AGENDA

Meeting: Audit and Risk Committee
Date: Thursday 2 June 2022 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	SM	N/A
2	Minutes of the Previous Meeting: 3 March 2022	Approve	SM	
3	Matters Arising / Actions Outstanding	Note	SM	2-2
4	Any Emerging Themes	Discuss	All	N/A
5	Risk Register Update	Endorse	SD	3-7
6	Internal Audit:			
	6.1 Update on Internal Audit Actions: Exception Report	Note	IA	
	6.2 Internal Audit Plan	Approve	IA	
	6.3 Non-Pay Expenditure and Creditor Payment	Note	IA	
	6.4 Safeguarding and Student Wellbeing	Note	IA	
7	External Audit Plan and Fee	Approve	EA	
8	Accounting Policies	Approve	SD	
9	Review of Remit, Self-Evaluation and Annual Report to the Board	Discuss	SM	8-10
10	Internal Auditor Appointment: Tender Process	Approve	SD	
11	Review of Meeting	Discuss	All	N/A
12	Date of Next Meeting Thursday 8 September 2022 at 3.30pm	Note	SM	N/A

Fife College

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	03.03.22	To circulate the Audit Scotland Planning for Skills reports to Board members.	Principal	23.03.22	Complete. Link included in Board papers
2	03.03.22	To circulate the Wellbeing Programme to all Board members.	Director: Governance and Compliance	23.03.22	Complete. Link included in Board papers. Next programme to be emailed out once available
3	03.03.22	To confirm the extension to appointment of internal auditors for one year.	Chief Financial Officer	02.06.22	Complete
4	03.03.22	To prepare a timeline outlining the tender process and involvement of Committee members for the appointment of new internal auditors from 2023-24.	Chief Financial Officer	02.06.22	Complete. On agenda
5	03.03.22	To note the impact of moving risk to the top of the agenda within the next relevant annual reports.	Director: Governance and Compliance	Dec 2022	Added into draft annual report to Board. To be added to annual report to be prepared with accounts at year-end

Fife College

COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

Strategic Risk Register 2021-22	
Date of Meeting:	Thursday 2 June 2022
Purpose:	To present to the Audit and Risk Committee the updated Strategic Risk Register 2021-22.
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:	Susan Dunsmuir, Chief Financial Officer
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:	Fully detailed in the paper
Publicly Available:	Yes
Author Contact Details:	Susan Dunsmuir (susandunsmuir@fife.ac.uk) 01383 845 243
Date of Production:	24 May 2022

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Strategic Risk Register 2021-22

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 2022. 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 2021-22.

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 has been one change made, as outlined below:

   - **Risk Description – January 2022:** Risk (14) Failure to mutually negotiate agreeable terms for 2 year optional uptake for the Scottish Prison Service (SPS) contract impacting on margins and more equitable contract terms and conditions.

   - **Risk Description – April 2022**: Risk (14) Failure to mutually negotiate agreeable terms for first year extension of 2 year optional uptake for the Scottish Prison Service (SPS) contract impacting on margins and more equitable contract terms and conditions.

   Risks Removed
   There are no risks which have been removed from the risk register.

   4.2   Change in Net Risk Scores since previous version

   Increased Net Risks
   No net risk scores have increased during the period.

Decreased Net Risks
No net risk scores have increased during the period.

Risk Scores out with Tolerance Level
Two risks remain out with tolerance.

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

- Work is underway to revise our FFR out to 2024/25 in line with what we currently know from the 2022/23 indicative allocations and future year funding assumptions expected over the next few months.

- Final funding allocations for 2022/23 are due to be confirmed by the end of May 2022 but we are not expecting any significant changes from the indicative funding already issued.

- Our budget planning work is now complete for 2022/23 and we are presenting a margin underlaying surplus of £141k. This position incorporates:

    o   the work completed to date on workforce planning by each faculty and professional services teams.
    o   SFC income is in line with the SFC 2022/23 indicative funding announcement.
    o   commercial and tuition fee income is based on the targets set in discussion with the faculty Directors and the business development team and shows a modest increase for 2022/23.
    o   staff costs incorporate the current pay award offer as it stands and all increase in NI and pension costs known.
    o   non staff cost adjustments have been made in discussion with budget holders and inflationary increase have been incorporate include rises in fuel costs.

- While our immediate focus is on 2022/23 the current messaging is that the proposed funding settlement for 2022/23 could be mirrored in year 2, and 3, and therefore we are stretching our workforce planning into the medium term.

- We are also working on reviewing our medium term FFR as information and funding assumptions are confirmed by SFC.

Risk (14) Failure to mutually negotiate agreeable terms for first year extension of 2 year optional uptake for the Scottish Prison Service (SPS) contract impacting on margins and more equitable contract terms and conditions.

- Negotiations with SPS for the contract extension are almost concluded.

Risk Events Log

5   There was one Risk Event logged during this period - relating to risk (11) as follows:

The College has recently secured revalidation of our Cyber Essentials certification. During the process we noted that the requirements of this certification are posing an increased challenge to the sector owing to some of the assumptions made by The IASME (Information Assurance for Small and Medium Enterprises) Consortium) about the types of infrastructure in use and the methods of securely enabling remote access, neither of which are well aligned to the capabilities provided by virtual desktop services such as those in use by the College. We were able to demonstrate the security of our infrastructure and the benefits of using virtual desktops to effectively address security considerations around use of mobile and personal devices, whilst this was recognised by our assessor it was not reflected in the prescriptive requirements of the Cyber Essentials certification. Whilst we have received the required validation of our approach and successfully renewed our Cyber Essentials certification for a further 12 months, we will continue to engage with IASME, Jisc and the Scottish Government to encourage the broadening of the Cyber Essentials and Cyber Essentials Plus validation scope to take more account for alternative methods of providing secure remote access to systems, services and data such as the use of virtual desktops.

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;
- 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 2022

Fife College

Overview

The following have been identified as the top strategic risks of Fife College for the reporting period up to July 2022.
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 mutually negotiate agreeable terms for 2 year optional uptake for the Scottish Prison Service (SPS) contract impacting on margins and more equitable contract terms and conditions.

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 make use of current and emerging technologies effectively and to ensure continuous enhancement of digital capability and confidence in support of hybrid learning and teaching delivery models as expected by all stakeholders and necessary to support sustained delivery

↔ (4) Failure to focus on wider wellbeing of staff and students

↔ (5) Failure to achieve student recruitment targets across GIA and Non-GIA income activity and to deliver relevant, inclusive and sustainable regional curriculum, including ensuring successful outcomes for all students

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

↔ (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 environment and conditions for progressive 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

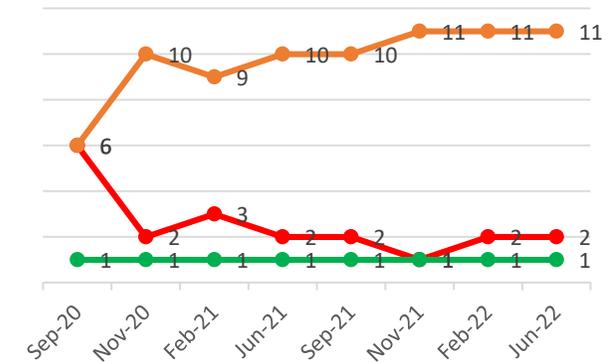↔ (13) Failure to deliver new appropriate accommodation in Dunfermline and deliver outcomes for the College

GREEN Score

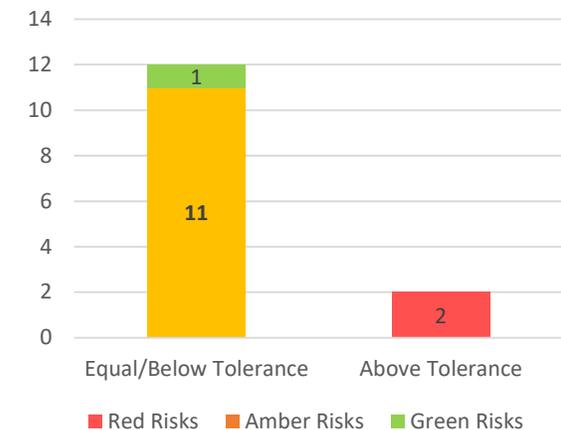↔ (6) Failure to develop capacity and skills mix that fits the strategy

RAG Key

↔ *No score movement from last quarter*

↑ *Residual (Net) score 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

Review of Remit and Self-Evaluation and Annual Report to the Board	
Date of Meeting:	2 June 2022
Purpose:	To undertake a review of the remit and self-evaluation of the Audit and Risk Committee for academic year 2021-22, and to prepare an Annual Report to the Board giving an update on progress (this does not replace the Annual Report that is submitted to the Board alongside the Annual Accounts)
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; to populate the Annual Report template with a view to finalising this at the next meeting and submitting it to the Board in October 2022
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 efficient and effective
Financial Implications:	N/A
Learner Implications:	N/A
Equality and Diversity Implications:	N/A
Risks Assessed:	None
Publicly Available:	Yes
Author Contact Details:	Marianne Philp; mariannephilp@fife.ac.uk; 01383 845009
Date of Production:	12 May 2022

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Review of Remit and Self-Evaluation and Annual Report to the Board

1   Introduction

The Board of Governors and each of its Committees is required by the Code of Good Governance for Scotland's Colleges to undertake a self-evaluation on an annual basis. It is also good practice to review the remit of each Committee annually.

2   Feedback

Feedback is requested on all aspects of the Committee structure and the work of the Audit and Risk Committee in particular. Members may wish to consider some or all of the following points:

- Timing of meetings
- Frequency of meetings
- The remit of this Committee – eg is it correct and it is too narrow / too wide, have all aspects been covered during this academic year?
- Are there any gaps (in terms of this Committee or in reporting on key areas to the Board)?
- Information contained within papers – is it easy to understand or is more/less information needed?
- Are papers issued sufficiently in advance of meetings to allow adequate preparation?
- Do Committee members have sufficient skills / knowledge to contribute to meetings or are there any gaps?

These points are indicative and you should feel free to add any other points that you think are relevant.

3   Remit

The current remit is attached. Members are invited to consider whether or not this remains relevant or if any changes are required.

4   Annual Report to Board of Governors

A template is attached and members are invited to use this a framework, suggesting input to the report and content to be added. This will be worked on over the summer by the Committee Chair and Director: Governance and Compliance with a view to it being finalised at the next Committee meeting and submitted to the Chair's Committee and Board of Governors at the start of the new academic year. This will not replace the fuller report that is approved alongside the Annual Accounts, but will input into that document.

5 **Effectiveness of the Audit and Risk Committee**

A checklist to assess the performance and effectiveness of the Audit and Risk Committee is also attached. This is based on the template provided as part of the Scottish Government Audit Committee Handbook. Members are invited to comment on the appropriateness of the checklist. The checklist has been converted into a Microsoft Form and will be emailed to all Committee members for completion over the summer, with collated results presented at the next meeting for discussion.

6 **Recommendation**

Members are invited to suggest any changes required to the remit or format of meetings, and to populate the draft annual report template to enable relevant updates to be provided to the Board of Governors. Additional feedback can also be provided by members to the Director: Governance and Compliance outwith the meeting.

Members are invited to approve the template for assessing the performance and effectiveness of the Audit and Risk Committee and thereafter to complete the information via a link to a Microsoft Form which will be issued to members for completion over the summer.