5 year plan	VPF&CS	Dec 21	
Treasury management of debtors creditors and cash	Refresh KPIs and implement targets for P2P	AP Finance	Oct 21	Oct F&GP
	Retain capital receipt - agree with SFC	VPF&CS	Complete	
Performance measures	Tolerance level			
Variance from budget	5%			
% non SFC income	less than 15%			
Staff costs as % of total costs	less than 67%			
Cash days	less than 31 days			
Current ratio	less than 1			
% savings delivered	less than 75% achievement			

Owner	Scrutiny	Impact	Likelihood
Hazel Robertson	F&GP Committee	5	3
		Overall score (as is)	15
		Strategy and appetite	TREAT (6)

score from 9 to 15

Internal process perspective (information management)

3a Inadequate IT and information management and security leading to information breach, excess costs and service unavailability		21/09/2021		
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	Cyber attack - complete loss of data and service			
Existing controls	**Planned activity**	**Responsible**	**Date**	
Article 30 register, Privacy notices, Data Sharing Agreements, DP Impact Assessments, FOI Policy and Publication Scheme	Review FOI publication scheme and DP Policy	VPF&CS	Mar 22	
	Promote retention and destruction action plans	VPF&CS	Dec 21	DP Assurance Framework
Data analytics - stage of development	Develop and Implement action plan for deployment of analytics	Head of MIS	Jun 22	
Cyber Acreditation, Cyber Technical Risk Assessment, Information Security Policy, Electronic Systems Policy	Complete implementation of action plan from CTRA	Head of ISLT	Sep 21	Report to Audit Committee is due
	Move to datavita backup as a service, and disaster recovery as a service	Head of ISLT	Oct 21	On track
	Relaunch of IT Services function	Head of ISLT	Oct 21	Part of Phase 2 DTP
Performance measures	**Tolerance level**			
Positive audit outcomes	no high risk issues			
IT Service performance reporting	no high impact business continuity issues			
DP events	no more than 5 data events annually			
Maturity of data analytics	Assessed availability of data to service managers			

Owner	Scrutiny	Impact	3
Hazel Robertson	Audit Committee	3	3
		Overall score (as is)	9
		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		21/09/2021		
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			
Existing controls	**Uncontrolled variability in funding streams**	**Responsible**	**Date**	
Financial Regulations, Finance Manual, Anti Fraud and Anti Bribery Policies, Procurement Policy, Fee Policy, Internal Audit	Complete review of finance procedures	AP Finance	Mar 22	
	Improved fixed asset management	FBP	Mar 22	Complete review of register
Internal and External audit recommendations	Ensure completion of audit action points	ongoing		
Performance measures	**Tolerance level**			
Positive audit outcomes	no high risk issues			
Material delay in implementing audit action plan	TO BE AGREED			
Serious breach of financial regulations	no reported issues			

Owner	Scrutiny	Impact	Likelihood
Hazel Robertson	Audit Committee	3	3
		Overall score (as is)	9
		Strategy and appetite	TREAT (6)

Organisational capacity perspective (staffing)

4 Staff are not motivated, engaged or capable		21/09/2021	
Positive uncertainty – opportunity	Negative uncertainty – threat		
Continuing to gather and use engagement info through GPTW	Not being able to attract the rright individuals		
Wellbeing and mental health initiatives	Insufficent HR staff to support recruitment		
Covid impact on turnover	Covid impact on turnover		
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
HR policies and procedures, HR Manual	Monitoring of KPIs	Head of HR	ongoing
Workforce strategy	Annual review of performance against measures	Head of HR	Sep-21
GPTW	Extension for 3 years, action plan in response, 2 areas of concern	Head of HR	
NJNC involvement	Involvement in national pay and grading group	Head of HR	
JCCP and local NJNC, Wellbeing Group	Informal meetings staff side, Principal and Head of HR	Principal	ongoing
H&S Committee	Agile workstation assessmenets, all training up to date	H&S Manager	Dec-21
F&GP oversight	Report to every meeting	Head of HR	ongoing
SPDR reviews - interim and annual	100% target - monitor through dashboard	WLT	as per plan
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
Debbie Kerr	F&GP Committee	2	3
		Overall score (as is)	6
		Strategy and appetite	TREAT (4)

Impact assessment

Perspective	Element	Negligibile	Minor	Moderate	Major	Extreme
Customer (External)	Inspection / Audit	Small number of recommendations - minor quality improvement	Recommendations which can be addressed by low level of management action	Challenging recommendations which can be addressed with appropriate action plan	Enforcement action, low rating. Critical report	Prosecution, zero rating, severely critical report.
	Reputation	Rumours, no media coverage, little impact on staff morale	Local press, little impact on morale and public perception	Local media coverage. Long term adverse publicity. Significant effect on staff morale and public perception	National media coverage less than three days. Public confidence undermined. Use of services affected	National media coverage > 3 days. MSP/MP concern (questions in Parliament), pubic enquiry, enforcement
Customer (learners)	Business interuption	Interuption in a service which does not affect delivery of educational services	Short term interuption which has minor impact on educational delivery	Some disruption with unacceptable impact on educational delivery. Temporary loss of ability to provide services.	Sustained loss of service which has serious impact on ability to delivery educational services, resulting in major contingency plans being invoked.	Permanent loss of core service or delivery. Disruption to services causing significant knock on effect
	Student experience	Reduced quality of student experience/outcome directly due to curriculum delivery	Unsatisfactory student experience / outcome - readily resolvable	Unsatisfactory student experience / outcome - resolvable within xxx time	Unsatisfactory student experience / outcome - resolvable within xxx time	Unsatisfactory student experience / outcome - long term impact
	Complaints	Locally resolved verbal complaint	Justified written complaint	Justified complaint involving lack of professionalism	Multiple justified complaints	Complex justified complaints
Financial	Financial	Negligibile <£1k	Minor >£1k to £10k	Significant >£10k to £50k	Major >£50k to £100k	Over £100k
Internal process	Objectives / Project	Barely noticeable impact on scope, quality or schedule	Minor reduction in scope, quality or schedule	Reduction in scope, quality or schedule	Significant project overrun / reduction in quality	Inability to meet project objectives / impact on reputation
	Injury to student/ staff / visitors	Adverse event not requiring first aid	Minor injury/illness requiring first aid	Agency reportable	Long term incapacity requiring medical treatment or counselling	Death or major permanent incapcity
Organisational capacity	Staffing	Short term low staffing levels temporarily affecting service quality	Ongoing low staffing level reducing service quality. Minor error due to ineffective training	Late delivery of objectives due to lack of staff. Moderate error due to ineffective training.	Uncertain delivery of objectives due to lack of staff. Major error due to ineffective training	Non delivery of key objective due to lack of staff. Loss of key staff and inability to recruit. Critical error due to ineffective training.

Likelihood assessment

	Rare	Unlikely	Possible	Likely	Almost certain
Probability	Cant believe this event would ever happen - will only happen in exceptional circumstances	Not expected to happen but definite possibility exists - unlikely to occurr	May occurr occasionally - has happened before on occasions - reasonable chance of occuring	Strong possibility that this could occurr - likely to occur	This is expected to occur frequently - more likely to occur than not

Risk Rating

Rating

Impact /Likelihood	Negligible	Minor	Moderate	Major	Extreme
Almost certain	5	10	15	20	25
Likely	4	8	12	16	20
Possible	3	6	9	12	15
Unikely	2	4	6	8	10
Rare	1	2	3	4	5