

AUDIT & RISK COMMITTEE

NOTICE

There will be a joint meeting of the Audit & Risk Committee (ARC) at 16.30 on 27 November 2023 in the Boardroom and on Teams. This will be followed by a meeting of the Finance and Resources Committee (FRC) at 17.30.

Note: The Chair of the FRC should be in attendance at the ARC and the Chair of the ARC should be in attendance at the FRC.

AGENDA

Agenda Item		Paper	Lead
1	Apologies for Absence	N	GP
2	Declaration of any potential Conflicts of Interest in relation to any Agenda items	N	GP
3	Minutes of Previous Meeting 28 Aug 2023	Y	C-ARC
4	Matters Arising from the Previous Meetings	N	C-ARC
5	No Item Tabled		
6	Reserved Matter for Approval – Draft only – Not for publication		
	0.60A Proposed Annual Audit Report to the Board of Management and the Auditor General for Scotland;	Y	AK
	0.6.0B Completion Letter with Proposed independent Auditor's Report and ISA 580	Y	VP-F
	to be considered in conjunction with:		
	0.6.1 Commentary Draft Financial Statements for Year Ended 31 Jul 2023		
	0.6.2 Draft Financial Statements for the year to 31st July 2023		
7	Matters For Approval		
	Risk Management – Risk Register		
	7.1 Commentary on SLC Strategic Risk Register Oct 2023	Y	VP-F
	7.2 SLC Strategic Risk Register	Y	VP-F
	7.3 SLC Strategic Risk Register in Detail	Y	VP-F
	7.4 Regional Strategic Risk Register		
8	8.0 Rolling Audit Recommendation Monitor	Y	VP-F
	Internal Audit		
	09. 1 Budgetary Control	Y	HL
	09. 2 Student activity (Credits)	Y	HL
	09. 3 Student Support	Y	HL
	09. 4 Quality Assurance	Y	HL
	09. 5 SLC Internal Audit Progress Report 2022-23	Y	HL
10	Additional Matter for Approval – Draft only – Not for publication.		
	10 Draft Report of the Audit and Risk Committee to the Board of Management	Y	C-ARC

	Matters for Discussion		
11	11.0 Review of Draft Annual Workplan of the Committee 11.1 ARC Activity Monitor	Y	VP-F
	Matters for Information		
12	Audit Scotland 12.1 Extract from Technical Bulletin 2023/3 Scottish Funding Council 12.2 Net Zero Framework College Development Network/ESP/Colleges Scotland 12.3 Scottish Colleges Statement of Commitment on the Climate Emergency	Y	VP-F
13	Committee discussion with internal and external audit service providers (Executive to leave)	N	GP
14	Summation of Actions and Dates of Next Meetings – 20 February 2024 21 May 2024	N	GP
15	Any Other Business	N	CB

Key: C-ARC Chair of the Audit & Risk Committee: Craig McLaughlin
C-BoM Chair of the Board of Management: Paul Hutchinson
P Principal: Stella McManus
GP Governance Professional: Paul McGillvery
VP-F Vice Principal – Finance, Resources and Sustainability
HL Henderson Loggie (Internal audit service) David Archibald
AS Audit Scotland (External audit service) Andrew Kerr

AUDIT & RISK COMMITTEE

Minutes

Meeting of the Audit & Risk Committee on 28 August 2023 at 17.30 in the Boardroom and on Teams.

Present	In Attendance
C McLaughlin (Committee Chair)	S McManus (Principal)
A Doherty	K McAllister (Head of Finance)
P Sweeney	E McKechnie (Management Accountant)
	Yvonne Finlayson (Chair of RSB ARC)
	A Kerr (Audit Scotland)
P Hutchinson (Chairing Member)	D Archibald (HLCA)
P Scott - Governance Professional - acting as Minute Secretary	
Agenda Item	
01	<p>Apologies for Absence</p> <p>The Governance Professional advised that he had received a provisional apology from T Feely who was outwith the UK and might not be able to connect online.</p>
02	<p>Declaration of any potential Conflicts of Interest in relation to any Agenda items</p> <p>None received</p>
03	<p>Minutes of Previous Meeting 15 May 2023</p> <p>These were duly adopted.</p>
04	<p>Matters Arising from the Previous Meetings</p> <p>The timeline for completion of the Annual Accounts would be considered under other Heads of Business.</p> <p>Risk Appetite would be a matter for further consideration by the Board with input from the Internal Auditors.</p> <p>The main risk would be to financial stability in the light of the “flat cash” settlement imposed on the sector as a whole.</p>
05	<p>Matters for Approval</p>

05.1	<p>Risk Management – Risk Register</p> <p>The paper as submitted was considered and is referred to for its detailed terms.</p> <p>05.1.1 The meeting as constituted approved the strategic risk analysis.</p> <p>05.1.2 The meeting as constituted noted and accepted the identification of risk set out in the Strategic Risk Register</p> <p>05.1.3 The meeting as constituted noted that the Head of Finance attended the Regional Risk Group and presented the SLC Risk Register for regional consideration.</p> <p>In response to request for clarification, management confirmed that internally all departments had their own risk register. The meeting suggested that the Register could usefully have an additional column identifying ownership if risk and management agreed to take this on board.</p> <p>The meeting felt that some of the risk factors may have been graded too highly but management advised that they were comfortable with the values attached albeit they would be kept under review. For example, the reduction in credit targets, arguably, reduced the risk of failing to meet targets and this was under consideration.</p>
05.2	<p>Rolling Audit Recommendation Monitor</p> <p>The meeting considered the update which is referred to for its detailed terms. The meeting noted the work done to address the 21 recommendations to date – all of which were partially completed and/or in progress and where there was a clear timetable for completion.</p> <p>The entry on Cyber security was the largest item.</p> <p>As an action point it was agreed that Peter Sweeney would have a follow up session with the IT Manager – given his own subject area expertise</p>
05.3	<p>Governance Rolling Review</p> <p>The Governance Professional provided a verbal update on progress. A draft had been prepared with input from all Committees, the Student Association and the Unions. He had discussed this with the internal auditors, and it was hoped to have a further meeting in September with a view to presenting a paper to the next available Board</p>

05.4	<p>Internal Audit</p> <p>The following paper are referred to for their detailed terms and in summary:-</p> <p>05.4.1 Internal Audit Follow Up</p> <p>The Meeting noted with approval the clearance of outstanding recommendations.</p> <p>05.4.2 Staff Recruitment and Retention</p> <p>The meeting noted the recommendations and agreed they were appropriate. It was suggested however that it would be useful to record that where documentary evidence was being considered this was by reference to original documents, The meeting recommended that focus be kept on emerging issues and in that context the Principal advised that establishment of People Groups was in train</p> <p>As an action point the meeting recommended that this be taken to the next appropriate HRC for further consideration.</p> <p>05.4.3 Internal Audit Progress Report</p> <p>The meeting noted the detailed work undertaken in the context of the full internal audit programme</p>
06	<p>Matters for Discussion</p>
06.1	<p>Section 22 Review by Public Audit Committee (PAC)</p> <p>The meeting noted the following papers which are referred to for their detailed terms</p> <p>06.1.1 Section 22 2021/22 review dated June 2023 06.1.2 Press release from Audit Scotland 06.1.3 Letter from the PAC to the College dated 26 June 2023 06.1.4 College response to the PAC dated 29 June 2023</p> <p>It was especially noted that the college was now found to be fully compliant with the Code of Good Governance and that Audit Scotland was encouraged by progress with audit recommendations and by the commitment to further improvements through a rolling review.</p> <p>The Governance Professional wished it to be recorded that all of this progress had only been possible as a result of a working partnership involving the Board and College Management. Truly it had been a team effort.</p>
06.2	<p>External Audit update</p> <p>The meeting heard a verbal report from the External Auditors. There were no significant issues, and the report was primarily concerned with housekeeping issues such as onsite arrangements.</p> <p>In that regard the Governance Professional respectfully requested that if clarity was required on any point of detail, it would be helpful if these could be identified in nearly course. Arrangements were well in hand for appointment of his successor, but it would be helpful if his background experience could be</p>

	<p>called upon while he was still officially in post. He was confident that there would no points arising which could not be easily addressed.</p> <p>In response to a question from the floor the auditors concerned that any delay in completion of the accounts for the regional college would not impact on completion of the SLC Annual Return.</p>
06.3	<p>Draft Annual Workplan of the Committee</p> <p>The meeting considered and approved the Workplan as presented and as referred to for its detailed terms.</p> <p>This built on a template provided by the Governance Professional.</p> <p>It was recognised however that with the challenges ahead this would be subject to ongoing review and follow up but it clearly identified the main areas of work going forward and was fit for purpose .</p>
07	<p>Other Audits</p> <p>Quality Audit Group (QAG)</p> <p>The meeting considered the following papers which are referred to for their detailed terms.</p> <p>07.1 Review of SVQ Construction Craft Assessment and Verification Processes 07.2 EMA Spot Check (part 2)</p> <p>The meeting was pleased to note that the third-party assessment report revealed no findings of concern</p>
08	<p>Matters for Information</p> <p>Audit Scotland & Accounts Guidance</p> <p>The following were duly noted</p> <p>08.1 Extract from Technical Bulletin 2023/2 08.2 Report on Fraud and Irregularity</p> <p>08.3 Accounts Guidance Documents attached: 08.3.1 Accounts Guidance issued by SFC 08.3.2 Accounts Guidance Notes 08.3.3 Good Practice Note issued by Audit Scotland</p>
09.	<p>Summation of Actions and Date of Next Meeting</p> <p>The action points were as individually minuted</p>
10.	<p>Next Meetings – Joint meeting with FRC – 27 Nov 2023 @ 16.00 Note: RSB ARC – 4 Sept 2023 @ 17.30</p>
11.	<p>Any Other Business</p> <p>The Committee Chair requested a private meeting with the auditors. On a point of order the Governance Professional sought clarification as whether this was to be with Committee members only or merely in the absence of the Executive</p>

	Team. For the record it was the latter. Such meetings are normally reserved matters but it would be fair to record that no significant issues were identified .
12.	Risk & Equalities Strategic Risk had been covered specifically in papers as presented There were no matters impacting on equalities



AUDIT AND RISK COMMITTEE

DATE	27 November 2023
TITLE OF REPORT	Risk Management – Risk Register Commentary
REFERENCE	7.1
AUTHOR AND CONTACT DETAILS	Elaine McKechnie Elaine.mckechnie@slc.ac.uk
PURPOSE:	To provide members with an update to the risk management arrangements of the College and the Region.
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to: <ul style="list-style-type: none"> • review and approve the College’s strategic risk analysis; • to note the risks identified in the Regional Risk Register
RISK	<ul style="list-style-type: none"> • That College strategic risks are not identified, and mitigating actions are not taken. • That the Region is not identifying strategic risks and mitigating actions are not taken.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The main challenge for the College continues to be the central cash settlement which, as recently announced for 2023/24, is a level lower than 2022/23. Most recent guidance from the Scottish Funding Council is that this crucial funding stream will not increase over the short term, with ring-fenced allocations being similarly constricted. • Following discussion at the August 2023 Board of Management meeting, it was agreed to add another risk to the College’s Risk Register to deal with the requirement to meet Scottish Government net zero targets. This was duly done at the meeting of the Risk Management Group on 26th October. • The commentary to the College’s Strategic Risk Register is as below. The major movements in scoring related to (a) Risk 13 where it was agreed that there was a decrease in the inherent risk re the failure of governance arrangements; and (b) Risk 14 that deals with the reputational risk to the College, where it was agreed that the scoring should be reduced. • The College’s Strategic Risk Register is attached as document *. Note that comments dated 2022 have been removed from the tables unless they are still pertinent to the understanding of the risk and associated mitigation. • The Regional Risk Register is completed and maintained by NCL staff and is presented to SLC Board meetings for information. The summary document is attached as document *

Ref * SLC Strategic Risk Register Commentary & NCL Regional Risk Register

1. INTRODUCTION

- 1.1. This paper provides a commentary on the College's strategic risk register.
- 1.2. Of the fourteen risks identified previously, one had its inherent risk score reduced, and one had its inherent risk score increased. As regards post-mitigation risk, two scores were increased; none was decreased.
- 1.3. Financial sustainability remains a major source of concern to the College and, indeed, to the sector as a whole and whilst College management has made strides to identify and monitor, in particular, lecturing and general staffing costs, the restrictions imposed by national collective bargaining and centrally-imposed activity targets will continue to be major factors to be mitigated against. These two factors, however, are not under the College's control. SFC has instructed the sector to assume flat cash settlements in the three years from 2023/24.
- 1.4. A new risk was added to the Register to recognise the Scottish Governments path to net zero. The inherent and post-mitigation risks were both assessed as "medium".
- 1.5. Three inherent risks are regarded as being "High", which is one more than after the previous review, whilst two post-mitigation risks are scored as "High", again one more than previously.

2. RISK ONE - FINANCIAL SUSTAINABILITY

- 2.1 The finalised financial statements for 2022/23 show a deficit for 2022/23 at a slightly higher level than was initially anticipated. The salary award as at 1st September 2022 has still not been settled and is fully expected to be at a level higher than budget; this higher settlement figure has been incorporated into the financial statements. The rating for this risk remains high.
- 2.2 As noted previously, the Board of Management was content to approve a small deficit for 2023/24. However, the Board sought an assurance from management that all possible avenues would be explored to move the deficit nearer to break even. The Board, however, followed the proposal made by the Finance and Resources Committee not to approve the significant deficits that were forecast for the two remaining years covered by the SFC's financial forecast return (FFR). from 2024/25 to 2025/26. This has been replicated at other colleges in the sector.
- 2.3 Whilst the College can flex its temporary lecturing staff complement and non-salary expenditure to an extent, there are significant items within the wider cost base not as easy to control. With inflation showing little signs of abating from its double figure level yet and with salary award increases from 1 Sept 2022 likely to be above budget levels, the implications for the 2023/24 financial year accounts, and future years, are very challenging for the sector as a whole, and not just South Lanarkshire College.
- 2.4 The credit target for 2022/23 was met, and the audit of activity has now been completed to confirm this. This means that the College will not be subject to SFC clawback in this regard.
- 2.5 The Region's final Grant in Aid allocation for 2023/24 shows a decrease in activity and in funding. The Scottish Funding Council have cut activity across the board in the sector by 10.00% but have increased the funding per credit. This is intended to give colleges the same amount of cash but, theoretically, give the sector the opportunity to reduce its costs by delivering less. Additionally, the Region has had a 0.75% decrease in credit target (and associated funding) imposed on it.
- 2.6 College management is confident that the activity target for 2023/24 is achievable and it should be noted that SFC has extended the arrangement whereby the sector will have the safety net of a 2.0% leeway.
- 2.7 It is noted that there has been no settlement on salaries from 1st September 2022 and the next settlement date is looming. Taking the possibility of awards made above the initial budget with the possibility of flat cash settlements extending beyond 2023/24, the financial prospects are concerning, not just at South Lanarkshire, but across the sector.

2 RISK TWO - FAILURE OF FINANCIAL CONTROLS

- 2.1 The College is conscious of the added scrutiny on the organisation regarding financial controls but management is confident that the significant amount of work that has been undertaken by the Governance Professional, the Board of Management and the Senior Leadership Team on reviewing relevant policies and procedures and updating as necessary is putting the College onto an excellent footing for moving forward.
- 2.2 The internal audit service undertook a review of corporate governance in the summer of 2023, a review which touched upon financial controls in its widest sense.

3 RISK THREE - CREDIT TARGET

- 3.1 The College met its core credit target for 2022/23 and this has now been audited with no adjustments to be made. Going forward, the sector has a reduction in credit target of 10.0%, albeit with no change in total credit funding received, and the Region has been subject to a further reduction of 0.70%.
- 3.2 Colleges have been informed that a tolerance has been allowed for in terms of core credit activity. That said, the College aims to reach its reduced activity target in the 2023/24 session without reference to the leeway. No provision for clawback has been built into the financial forecast for 2023/24.
- 3.3 It should be noted that the College has accrued for any potential clawback in respect of ESF projects in previous years in its 2021/22 accounts and will continue to hold these potential liabilities until confirmation is received from SFC that they are no longer required. The College has been able to release £65k in respect of a provision no longer required.

4 RISK FOUR – THERE IS A BREACH OF LEGISLATION AND ASSOCIATED REGULATIONS

- 4.1 The College is confident that its arrangements for, in particular, GDPR means that it can record a risk score that is not of immediate concern but requires constant monitoring.

5 RISK FIVE - CAPITAL FUNDING REQUIREMENTS

- 5.1 Although the College has ring fenced its own funds for capital replacement and more general investment via the Strategic Investment Fund, there is no capital allocation via the Backlog Maintenance Fund.
- 5.2 There is, though, a significant increase in the ring-fenced, formulaic capital funds for 2023/24 but no indication that this increased amount will be repeated in succeeding years. In the short term, however, the increase in funding has allowed the College to decrease the risk score.
- 5.3 As mitigation, and as already reported, the College has earmarked funds via its Strategic Investment Fund. It has also commissioned a QS report on the fabric of the building which will assist in funds being directed to the most appropriate areas.

6 RISK SIX – THERE IS A BREACH OF LEGISLATION AND ASSOCIATED REGULATIONS

- 6.1 The College is confident that its arrangements for, in particular, GDPR means that it can record a risk score that is not of immediate concern but requires constant monitoring.

7 RISK SEVEN – BUSINESS INTERRUPTION

7.1 The College is confident that its arrangements for business continuity, tested during lockdown, allows it to report an acceptable level of risk, although further training for both staff and Board members is required.

8 RISK EIGHT - DAMAGE TO THE INTEGRITY OF MANAGEMENT INFORMATION SYSTEMS

8.1 The College reapplied for its annual Cyber Essentials Plus certification and successfully passed.

8.2 The Board received cyber training in May and further training is planned for delivery in the current session.

9 RISK NINE – FAILURE TO ACHIEVE ACCEPTABLY HIGH LEVELS OF LEARNING AND TEACHING

9.1 The College had a very successful Education Scotland Annual Engagement Visit in March 2023.

9.2 The College's internal audit providers recently undertook a review of Quality Assurance and there were no recommendations in the draft report. This will be reported to the Audit and Risk Committee in November.

9.3 The ASOS action taken by lecturing staff resulted in a delay to results being recorded but this situation is being rectified and all results should have been logged by the first week in November.

10 RISK TEN - THERE IS A FAILURE TO PROVIDE AN ENGAGING AND EFFECTIVE EMPLOYEE JOURNEY

10.1 With staff and students returning to campus in August 2022, the previously higher ranking for this risk was decreased as it will be easier to deliver a more effective HR service, particularly with a new HR Strategy having been formulated, approved and in the process of being implemented.

10.2 The purchase of a new HR system will support the delivery of the strategy. The implementation stage is now well under way.

11 RISK ELEVEN - THERE IS A FAILURE TO SAFEGUARD THE HEALTH AND WELLBEING OF STAFF AND STUDENTS

11.1 The College is mindful of the particular strain on staff and students over the COVID period and beyond, and the current challenges regarding inflation will add to the issues that both staff and students may experience. Additional resources have been brought in to assist both staff and students. As reported previously, the HR Department has been involved in tendering for a new HR management system which will assist with the management of employee wellbeing and development; the tender was awarded in April 2023 and the process to implement the enhanced service is well under way.

11.2 As regards student welfare, the Board has noted the impact of the uncertainty of ring-fenced SFC funding for counsellors. With this central funding not being assured on an

ongoing basis, the College applied to the Foundation for assistance and was successful in its bid. Consequently, two additional counsellors will be funded by the Foundation for a two-year period. The ALF has also agreed to fund subsidised food for students, whilst the students have organised a clothing exchange “shop”.

11.3 Further funding was announced by SFC in September for the 2023/24 session to address Student Mental Health and Wellbeing and this will allow the College to enhance its service to students.

12 RISK TWELVE - THERE IS A FAILURE TO PROVIDE A ROBUST LEARNER EXPERIENCE TO SUPPORT ONWARD PROGRESSION

12.1 The sector still has unresolved disputes with both the support and lecturing staff unions, but ASOS is no longer a component of the action being taken and 2022/23 results have now been submitted. Further industrial action is likely so 2023/24 results may be at risk.

12.2 Careers advice seminars have been introduced across the College whilst a core skills project was launched in August 2023 to enhance literacy and numeracy.

13 RISK THIRTEEN - FAILURE OF CORPORATE GOVERNANCE

13.1 A review of the enhancements in corporate governance has allowed the overall risk rating in this area to be downgraded over the past six months. This was supported by the internal audit provider review of the Governance Improvement Plan which was considered and approved by the Audit and Risk Committee at its November 2022 meeting. The report was rated “Good” in terms of level of assurance, this being the highest rating possible, with only two low level recommendations. It was subsequently decided that any outstanding items would be picked up in the rolling programme of Governance development. A review of Governance was undertaken by the internal audit service providers in the summer of 2023 and their report is expected in September 2023.

13.2 The College has recruited a new Governance Professional position and there has been a reshaping of the support for the Principalship function. The College is confident that the enhanced level of Governance will be maintained and further improved; this has allowed the inherent risk to be reduced.

14 RISK FOURTEEN – ADVERSE REPUTATIONAL RISK

- 14.1 An additional risk was incorporated during the previous review to address the impact of any adverse reputational risk. The College acknowledged that there were potential reputational issues that may adversely affect the standing of the College and / or its financial sustainability and actively engaged in mitigation.
- 14.2 The increase in inherent and post-mitigation risk scores acknowledge the potential legal issues which may impact the College's reputation.

15 RISK FIFTEEN – THE MEETING OF NET ZERO TARGETS

- 15.1 The Scottish Government has set targets for public bodies with respect to meeting net zero targets. A new risk has been added to the Risk register to monitor progress.
- 15.2 This progress to net zero will be monitored not only by senior management and the Board of Management, but also by the College's Sustainability Group.
- 15.3 The College has drafted a new Climate Change Emergency Action Plan which will be presented to the Finance and Resources Committee in November 2023.

16 EQUALITIES

- 16.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

17 RISK AND ASSURANCE

- 17.1 That College strategic risks are not identified, and mitigating actions are not taken.
- 17.2 That the Region is not identifying strategic risks and mitigating actions are not taken.

18 RECOMMENDATIONS

- 18.1 Members are recommended to:
- Note the movements in risk scores since the last Register review and, in particular, the increased risk re potential reputational damage to the College as a result of legal issues and the establishment of a new risk that acknowledges the risk that the College is not on track to meet the Scottish Government's net zero commitments.
 - review and approve the strategic risk analysis contained in the College's Strategic Risk Register and the commentary thereto;
 - to note the addition of a risk to deal with Government net zero targets.

APPENDICES

- Document 7.2 The College's Strategic Risk Register**
- Document 7.3 SLC Strategic Risk Register in detail**
- Document 7.4 The Regional Risk Register**

Strategic Risk Register		Dated reviewed by Risk Management Group						26/10/2023						Audit and F	
Summary Schedule		Dated reviewed by SLT						31/10/2023						N	
		Next date of review												Ag	
Risk No.	Description	Link to College Strategic Objectives	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission			
1	That the College cannot maintain financial stability	3	4	3	12	12	→ 0	4	3	12	12	→ 0			
2	That there is a failure of financial controls	3	4	2	8	8	→ 0	3	2	6	6	→ 0			
3	That there is failure to meet Credit target and /or failure to retain major public and private contracts.	1,3	4	3	12	12	→ 0	3	3	9	9	→ 0			
4	That there is a breach of legislation and associated regulations (incl. GDPR)	2,3	2	3	6	6	→ 0	2	2	4	4	→ 0			
5	That there are insufficient funds for capital project and maintenance requirements	1,3	4	2	8	8	→ 0	3	2	6	3	↓ 3			
6	That there is a failure to meet statutory and legislative health and safety as well as safeguarding requirements.	2	3	3	9	9	→ 0	3	2	6	6	→ 0			
7	That there is business interruption due to major disaster, IT failure etc	3	4	2	8	8	→ 0	3	2	6	6	→ 0			
8	That there is a theft of, or damage to, Management Information System (incl. cyber-crime)	2,3	3	2	6	6	→ 0	3	2	6	6	→ 0			
9	That there is a failure to achieve high standards of learning and teaching.	1,2	4	2	8	8	→ 0	2	2	4	4	→ 0			
10	That there is a failure to provide an engaging and effective employee journey.	1,2	4	2	8	8	→ 0	3	2	6	6	→ 0			
11	That there is a failure to safeguard the health and wellbeing of staff and students.	1,2,3	3	3	9	9	→ 0	3	2	6	6	→ 0			
12	That the College cannot provide a robust learner experience supporting them onto their final destinations.	1,2	4	2	8	8	→ 0	3	2	6	6	→ 0			
13	That there is a failure of Corporate Governance arrangements	2,3	4	2	8	12	↑ -4	3	2	6	6	→ 0			
14	That there is a reputational risk to the College.	3	4	4	16	6	↓ 10	3	4	12	6	↓ 6			
15	That the College is not on track to meet the Scottish Government net zero targets.	3	3	3	9	0	New risk	3	2	6	0	New risk			
College Strategic Objectives:								Risk Key		Low	1-4				
1	Successful students								Medium	5-11					
2	Highest quality education and support								High	12-16					
3	Sustainable behaviours														

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
1	26/04/2021	3.1, 3.5, 3.6	That the College cannot maintain financial stability	4	3	12	12	→	That the College would not be able to meet its financial obligations and /or that investment in student activity could not be maintained to an appropriate level.	Jan 2023 Awaiting indicative funding for the next academic year in March 2023. Indications are flat cash funding scenarios relating a real cut. Value for Money Group meeting on 25th January 2023. Apr 2023 Value for Money Group focus on staffing efficiencies and more robust Curriculum Planning model for 2023/24. Flat cash Grant in Aid settlement confirmed, but with additional cut in activity & funding for the Region. June 2023 "Flat cash" settlements for 2024/25 and 2025/26 copfirmed by SFC. Board approved a deficit budget for 2023/24 only. Management working towards balanced budget.	4	3	12	12	→	January 2023 College has to continue working to make efficiencies and savings. April 2023 Interim budget to be drawn up for approval of the Board on 1st June 2023. Detailed budget to be prepared for additional meeting of the Finance and Resources Committee before completion of the SFC return (FFR). August 2023 Curriculum Planning model being used to monitor staffing. Improved and enhanced budget monitoring procedures being introduced for 2023/24. October 2023 On track to meet credit target for 2023-24.	January 2023 Await update from the Value Money group on 26 January 2023 April 2023 Indicative grant in aid allocation received; expectation of flat cash settlement confirmed. Budgeting exercise already commenced on this assumption. August 2023 Staffing budget linked to Curriculum Plan, which will increase efficiency and improve staff utilisation.
2	26/04/2021	3.1, 3.2, 3.5, 3.6	That there is a failure of financial controls	4	2	8	8	→	Insufficient or incorrect information available to senior management and the Board of Management; potential for fraud.	August 2023 Finance Dept team enhanced with permanent appointment of Management and Financial Accountants. Additional support re Procurement from APUC until December 2023. Extensive work has been undertaken in conjunction with Governance Professional to update policies and procedures. Review of timetable of activities of the Audit and Risk Committee and Finance and Risk Committee now drawn up. Additional work has been undertaken by internal audit service on policies and procedures in 2022/23 and 2023/24.	3	2	6	6	→	October 2023 Closer scrutiny of previous internal audit recommendations, both via senior management and the Audit and Risk Committee. Introduction of new approach to control, assurance and risk management arrangements. April 2023 Review of governance to be undertaken by internal auditors in summer of 2023 August 2023 Pay controls in place, not replacing staff who have left the organisation, allowed for curriculum adjustments to be made, curriculum staff redeployed to other areas should there be overstaffing. Consideration given when staff leave whether this replacement needs to be FT, PT or whether it is needed. Curriculum Plan is very tightly planned, with finance and curriculum teams working together to prepare budgets for the year. October 2023 Audit Scotland audit in progress currently with no concerns raised to date.	Introduction of formal ARC monitoring on an ongoing basis. August 2023 Positive follow up Section 22 review by Scottish Parliament
3	26/04/2021	1.6, 2.2, 2.4	That there is failure to meet Credit target and/or failure to retain major public and private contracts.	4	3	12	12	→	Clawback of SFC activity funding and shortfall in income. Failing to meet credit targets on a consistent basis may affect annual activity allocation. Failure to meet maintain ESF records to substantiate our claim is likely to affect income	Student activity is monitored on a weekly basis by senior management via the SLT meetings, with those weekly reports being made available to faculty and admissions staff; Additional enhanced reporting in use through Power BI to monitor real time information. Jan 2023 All credit activity to up on the by 27 January and checks to made on this. Plans are being put in place to meet the gap, such as the preparing to study courses. April 2023 Additional activity running and planned to meet credit target. August 2023 Region has a 10.7% decrease in activity target for 2023/24. Colleges now have a 2.0% leeway re meeting activity targets.	3	3	9	9	→	October 2022 Scenario planning and forecasting under way for the 2022/23 academic year; New website being launched in November 2022 to support with recruitment and learner journey. April 2023 Progress being made, but dependent on planned activity. August 2023 2022/23 target met; Curriculum Plan model now operational with all courses for 2023/24 incorporated; accurate monitoring now enhanced. October 2023 College on track to meet target for 2023-24.	August 2023 2022/23 credit target achieved. 10.0% sectoral decrease in credit target for 2023/24, plus additional 0.7% Regional decrease. 2.0% target achievement tolerance and positive change in retention tolerance announced for 2023/24. In addition only 80% clawback should there be an issue.
4	26/04/2021	2.1, 2.5, 3.4, 3.6	That there is a breach of legislation and associated regulations (incl. GDPR)	2	3	6	6	→	Breach or leak of sensitive data impacting on college reputation.	Data Protection Officer in place to advise on general Data Protection Regulation; Staff mandatory training and policies in place and actively marketed to heighten awareness; Compliance/audit checks in place; GDPR policies currently being updated as part of College-wide policy refresh exercise; Training planned for all staff on legislative and regulatory issues, including conflict of interest, bribery and corruption and security of assets. August 2022 A suite of new policies have been developed and/or updated; Multi factor authentication in train; Cyber security Essentials status obtained; Training completed on conflict of interest etc as above and data protection and GDPR. October 2022 Cybersecurity audit completed satisfactorily. College is now undertaking penetration testing; All staff conference in August; all staff completed mandatory training on GDPR; Data Protection portal is now live. April 2023 New retention policy has been agreed and published. Cyber Essentials plus was successfully completed in Feb October 2023 GDPR TES develop training issued to all staff, ICO framework and ROPA for each department currently being completed.	2	2	4	4	→	Apr 2023 Retention Documentation has been issued, further actions will be completed including communication of this guide for all managers to control the documentation Cyber risk framework is being updated in June this year to ratify the score in this sheet. (Cyber risk can be escalated if important issues arise in that review) October 2023	Data protection team have worked through a number of ROPA with each area and are currently pulling together Info Asset Register. Records Retention Policy now complete and published, actions will follow this publication via communication of this policy to improve document governance.
5	26/04/2021	2.1, 2.2, 2.6, 3.5	That there are insufficient funds for capital project and maintenance requirements	4	2	8	8	→	The College estate is of an age that requires constant monitoring and an appropriate level of funding to address major issues (e.g. building envelope, heating and cooling, lifts, security equipment, etc.)	SFC undertook a condition survey and has allocated funds over a five year period to address backlog maintenance and dilapidation works. The College appointed professional advisors to assist in the management of the projects which have been undertaken. College has enhanced its procurement arrangements to ensure that all major items of expenditure are reviewed by a senior management committee, thus ensuring value for money as well as an additional level of control over non salary spend. As part of our approach to the introduction of a Strategic Investment Plan, the College is currently considering introducing its own estate condition survey, given the age of the building and the number of significant repairs now being required. August 2023 CAPEX projects prioritised and completed within budget allowing for future works within remaining ringfenced funds	3	2	6	3	↓	Current planning is to utilise cash holding to fund an infrastructure investment programme; Additionally, the college is planning to undertake an estate condition survey to ensure that a clear plan for any additional work is captured.; The air conditioning units and the roof are all currently being replaced; Air Conditioning replacement completed. Roof project almost completed, snagging being undertaken. Building is weather proofed. Jan 2023 Update on capex progress to date at VM group on 25th January 2023. April 2023 Funds have been committed to support the key changes to the building. August 2023 Following completion of CAPEX works, funding remains for future works October 2023 College has also submitted a funding application to the Scottish Government Energy Efficiency Grant scheme to support with building fabric first approaches, which	Central funding received in 2020/21 and 2021/22 allowed the College to address major repairs and renewals sooner than originally planned. This includes a major upgrade to the fabric of the roof, which would be most vulnerable to possible issues associated with the natural lifespan of the building. August 2023 Various works completed over previous months within confines of funding whilst leaving sufficient amount for future required works. Cladding repairs are expected to be the next significant work. Additional funds have been allocated for next year. SFC capital funding allocation for 2023/24 should be sufficient for short term projects & maintenance
6	26/04/2021	1.1, 1.2, 1.3, 1.4, 2.1, 3.1, 3.3	That there is a failure to meet statutory and legislative health and safety as well as safeguarding requirements.	3	3	9	9	→	Impacts on safety of all employees and students leading to serious injury or death. Unable to protect our most vulnerable students.	Health and Safety Committee meet regularly to monitor health and safety arrangements and any issues are raised. Staff induction in place on H&S; Separate COVID risk register in place to monitor operational arrangements; Facilities Teams and H&S Officer ensure all risk assessments are updated annually; Regular reporting on Health and Safety to HR Committee as part of their remit requirements; Full review of Health and Safety Policy and Procedures being undertaken; Lead Safeguarding Officers in place and appropriate training in place.; Safeguarding group meets regularly. August 2022 Robust HMI Safeguarding report received in April 2022; Refresher training and reissue of safeguarding cards; Expanded the network of safeguarding officers; Health and Safety audit completed, with no major recommendations; Refreshed health and safety policy will go to the Board in October 2022; Appointment of 2 permanent health and safety staff members. October 2022 Health and Safety Audit completed satisfactorily. Health and Safety Policy approved by the Board of Management. January 2023 Health and Safety Policy launched and names of those who have read it recorded. April 2023 Progress made against internal audit plan and Health and Safety Committee meets regularly to keep on top of action and key issues. Policy and procedures updated. Safeguarding Policy and Procedures updated and due to go to the Board for approval in June 2023. August 2023 H&S Policy reviewed and updated over summer break. Continued quarterly H&S committee meetings planned including representation of cross college departments for 2023/24	3	2	6	6	→	October 2022 Health and Safety Policy Approved. First Aid Procedures renewed and due for sign off by SLT in October 2022. January 2023 Training sessions now being scheduled. April 2023 Significant progress made with policy and procedures. August 2023 There is a new Safeguarding Policy and Fitness to Study Policy approved by the Board in June 2023. Training for Health and Safety and Safeguarding will be rolled out to all staff in August through the mandatory online modules. October 2023 Updated safeguarding processes to clarify roles and spread low level behavioural issues to curriculum.	August 2023 Staff resource is working to capacity to get through policies and procedures updated as required.
7	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is business interruption due to major disaster, IT failure etc	4	2	8	8	→	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Business Continuity Plan for College in place. Business interruption insurance in place. Member of HEFESTIS and benefit from shared intelligence. August 2022 Internal audit for cybersecurity completed. Updated Microsoft Licence of AS allows for enhanced protection. October 2022 AS licence in place and multi factor authentication in place. April 2023 Board briefing for cyber security due on the 2nd of May, satisfying cyber audit points. October 2023 Cyber Security information will be placed into the next risk about theft of major systems. This is business continuity updates, this will	3	2	6	6	→	Existing business continuity arrangements being reviewed in light of recent events. Key estates risks now been identified and have been or are being resolved. Further training for incident response for board members needs to be considered and scheduled (Scenario training) A review of BCDR documentation is to be completed in the next few months to update mitigation controls.	The College had a developed Business Continuity Plan embedded prior to the COVID pandemic and has built on that via infrastructure improvements and additions utilising additional SFC ring-fenced funding. August 2023 Update of Business Continuity Planning Documentation will be completed by December 2023.
8	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is a theft of, or damage to, Management Information System (incl. cyber-crime)	3	2	6	6	→	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Shared sector approach in place through HEFESTIS and advanced intelligence. Robust and regular testing of IT systems. Business continuity plans in place for IT and MIS areas. Annual certification with Cyber Essentials Plus Incident response training	3	2	6	6	→	Jan 2023 Cyber Essentials Basic has been complete and college is compliant. Cyber Essentials Plus to be completed FEB 2023 Close off from H&L Cyber audit actions by the summer, which should change the position of this task. April 2023 Cyber Essentials complete, Cyber training planned for the Board on the 2nd of May. Planned asset tracking update due in July 2023 to ratify the buildings equipment checks. October 2023 Another Cyber Essentials Achieved for another year. Going through a 0365 health check and reviewing the cyber risk framework for an update for progress. This risk will be driven through the cyber security aspects rather than business continuity	College successfully completed its Dec 2022 Cyber security audit with no issues. Incident Response Policy Updated Pen testing to be reviewed and purchased in the next few months

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
9	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.3	That there is a failure to achieve high standards of learning and teaching.	4	2	8	8	→ 0	Impacts on the student experience, the college's reputation and Education Scotland risk ratings. Impacts on student recruitment leading to financial risk.	January 2023 First self-evaluation cycles completed and progress reviews have taken place. Ongoing engagement and campus visits from HMI. Audit cycle in train. Robust learner voice processes which are acted on promptly. April 2023 Evaluation process updated and self evaluation progress occurring. HMI Education Scotland visit took place in March 2023 which resulted in no main points for action. October 2023 Self Evaluation currently being written.	2	2	4	4	→ 0	October 2022 Mitigating actions in place. External assessors being used to assess Construction MAs, now part of the Quality Audit process to provide assurance that work is of a high standard and does not impact on direct claims status. April 2023 Education Scotland annual engagement visit report received which did not contain any main points of action. August 2023 Current challenges with missing outcomes due to ASOS, as yet there is not a national approach to ASOS, and there has been no communication from the Scottish Funding Council. The impact of this may mean that results nationally will not be available in March 2024 October 2023 Care will be the subject of a national thematic review in early 2024 by Education Scotland.	Annual Engagement Visit from Education Scotland taking place Feb 2023.
10	26/04/2021	2.1, 2.3, 2.6, 3.1, 3.3, 3.4	That there is a failure to provide an engaging and effective employee journey.	4	2	8	8	→ 0	Impact on the employee experience and could result in high turnover, high absence rates, disengagement, poor employee relations and industrial relations matters, poor performance of employees and subsequently a poor experience for students and negative impact on college reputation.	October 2022 Accreditations achieved to date include: Disability Confident Employer and Leaders in Diversity. The re-accreditations of Investors in People and We Invest in Wellbeing are currently being progressed; Ongoing review of the employee journey, process optimisation and automation. Consideration for a new HR System; Refreshed policies and procedures include: Attendance Management and Support Procedure; Disciplinary Procedure; Grievance Procedure and the Public Interest Disclosure Policy and Procedure. January 2023 Employee Journey being mapped out and associated procedures being drafted, with a view of lean process management and consideration of both automation and employee experience. People Managers being trained on disciplinary, grievance and investigations by ACAS. Review of payroll and pensions process. April 2023 The College now has We Invest in Well Being Platinum. August 2023 New integrated HR & Payroll system on track to be implemented in 2023. Pension reporting streamlined. October 2023 More resilience in HR team with regards to learning how to do payroll.	3	2	6	6	→ 0	The College is working on the implementation of a new HR system that will enhance experience, automate manual tasks. April 2023 New HR system is in the process of implementation.	College accreditations are being refreshed.
11	04/02/2022	2.1, 2.3, 2.5, 2.7, 3.1, 3.2, 3.4, 3.6 / Aim 1	That there is a failure to safeguard the health and wellbeing of staff and students.	3	3	9	9	→ 0	Impacts on the health and wellbeing of staff and students. This could result in high absence, disengagement and higher withdrawal rates for students. Risk of serious harm to the individual if the appropriate safeguarding action is not taken. This would significantly impact the student and staff experience leading to potential risk of legal action, complaints and having a negative impact on the college reputation.	August 2022 Ongoing effective development of safeguarding and health and wellbeing support for staff and students. Safeguarding / GBV Prevention / Corporate Parenting / Carers Support policies and procedures in place. Specialised staff in Student Services and HR responding to concerns or issues. Criminal Convictions and PVG is undertaken as part of the employee recruitment process. Safeguarding, Prevent and Corporate Parenting training is mandatory as part of the staff induction process. Safeguarding including Prevent, Corporate Parenting, Mental Health & Wellbeing information and videos part of the Learner Induction process. College Safeguarding Group is a cross-college group which has both student and staff membership - this group meets quarterly. GBV Prevention Strategy and Action Plan / Corporate Parenting Plan in place which is monitored by the Safeguarding Group. Other mitigations include:- •Student Support email address. Same day response, including responses to financial and emotional crisis support. •Guidance and support staff available on campus for in person support on same day appointment basis. •Staff are trained in Mental Health First Aid and ASIST •Dissemination and attendance of external safeguarding training opportunities, such as those provided by CDN, •Counselling Service for staff and students. •Weekly Yoga and Mindfulness classes for staff and students •Online Togetherall resource for staff and students •Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. •Guidance and support / line management staff available on campus for in person support on same day appointment basis. •Annual safeguarding, health and wellbeing calendar of events •College Mental Health Group and LGBT Champion Group in place •Peer support groups for staff and students April 2023 The new Safeguarding Policy and Procedure for staff and students has been updated and will go to the main board in June 2023.	3	2	6	6	→ 0	October 2022 Additional staff in Student Services to help support well-being. Student Support Strategy in progress. Remploy an organisation to facilitate staff return to work is now being used to support. "We invest in wellbeing" survey issued to staff as part of Investors in People application with action plan formulated to deal with results. August 2023 Funding approved by the SLT Trust (ALF) for two posts to support student and staff health and wellbeing. This is for Guidance & Support and Counselling. Pending SFC Mental Health Funds to support student health and wellbeing to be published for 2023-24. October 2023 ALF approved funding for soup and a sandwich, with a further bid being submitted to the October ALF meeting. Pop up second hand shop now open to support students.	
12	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.5, 2.6, 2.7, 3.1, 3.3	That the College cannot provide a robust learner experience supporting them onto their final destinations.	4	2	8	8	→ 0	Relates to application and recruitment experience, students not receiving the appropriate or accurate information or the necessary access to support such as financial or health and wellbeing. Recruitment impacted by outdated systems impacting the experience. Also any delays to bursaries, additional IT equipment and discretionary support may impact.	Applications are monitored by the Student Services Team, review of application and enrolment system in train. Financial and emotional support offered by the Team. Team undertake regular training to provide the best possible service and to keep up to date with changes. Power BI now being used for curriculum planning and to ensure a more efficient application process. Other mitigations include •Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. •Guidance and support staff available on campus for in person support on same day appointment basis. •Ongoing review of new Admissions electronic system to ensure smooth transition from application to enrolment. Additional work to be undertaken in this area via regular working group meetings. •Staff attendance at new Mental Health First Aid training, as provided by SLC. •Dissemination and attendance of external training opportunities, such as those provided by CDN, etc. •Review potential increase in counselling and guidance/support provision to ensure reduction in waiting times for emotional support. •Bursary software under review with developers. •Support being provided to SA including additional recruitment of new VP. •Provision of long term laptop loans via Library service to facilitate engagement in class and coursework. Reinforced links between the student association, class reps and quality team so directly links back to the learner More opportunities for students to undertake study skills in this academic year and it has now been introduced into twilight sessions. January 2023 Progressing students are due to be given a conditional offer in Feb 2023 for the first time. National Career Review may inform College's approach to IAG. Applications for 2023-24 due to open on 30th January 2023. August 2023 The vast majority of applications and students are progressed on a timely basis, however, further actions are being taken to ensure consistency across the college. Updated Student Association Student Mental Health Agreement (SMHA) produced.	3	2	6	6	→ 0	Additional central funding has been received to allow additional resources to be brought in to address particular issues that may be exacerbated due to the COVID pandemic. Website refresh now out to tender. Power BI being used to for applications and curriculum planning. Review taking place regarding staffing resources to meet student needs of financial and emotional support. This includes reviewing the possibility of additional recruitment within student funding, guidance and support, etc, including student placements for counselling. May 2022 Current strike action by EIS is having a negative impact on the learning experience. EQA activity at risk due to lecturers potentially not engaging and resulting learners as well. August 2022 Mitigating actions have allowed this risk to be reduced due to the completion of the key system updates, removal of barriers to progress and clearer focus on supporting students to achieve their destinations. October 2022 Work in progress on reviewing business support functions supporting the learner recruitment journey. January 2023 Longer term review required. October 2023 CEIAG workshops being delivered across all areas of the curriculum and more sessions being delivered by SDS in the College. Core skills project launched in August 2023 to support FT FE students in particular achieve a standard of literacy and numeracy.	
13	26/04/2021	3.1, 3.2, 3.4, 3.5, 3.6	That there is a failure of Corporate Governance arrangements	4	2	8	12	↑ -4	That the College would fail in its duties as a public body and charity to adhere to statutory expectations. Risk to business delivery, risk to reputation; risk to effective relations between SLC and NCL e.g. given journey towards dissolution and risk of distraction or tension and ensuing impact on operational delivery.	Effective training and development for all staff, including in relation to compliance; Effective T&D for the Board, given 10 new members, building on the recommendations of the EER and including consideration of culture and values of Board. Advice sought from appropriate bodies (SFC, IA, Good Governance Steering Group). Planning for the transition to dissolution will be important to ensure that we have the right systems, processes and relationships in place to take up position as a Regional college. Work already in train to identify agreed actions; SFC has established a liaison group involving themselves, Scottish Government and the two colleges. The Audit and Risk Committee are overseeing a formal, quarterly review of all audit recommendations on a rolling basis to ensure that all actions agreed are completed appropriately and according to timetable. October 2022 Government Improvement Plan signed off by the Board of Management and agreed to incorporate this into the usual Board of Management Evaluation and Enhancement Plan. Strategy Day held with the Board of Management on Risk and Equality and Diversity held in Sept 2022 External Auditors content that regional board members and/ staff attend committee meetings. April 2023 The AAR report stated that the College was now fully compliant with the Code of Good Governance for Scotland's Colleges as at July 2022. August 2023 Staggered appointment of new board members. October 2023 Appointed a new permanent Governance Professional in September 2023.	3	2	6	6	→ 0	Awaiting finalisation of Board member induction programme; Board discussion on SFC report to progress recommendations; Awaiting clarification from SFC/SG on timeframe for dissolution to allow for planning. Jan 2022 Governance Improvement Plan established post the SFC Governance review as well as input from internal auditors is now being actioned. May 2022 Board members have been inducted; Key policies have been updated, financial regulations and bribery have all been updated and approved by Committee. Disciplinary, capability and grievance also due to be signed off at next HR Committee meetings; Governance Improvement plan shows progress against key actions. Board strategy day planned for 16 May 2022; Acting Principal now in place until investigation has been resolved; Risk now of reputational damage due to increase in press coverage.; Challenges in recruiting key staff and risks around staff being able to leave for additional positions. August 2022 Strategy Day planned for August 2022; Clerk to the Board reviewed key documentation; New staff and student members appointed through the Clerk's successful recruitment; Significant progress made on Government Improvement and Management Response Plans; The College adheres strictly to the Code of Good Governance for Scottish Colleges. January 2023 To date corporate governance is robust, with no breach of the Code for the 2022-23 year. April 2023 AAR from external audit providers confirmed that College was compliant with the Code at July 2022 and at the date of signing of the accounts (April 2023) Audit of governance to be undertaken by Henderson Loggie in summer 2023 August 2023 5 new Board members appointed over the summer. Board Development day held in August to being strategic planning.	Acting Chair and Acting Principal in place. The latter of which has extensive experience of corporate governance and was part of the group responsible for the drafting and review of the Code of Good Governance for Scottish Colleges. Recommend decoupling corporate governance risk with the ongoing investigations. This would include: Reputational damage risk Financial Risk. Both the Clerk to the Board and the Chair of Audit and Risk Committee to be consulted. August 2023 Potential further organisational risk and adverse media due to activity following the investigation. Recruitment of senior roles within the college, provided feedback which demonstrated that candidates were not "put off" from working at the College.

Strategic Risk Register

Dated reviewed by Risk Management Group 26 October 2023
 Dated reviewed by SLT 31 October 2023
 Next date of review

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
14	24/01/2023	2.3, 3.2, 3.3	That there is a reputational risk to the College.	4	4	16	6	↓ 10	<ul style="list-style-type: none"> That potential students, staff or Board members are deterred from enrolling / joining the College. That the College suffers financial loss from a decrease in activity or loss of access to potential income streams. 	<ul style="list-style-type: none"> Staff development sessions on, for example, inclusiveness and diversity being part of mandatory training for staff; Regular staff meetings including annual all-staff conference; College has complaints procedure, clearly highlighted on website; Extensive governance training for senior staff and Board members being delivered as part of a rolling programme of development 	3	4	12	6	↓ 6	<ul style="list-style-type: none"> Strategy being developed to ensure that "good news" stories are gathered centrally and distributed accordingly, particularly via social media; The implications of impending decrease in allocation of central funding or activity to be managed accordingly in terms of publicity and student / staff perception and morale; Action plan being formulated to address issues raised in staff survey 	<p>October 2023 The new Marketing Manager starting in Nov 2023 will work on communication plan both internal and external.</p> <p>October 2023 College is aware of potential legal issues being raised which may impact on the reputation. Communication plan is being put in place to support.</p>
15	26/10/2023	2.6, 2.7, 3.1, 3.2, 3.4, 3.5, 3.6	That the College is not on track to meet the Scottish Government net zero targets.	3	3	9		New risk	<p>College has drafted a new Climate Change Emergency Action Plan, based on the Further and Higher Education road map, which will go to the Finance and Resources Committee on 27 November 2023</p> <p>College works very closely with the Energy Skills Partnership to deliver on national skills agendas.</p> <p>College submits the Public Body Climate Change report submitted annually and monitors data.</p>	<p>College has drafted a new Climate Change Emergency Action Plan, based on the Further and Higher Education road map, which will go to the Finance and Resources Committee on 27 November 2023</p> <p>College works very closely with the Energy Skills Partnership to deliver on national skills agendas.</p> <p>College submits the Public Body Climate Change report submitted annually and monitors data.</p>	3	2	6		New risk	<p>LED lighting replacement programme. The replacement of 1900 lights to LED fittings.</p> <p>Additional Solar Panels fitted. The PV system comprise of 300 panels to give an additional output of 150kW.</p> <p>Scottish Green Public Sector Estate Decarbonisation Scheme. The College has engaged with Matt MacDonald regarding pre capital works to investigate the Central Government Energy Efficiency Capital Grant Fund 2023/2024 to support the College journey to NET Zero.</p>	<p>Note the College was not built with net zero in mind so the College is working on finding solutions through the funding being offered by the Scottish Government to support with a fabric first approach.</p>

Risk Key
 Low 1-4
 Medium 5-11
 High 12-16

Risk Key
 1-4
 5-11
 12-16

FOR INFORMATION	
Meeting	Audit and Risk Committee
Title	Regional Strategic Risk Report
Presented By	Matthew Smith, Chief Transformation Officer
Author/Contact	Matthew Smith, Chief Transformation Officer, New College Lanarkshire
Date Presented	13 November 2023
Appendices Attached	Regional Strategic Risk Report
Disclosable under FOISA	No

1. Purpose

To advise the Audit and Risk Committee of strategic risks in the Lanarkshire region.

2. Background

The Regional Strategic Risk Register is a matrix which lists and ranks all identified risks and the results of their analysis, evaluation and treatment. The Register is a live document that is regularly reviewed and updated to respond to changing strategic environments.

3. Detail

The attached report provides an assessment of the current regional strategic risks for the Lanarkshire region. The report also contains the Regional Business Plan Risk Register.

4. Benefits and Opportunities

The benefit of the report is that all staff will be aware of the regional strategic risks.

5. Strategic Implications

Risk is analysed as the risk to the achievement of regional strategic objectives or Regional Outcome Agreement Outcomes.

6. Risk

There is no risk applicable to this report.

7. Financial Implications

There are no financial implications.

8. Legal Implications

There are no legal implications.

9. Workforce Implications

There are no workforce implications.

10. Reputational Implications

There are no reputational implications.

11. Equalities Implications

There are no equalities implications to this report.

Conclusions/Recommendations

1. Note the information contained within the report.

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Regional Business Plan Risk Register	
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Notes:

1. There are a total of 21 Strategic Risks logged as at RSRMG on 21 August 2023.

2. Risk Movements.

There is no change to 17 risks. Risk B - "Failure to manage budgets, processes and controls appropriately" moves from an original risk score of 4/4 to a revised score of 3/4. Risk X - "Risk of power failure to College buildings; power failure to infrastructure supporting the College; power failure to student/staff homes" - while this remains a risk, it was felt it was agreed that the risk likelihood should be reduced from 2 to 1 and the residual risk from 3 to 2. This will be kept under review. The risk treatments have been amended/updated for Risk F - "Local authority curriculum delivery variations with related funding/credit, structural and strategic implications" and Risk L - "Fauure to maintain and improve students retention and achievement". Everything else remains as is with these risks.

3. Six risks are above the committee's threshold level and therefore are subject to Control Action Planning and there have been no changes here since May 2023. These are:

- a) Financial : "A" Unable to maintain operating budget while delivering high quality, relevant and responsive education - very high (Above Amber [high] threshold)
- b) Financial: "D" Inability to secure appropriate levels of funding to respond to operational and strategic priorities - very high (Above Amber [high] threshold)
- c) Productivity : "H" Unable to deliver SFC Credits Targets - high (Amber [high] threshold)
- d) Student Experience : "L" Failure to improve student retention and achievement - medium (Yellow [medium] threshold)
- e) Governance: "J" Failure to establish and implement an effective regional governance model - medium (Above Green [low] threshold)
- f) Compliance : "V" Failure to hold and manage personal data appropriately in compliance with the requirements of the General Data Protection Regulations (GDPR) - low (Green [low] threshold)

4. SLC Risk register is attached

- a) There are a total of 15 risks logged. An increase of 1 since August 2023 - new risk "that the College is not on track to meet the Scottish Government net zero targets.
- b) One risk moves down - Risk 14 - "That there is a reputational risk to the College".
- c) One risk moves up - Risk 13 - "That there is a risk of Corporate Governance arrangements"
- d) The remaining 12 risks remain the same as the August 2023 register.

5. Escalation of Risks

None

6. Under observation / analysis

- a) Global Supply Chain Issues (including Brexit). Continuous monitoring of the costs of gas and electricity. Carbon management and sustainability.
- b) For Risk S - while our ongoing costs are very much and will continue to be, legal ones, these costs equate to less than a quarter of our overall expenditure to date on the cladding system.

7. Regional Business Plan Risk Register

This risk register is due for renewal in July 2023. A sub-group of the RSRMG is keeping it under review and will report back at a future meeting.

- a) There are a total of 10 risks logged.
- b) There are no risk movements.

REGIONAL STRATEGIC RISK REGISTER SUMMARY

Originating Reference	Rank	Ref to Regional Strategy	RISK DEFINITION Risk	RISK			RESIDUAL RISK			APPETITE		Control Action Plan? (Y/N)
				L	I	Total	L	I	Total	Risk Appetite Threshold	Trend	
FINANCIAL												
A	1	2.6; 3.4; 4.2; 4.3	Unable to maintain operating budget while delivering high quality, relevant and responsive education.	5	5	25	4	5	20	10-19	=	Y
D	2	2.6; 3.4; 4.2; 4.3	Inability to secure appropriate levels of funding to respond to operational & strategic priorities.	5	5	25	5	4	20	10-19	=	Y
B	6	2.6; 3.4; 4.2; 4.3	Failure to manage budgets, processes and controls appropriately.	3	4	12	3	4	12	10-19	=	N
C	13	1.1; 1.6; 1.7; 3.3;	Inability to secure sufficient student support funding.	3	4	12	2	3	6	10-19	=	N
S	5	3.4; 4.5	Failure of the external cladding system at the Motherwell Campus due to defects.	4	5	20	3	5	15	10-19	=	N
W	7	3.4; 4.5	Failure to adequately heat/light College buildings due to increase in energy costs.	4	5	20	3	4	12	4-9	=	N
TECHNOLOGY												
P	8	4.6; 4.7	Loss of data or ICT service due to cyber-attack.	3	4	12	3	4	12	10-19	=	N
O	14	4.3; 4.6; 4.7	Inability to invest in the development of management systems and technology.	3	2	6	3	3	9	10-19	=	N
CHANGE												
K	9	1.1; 3.1; 3.2	Inability to maintain quality standards.	4	4	16	3	4	12	10-19	=	N
F	10	1.3; 1.4; 2.4	Local authority curriculum delivery variations with related funding/credit, structural and strategic implications.	5	3	15	4	3	12	10-19	=	N
PRODUCTIVITY												
H	3	1.1; 3.1; 3.3; 4.3;	Failure to deliver SFC Credit targets.	5	5	25	4	4	16	4-9	=	Y
N	15	2.3; 2.5; 2.6; 3.5	Inability to invest in staff development to meet future strategic needs.	4	3	12	2	3	6	4-9	=	N
ENVIRONMENTAL												
M	16	3.4; 4.5; 4.6; 4.7	Catastrophic loss of building, infrastructure or utilities.	3	5	15	2	3	6	4-9	=	N
T	19	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	Disruption to College business due to Covid-19 pandemic.	1	3	3	2	2	4	4-9	↓	N
X	17	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	Risk of power failure to College buildings; power failure to infrastructure supporting the College; power failure to student/staff homes.	1	5	5	2	3	6	1-3		N
SOCIAL												
E	12	1.2; 1.3; 1.4; 2.4	Breakdown in positive relationships with stakeholders.	4	4	16	3	3	9	4-9	=	N
STUDENT EXPERIENCE												
L	4	1.1; 3.1; 3.2; 3.3; 4.2	Failure to maintain and improve students retention and achievement.	5	4	20	4	4	16	4-9	=	Y
COMPLIANCE												
G	20	2.6; 3.4; 4.2; 4.1; 4.3	Failure of adherence to the Financial Memorandum and associated legislative requirements as Regional Strategic Body with Regional Fundable Status.	3	3	9	1	3	3	4-9	=	

RISK DEFINITION				RISK			RESIDUAL RISK			APPETITE		
Originating Reference	Rank	Ref to Regional Strategy	Risk	L	I	Total	L	I	Total	Risk Appetite Threshold	Trend	Control Action Plan? (Y/N)
Y	11	3.4; 2.6; 4.7	Risk of failure of the Payroll system	4	5	20	2	5	10	4-9	=	
V	21	3.4; 2.6; 4.7	Failure to hold and manage personal data appropriately in compliance with the requirements of the General Data Protection Regulations (GDPR).	5	4	20	1	3	3	1-3	=	Y
GOVERNANCE												
J	18	3.1; 3.2; 3.4; 4.1	Failure to establish and implement an effective regional governance model.	3	4	12	2	3	6	1-3	=	Y

REGIONAL STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE		RISK SCORE			RISK TREATMENT			RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	Rank	Ref to Regional Strategy	Risk Description & Effect	Associated Risk Categories	Risk Appetite / Tolerance		Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently			Likelihood	Impact	Risk Level	Control Action Planning	Deadline	Risk Owner CAP Owner Reporting
FINANCIAL																		
A	1	2.6; 3.4; 4.2; 4.3	Unable to maintain operating budget while delivering high quality, relevant and responsive education. SG and SFC Funding cuts; inflation; utilities costs, reducing student numbers. Change in the value of a credit / rurality allocation; Effect of national pay bargaining being contrary with Regional model / affordability ; Ongoing impacts of the failures of due diligence associated with the merger of Coatbridge College and NCL ; Exposure to unidentified liabilities resulting in financial /reputational loss; Unable to deliver planned level of efficient learner activity ; Customer / learner dissatisfaction.	Productivity Student experience Reputational	Rating: Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure.		5	5	25	Optimise Credit and income stream cost control delivery; Optimisation of staffing requirements in line with Strategic Aims and Operational Plans; Continuous dialogue between executive, staff and the student body; Establishment, implementation and monitoring of Regional Planning; Ongoing planning dialogue with SFC; Lobbying through Principals' and Chairs' Forums;			4	5	20	CAP required to reduce risk exposure from Red (Very High) to Amber (High). Executive Board meeting regularly to respond to the impact of the funding cuts, inflation and the pandemic and the financial implications particularly cash flow. Advice and guidance from various external bodies and agencies is considered and actions taken as appropriate. Revision of operational and financial outlook and implications. Emergency student assessment procedures developed. Sub-group of Executive Board set-up and active.	CAP initiated now ongoing and overall reviewed by Executive Board	Risk Owner: Chief Financial Officer (NCL) / Head of Finance (SLC) CAP Owner: Exec Board (NCL) Reporting: Principal (NCL); Chair (RSB).
D	2	2.6; 3.4; 4.2; 4.3	Inability to secure appropriate levels of funding to respond to operational & strategic priorities. Business interruption; Failure to invest in infrastructure & technology; Inability to implement a planned maintenance program; Inability to perform reactive maintenance; Unable to improve & increase access to High Quality L&T environments; Unable to provide fit for purpose environments; Learner & Staff dissatisfaction; Unable to fund increase or decrease in workforce to deliver operational and strategic priorities; Unable to achieve non-SFC income targets due to Covid-19 pandemic and recovery; Unable to secure replacement funding for Employability Fund from SFC post March 2022; Unable to realise savings from the 2022 VS scheme.	Productivity Environment Student experience Technology	Reporting: Chair of the Regional Strategic Risk Management Group and Audit Committee.		5	5	25	Prioritise available funding to tackle statutory & essential planned, preventative & back-log maintenance. Utilise Procurement & Budgeting policies to ensure sound financial planning, monitoring & control. Work with stakeholders to ensure effective & efficient targeting of investment in the built environment & infrastructure. Estates Strategy & Operational Planning. Scenario planning.			5	4	20	CAP required to reduce risk exposure from Red (Very High) to Amber (High) Advice and guidance from various external bodies and agencies is considered and actions taken as appropriate. Lobbying of SG and SFC .	CAP initiated now ongoing and overall reviewed by Executive Board	Risk Owner: Chief Financial Officer (NCL) / Head of Finance (SLC) CAP Owner: Exec Board (NCL) Reporting: Principal (NCL); Chair (RSB).
B	6	2.6; 3.4; 4.2; 4.3	Failure to manage budgets, processes and controls appropriately. Lack of robust financial control frameworks / systems; Lack of financial awareness amongst managers ; Inability to plan spending; Inability to maintain cash flow Inefficiency / degradation of service; Lack of resources to meet customer needs; Increased need for internal & external audits; Failure to comply with financial legislation and regulations for procurement.	Productivity Student experience Reputational Governance			3	4	12	Regional Financial Memorandum; Budget processes; College process, systems, effective training and review etc.			3	4	12	Not Required at this time.	N/A	Risk Owner: Chief Financial Officer (NCL) / Head of Finance (SLC) CAP Owner: N/A Reporting: N/A
C	13	1.1; 1.6; 1.7; 3.3;	Inability to secure sufficient student support funding. SFC student support grant is insufficient; Unable to deliver planned level of learner activity; Customer / learner dissatisfaction; Perceived reputational damage.	Student experience Reputational	Rating: Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. Reporting: Chair of the Regional Strategic Risk Management Group and Audit Committee.		3	4	12	Y 15/16 significant increase in initial student support allocation now consolidated; Close management of delivery to target; Continuous dialogue between executive, staff and the student body; Authorisation to access cash by operating in deficit through the treatment of depreciation. Working with the SFC to enable effective utilisation of funds through virement.			2	3	6	Not Required at this time although pressure on Discretionary Funding and pressure building on providing digital devices to students (lower student numbers, hybrid model reduced pressure on bursary and childcare)	N/A	Risk Owner: Chief Financial Officer (NCL) / Head of Finance (SLC) CAP Owner: N/A Reporting: N/A

REGIONAL STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE	RISK SCORE			RISK TREATMENT	RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	Rank	Ref to Regional Strategy	Risk Description & Effect	Associated Risk Categories	Risk Appetite / Tolerance	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Control Action Planning	Deadline	Risk Owner CAP Owner Reporting
S	5	3.4; 4.5	Failure of the external cladding system at the Motherwell Campus due to defects. NCL liable for costs of repair and all legal fees. Physical harm to building users. Partial or full closure of teaching & workshop blocks. Financial impact / loss. Compensation claims / litigation. Failure to prove defects liability sits wholly or partially with construction contractor. NCL liable in full or in part for financial cost of replacement/rectification.	Environmental Reputational Student experience Compliance Social		4	5	20	Install debris netting to safeguard building users. Regular inspection and testing of cladding system by specialist contractors to determine ongoing safety & integrity and take actions where necessary. Engaged with Legal representatives (Lawyers and QC) with expertise in the field of construction law together with appointing construction material expert witnesses to assess defect issues and provide guidance on NCL exposure with a view to taking any necessary legal actions to defend NCL's position/provide for a suitable outcome. Scaffolding removed from exit routes on recommendation of Scottish Fire & Rescue as durability and safety of netting is maintained.	3	5	15	Not Required at this time in terms of making the building safe. Risk increasing of financial exposure as NCL continues to protect its exposure through legal means.	N/A	Risk Owner: Chief Financial Officer (NCL) / Chief Transformation Officer (CTO) CAP Owner: N/A Reporting: N/A
W	7	3.4; 4.5	Failure to adequately heat/light College buildings due to increase in energy costs. Potential increase of almost 250% in Gas prices and 42% increase in Electricity prices. Inability to provide heat and light in areas of the College. Inability to provide food/drinks for students.	Environmental Reputational Student experience Social		4	5	20	Approach SFC for additional funding to cover increased energy costs. Establish a SLWG to devise and implement an Energy Savings Plan for the College to reduce energy usage. Potential diversion of capital maintenance funding into revenue SLWG Energy Management meeting every two weeks during the winter months. Initiatives to reduce energy consumption developing with increased involvement and communications.	3	4	12	Not required at this time.	N/A	Risk Owner: Chief Financial Officer (NCL) / Head of Finance (SLC) CAP Owner: N/A Reporting: N/A
TECHNOLOGY															
P	8	4.6; 4.7	Loss of data or ICT service due to cyber attack. Limited or no access to ICT. Public facing website 'hijacked' and altered. Deletion of data. Data leak due to theft. Loss of trust with key stakeholders. Negative publicity.	Compliance Governance Reputational Productivity Environmental Social Student experience Financial International development Technology Change		3	4	12	Data backup and recovery procedure. System mirroring, resilience and failover for critical internal systems. Hardware and software monitoring and filtering. ICT system controls for authorised access. Multi-Factor Authentication for Staff and Admin accounts. Location based access controls. Firewall traffic blocking based on geographic location. Microsoft Azure Password Protection. JANET network monitoring. Anti-Virus scanning and vulnerability scans. Monthly external penetration testing on key public facing systems. Externally hosted services. Proactive monitoring of potential threats. Staff phishing awareness and training campaign. ICT staff cyber-security CPD. Simulated breach attack testing. Cyber-security standards accreditation.	3	4	12	Not Required at this time.	N/A	Risk Owner: Head of ICT Support Services (NCL) CAP Owner: N/A Reporting: N/A
O	14	4.3; 4.6; 4.7	Inability to invest in the development of management systems and technology. Student expectations of technology are not met. Service provision stagnates. Computer hardware / software not fit for purpose. Reliance on internal expertise to develop management systems. Succession planning. Inability to meet future reporting & monitoring requirements due to ageing technology.	Financial Change Productivity Student experience Reputational Compliance		3	2	6	Upgrade the wifi network infrastructure; Upgrade the LAN core switch at the Motherwell campus; Replace ISDN 30 telephone lines at Cumbernauld with SIP trunks; Upgrade 60 x classroom Audio Visual display panels (1st year of a 3 year program); Commission 4 x hybrid teaching rooms across the three main campuses;	2	3	6	Not Required at this time.	N/A	Risk Owner: Chief Transformation Officer & Head of ICT Support Services (NCL) CAP Owner: N/A Reporting: N/A
CHANGE															

REGIONAL STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE	RISK SCORE			RISK TREATMENT	RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	Rank	Ref to Regional Strategy	Risk Description & Effect	Associated Risk Categories	Risk Appetite / Tolerance	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Control Action Planning	Deadline	Risk Owner CAP Owner Reporting
K	9	1.1; 3.1; 3.2	Inability to maintain quality standards. Failure of External Audit/Inspection Inability to meet awarding body quality assurance requirements. Reduction in Learner Retention and Success indicators Learner dissatisfaction Decrease in morale and motivation	Student experience Reputational		4	4	16	Completing Review and updating of Quality Policies and Procedures. Audit scrutiny by Internal Audit Teams, Maintenance of high-profile Learner Engagement activities, Annual curriculum evaluation and quality Improvement planning processes. Monitoring of learner perceptions through surveys and focus groups. Embedding of Quality Officers with Departments. Informed Heads of the Register of Policies & Procedures so that these can be re-written in line with the College's format and include EQJA and DPIA screening process. Informed whole College of the new Activity Calendar which sets out timing requirements throughout the academic year.	3	4	12	Not Required at this time.	N/A	Risk Owner: Assistant Registrar (Quality) (NCL) CAP Owner: N/A Reporting: N/A
F	10	1.3; 1.4; 2.4	Local authority curriculum delivery variations with related funding/credit, structural and strategic implications. Loss of sources of funding; Inability to deliver schools and DYW objectives; Inability to deliver community projects in partnership. Reduction in demand for Foundation Apprenticeships. Reduction in the offering of schools activity from Local Authority impacts on College ability to deliver SFC Credit targets.	Financial Student experience Reputational		5	3	15	Changes to funding sources, No One Left Behind and UK Shared Prosperity Funds-allocation of funding is via a local commissioning and grant approach. NCL has secured £75k of NOLB funding under NLC's 23/24 fund with a further phase of funding currently open for application specifically to support parents into employment. SLC will put their NOLB funding opportunities out to procurement and we currently await further information. In AY22/23 we received £7k of funding to support delivery of activity under Multiply. A further £22k is forecast for AY23/24. The Dean for Learning and Teaching is in continued discussions with NLC regarding additional funding under UKSPF to further progress the SMART Hub Lanarkshire initiative (estimated £300k). Regional allocation of FWDF for AY23/24 we await an update from Scottish Government/SFC as to FWDF funding for AY23/24. A further £40,911 of funding was secured under the AY22/23 FWDF with delivery continuing to December 2023 There is a strong Schools College Partnership offering learning opportunities to circa 1000 school pupils in AY 23/24 from North and South Lanarkshire Council The newly approved Community Education Strategy and the Employer Engagement Strategy will inform how funds can be allocated to address employer and community needs NCL will continue to review its portfolio, offering to identify opportunities to support engagement with the Local Authority through the provision of short programmes.	4	3	12	Not Required at this time.	N/A	Risk Owner: Assistant Principal (Education & Student Success) (NCL) / Head of Finance (SLC) CAP Owner: N/A Reporting: N/A

REGIONAL STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE		RISK SCORE			RISK TREATMENT			RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	Rank	Ref to Regional Strategy	Risk Description & Effect	Associated Risk Categories	Risk Appetite / Tolerance	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Control Action Planning	Deadline	Risk Owner CAP Owner Reporting			
PRODUCTIVITY																		
H	3	1.1; 3.1; 3.3; 4.3;	Failure to deliver SFC Credit targets. inability to deliver ESF credits due to core target shortfall. Clawback of ESF funding due to requirement for 'wet' signatures. Loss of funding from public sources; Loss of reputation from customer, learner, stakeholder, partner perspective; Staff jobs at risk; Deterioration of staff morale and positive organisation culture; Deterioration of individual staff and team Performance.	Financial Student experience Reputational Social	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	5	5	25	Lanarkshire Regional Strategy; Regional Strategic Risk Management Strategy & Framework; Lanarkshire Regional Outcome Agreement; Fed-Online performance monitoring system; RSB Committee monitoring; College planning frameworks; College performance management frameworks. Increased winter student recruitment campaign; Work with partners across Lanarkshire to support staff training;	4	4	16	CAP required to reduce risk exposure from Amber (High) to yellow (medium) Direct engagement with SFC, and monitored regularly through ROA Manager. Alternative options for additional Credit delivery. Access to the Job Retention Scheme to offset to income loss. Take advice from the SFC letters to Colleges in order to maximise Credit delivery. Lobby SFC/SG to change requirements for 'wet' signatures on documentation.	CAP initiated now ongoing and reviewed quarterly by RSRMG	Risk Owner: Chief Transformation Officer (NCL) / DP (SLC) CAP Owner: Chief Transformation Officer (NCL) Reporting: Principal (NCL); Chair (RSB).			
N	15	2.3; 2.5; 2.6; 3.5	Inability to invest in staff development to meet future strategic needs. Unable to achieve individual and institutional aspirations and success. Loss of reputation for having skilled staff. Decrease in morale and motivation. Inability to maintain and facilitate added value activities via teaching staff remission	Student experience Reputational Social	Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	4	3	12	We are reviewing the processes for evaluating professional learning requests – with a particular focus on external requests. This is aligned to improving clarity and ensuring best value. We continue to engage with stakeholders e.g. Trade Unions, EB, staff across the college on relation to all aspects of professional learning activity and infrastructure developments. We are working to enable the sharing of professional practice across the college and as part of this are currently focussed on developing leadership infrastructure. Ensuring effective and robust PDD process in place	2	3	6	Not Required at this time.	N/A	Risk Owner: Dean for Staff Development Academy (NCL) CAP Owner: N/A Reporting: N/A			
ENVIRONMENTAL																		
M	16	3.4; 4.5; 4.6; 4.7	Catastrophic loss of building, infrastructure or utilities. Potential College shut down. Loss of access to key assets. Disatisfied Learners, customers, staff. Disruption to timetables and loss of continuity. Financial impact / loss. Compensation claims / litigation. Fines/penalties.	Financial Reputational Productivity Student experience Compliance Social Technology International development Change	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	3	5	15	There is an overall reduction in the COVID risk and both National and Regional level with COVID mitigation measures decreasing. The likelihood of another lockdown is now unlikely. Albeit we may experience small clusters across campuses were classes may be disrupted. Business Continuity Plans are in place. ICT provisions for remote working and delivery of teaching and learning. Health & Safety policy and procedures. Insurance. Risk management and risk assessments. Communications plan. Coronavirus Response Group. Statutory inspection and general maintenance of buildings. Scenario planning. UK Government and Scottish Government advice. Awarding body advice. Remote delivery of learning and teaching. Media reports on the likelihood of national grid blackouts in January and February, the risk is low, The National Grid have suggested this may be confined to between 4 and 7pm. Preparation is ongoing/heightened during the coldest days. Ongoing emergency procedure scenario planning (Evening Evacuation Drills). Winter grounds preparedness procedures in place.	2	3	6	Not Required at this time.	N/A	Risk Owner: Head of Estates (NCL) CAP Owner: N/A Reporting: N/A			
T	19	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	Disruption to College business due to Covid-19 pandemic. Closure of campuses. National or regional 'lockdown' restriction measures. Disruption to learning and teaching. Disruption to student examinations. Possible loss of life. Inability to access on-site resources (e.g. ICT, student portfolios) Unable to fulfil activity targets (e.g. Credits, commercial, SDS) Loss of income. Disruption to student recruitment.	Financial Reputational Productivity Student experience Compliance Social Technology International development Change	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	1	3	3	There is an overall reduction in the COVID risk and both National and Regional level with COVID mitigation measures decreasing. The likelihood of another lockdown is now unlikely. Albeit we may experience small clusters across campuses where classes may be disrupted. Business Continuity Plans are in place. ICT provisions for remote working and delivery of teaching and learning. Health & Safety policy and procedures. Insurance. Risk management and risk assessments. Communications plan. Coronavirus Response Group.	2	2	4	No CAP required at this time	N/A	Risk Owner: Assistant Registrar - Health, Safety & Wellbeing (NCL) CAP Owner: Exec Board (NCL) Reporting: Principal (NCL); Chair (RSB).			

REGIONAL STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE	RISK SCORE			RISK TREATMENT	RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	Rank	Ref to Regional Strategy	Risk Description & Effect	Associated Risk Categories	Risk Appetite / Tolerance	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Control Action Planning	Deadline	Risk Owner CAP Owner Reporting
X	17	1.1; 1.2; 1.4; 1.5; 2.6; 3.3; 3.5	Risk of power failure to College buildings; power failure to infrastructure supporting the College; power failure to student/staff homes.	Financial Student experience Reputational Social Technology	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	1	5	5	Planned Maintenance Programme Statutory Fixed Wiring Testing (EICR) Authorised Access to equipment and switchgear Robust procurement and supply partnerships (Energy) On campus ancillary back up power for essential services Retained contractors for reactive and planned maintenance works Motherwell and Cumbernauld have UPS batteries for the servers but these are only capable of providing power for 20 – 30 minutes. Motherwell and Coatbridge also have UPS units in place but again, these are only capable of sustaining power for around 15mins to half an hour and there main purpose is to protect the equipment from surges On-site technical support and management Regular planned contractor maintenance visits scheduling and monitoring BEMS (Building and Energy Management Systems) across all areas. Individual UPS back up on some systems (Fire, Intruder, Emergency Lights), which are for data loss protection and 30mins duration	2	3	6			Risk Owner: Chief Transformation Officer, Head of ICT Support Services, Head of Estates (NCL) CAP Owner: Exec Board (NCL) Reporting: Principal (NCL); Chair (RSB).
E	12	1.2; 1.3; 1.4; 2.4	Breakdown in positive relationships with stakeholders. Loss of strong relationships with key stakeholders e.g. North Lanarkshire Council, East Dunbartonshire Council, Education Scotland, Scottish Funding Council; Reduction in Learner recruitment; Loss of commercial business; Loss of funding / financial income; Impact on individual staff and team perceptions caused by pressures associated with the implementation of change.	Financial Student experience Reputational Social	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Risk Management Group / Executive Board.	4	4	16	Implement effective Internal and External Communications Strategy; Use of MyNCL to provide good communication with students. Proactive monitoring of customer, learner, stakeholder, and partner perceptions; Utilisation of PR expertise; Regular meetings with trade unions; Currently there is a restructure of professional services, this includes a restructure of the Business Development Directorate which is complete. This Directorate has been rebranded as The Professional and Work Based Directorate. Within this Directorate, new job roles - Professional and Work Based Officers have been created which will maximize opportunities for employer engagement and ultimately work/placement experience for learners. The Board of Management has supported the employer engagement plan. Here, themed employer engagement events will commence in January 2023 and an Employer Board will be set up in the Spring of 2023.	3	3	9		N/A	Risk Owner: College Registrar (NCL) / DP (SLC) (SLC) CAP Owner: N/A Reporting: N/A
STUDENT EXPERIENCE															
L	4	1.1; 3.1; 3.2; 3.3; 4.2	Failure to maintain and improve students retention and achievement. Poor early retention resulting in low PIs and subsequent funding implications. Low PI's impacting on reduced numbers of students progressing to next level of study and students progressing into employment Damage to reputation within the sector and industry. Deferral of students due to Covid-19 pandemic, results in a negative impact on student performance.	Financial Reputational Social	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategy Risk Management Group / Executive Board.	5	4	20	<ul style="list-style-type: none"> An Education Strategy which provides a framework for staff to refresh their focus on transforming the curriculum. Developed units which will be SCQF levelled to improve retention- Professional Practice and Unit Writing A robust action plan to improve retention, attainment and progression NCL has established a Retention and Attainment Group to focus on KIs Invested in a different approach to student induction this includes team building exercises to enhance student engagement and provide a settling in period for students Engaged in a spotlight on curriculum and spotlight on quality to improve quality enhancement and KPIs An employer engagement strategy to increase placement experience for opportunities for students, staff and employer engagement in curriculum design Has a revised its L&T group's terms of reference to include the use of evidence-based research to inform innovation in L&T, feedback and assessment. Has revised the way in which it carries out course/curriculum review to support leadership for learning, action planning for improvement and an evidence base via you said we did opportunities Provided opportunities for students to carry out end of unit evaluations to improve KPIs 	4	4	16	CAP required to reduce risk exposure from Amber (High) to yellow (medium) Establishment of Strategy Prioritisation group of the EB; A range of action plans being established at College and departmental level (NCL). Use of SFC Sustainability funding to ensure deferral activity is minimised. Heads of Department and Heads of Professional Services have completed their self-evaluation, and operational plans focusing on strategy 2025 An action plan is in place to address areas for improvement- this will be presented to Education Scotland at the Progress review visit in December 22.	CAP initiated now ongoing and reviewed quarterly by RSRMG	Risk Owner: Assistant Principal (Education & Student Success) (NCL) CAP Owner: Assistant Principal (Education & Student Success) (NCL) Reporting: Principal (NCL); Chair (RSB).

REGIONAL STRATEGIC RISK REGISTER

REFERENCE		RISK DEFINITION			RISK APPETITE		RISK SCORE			RISK TREATMENT		RESIDUAL RISK SCORE			CRITICAL RISK ACTION		RISK OWNER
Originating Reference	Rank	Ref to Regional Strategy	Risk Description & Effect	Associated Risk Categories	Risk Appetite / Tolerance	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	Likelihood	Impact	Risk Level	Control Action Planning	Deadline	Risk Owner CAP Owner Reporting		
COMPLIANCE																	
G	20	2.6; 3.4; 4.2; 4.1; 4.3	Failure of adherence to the Financial Memorandum and associated legislative requirements as Regional Strategic Body with Regional Fundable Status. Scottish Government / SFC pressure Breach of the Lanarkshire Order. Failure of adherence to the Financial Memorandum Additional compliance burdens placed upon Lanarkshire Board / SLC BoM. Additional compliance burdens placed upon Regional College staff. Damaged relationship between Regional College and Assigned College. Loss of reputation.	Productivity Reputational Governance	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group / Executive Board.	3	3	9	Financial Memorandum between the RSB and SL College. Presentation of SLC Board papers to the RSB. Alignment of key strategies and policies - Regional College and Assigned College. Lanarkshire Board / SLC BoM and Committees' Terms of Reference; Audit and Risk Committee and Finance Committee monitoring; Independent, internal audit; SFC Review; Processes around distribution of cash between Regional College and Assigned College fully embedded. Internal auditors have a brief to undertake a specific internal audit review of Regional Governance	1	3	3	Not Required at this time.	N/A	Risk Owner: Chief Financial Officer (NCL) / Head of Finance (SLC) Reporting: Principal (NCL); Principal (SLC); Chair (RSB).		
Y	11	3.4; 2.6; 4.7	Risk of failure of the Payroll system due to on-going issues and concern around a single point of failure	Financial Compliance Reputational	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group / Executive Board.	4	5	20	The payroll team are being supported by ICT to ensure the necessary files can be created and sent each month and that all staff are paid on time. A working group has been established to consider a new HR system for the College including a new, simplified payroll system.	2	5	10					
V	21	3.4; 2.6; 4.7	Failure to hold and manage personal data appropriately in compliance with the requirements of the UK General Data Protection Regulations (UKGDPR).	Financial Compliance Reputational	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group / Executive Board.	5	4	20	In response to the Audit by Wylie & Bisset (of Feb 2022) an action plan has been developed to address all of the 8 recommendations. A response to these recommendations has been to the Audit & Risk Committee of the Regional Board. The actions will be implemented and reviewed. Progress to date includes completion of the accountability tracker, along with the development and rollout of data protection training for all staff. The inaugural meeting of the newly formed Information Governance Group is set to take place on 1st Sept.	1	3	3	CAP required to ensure the recommendations are addressed. These are (HIGH) policies and procedures, data sharing agreements and data cleansing exercise. MEDIUM risks are: UKGDPR management oversight and board reporting, data subject rights, ICO accountability tracker, privacy notices and training. Progress on the CAP will be reported on quarterly.	CAP initiated now ongoing and reviewed quarterly	Risk Owner: College Registrar; CAP Owner: College Registrar; Reporting: College Registrar		
GOVERNANCE																	
J	18	3.1; 3.2; 3.4; 4.1	Failure to establish and implement an effective regional governance model. Failure to meet SFC's expectations expressed in their "Governance checklist"; Failure of due diligence by the RSB / failure of good governance;	Financial Reputational Compliance	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group / Executive Board.	3	4	12	Lanarkshire Board action plan in response to SFC's requirements for RSBs; Access to CPD for regional board members; Lanarkshire Regional Board's Committee monitoring and support framework. SLC Governance Improvement Plan 2021 -22	2	3	6	Commissioned internal audit providers to cover Regional governance annually in their programme of work.	CAP initiated now ongoing and reviewed quarterly	Risk Owner: Deputy Principal (Students and Curriculum) (NCL) / DP (SLC) CAP Owner: Chief Financial Officer (NCL) / Hof Finance (SLC) Reporting: Principal (NCL); Principal (SLC); Chair (RSB).		

REGIONAL STRATEGIC RISK APPETITE

	Low			Medium					High									Very High						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Compliance	←————→																							
Governance	←————→																							
	<p>Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategic Risk Management Group / Senior Management Team.</p>			<p>Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include a Control Action Plan as well as Risk Control Measures to be applied. Reporting: To Principals and RSB.</p>					<p>Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include an Control Action Plan as well as Risk Control Measures to be applied. Reporting: To Principals and RSB.</p>									<p>Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include an Control Action Plan as well as Risk Control Measures to be applied. Reporting: To Principals and RSB.</p>						
Reputational	←————→			←————→																				
Productivity	←————→			←————→																				
Environmental	←————→			←————→																				
Social	←————→			←————→																				
Student experience	←————→			←————→																				
	<p>Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategic Risk Management Group / Senior Management Team.</p>			<p>Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategic Risk Management Group / Senior Management Team.</p>					<p>Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include an Control Action Plan as well as Risk Control Measures to be applied. Reporting: To Principals and RSB.</p>									<p>Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include a Control Action Plan as well as Risk Control Measures to be applied. Reporting: To Principals and RSB.</p>						
Financial	←————→								←————→															
International development	←————→								←————→															
Technology	←————→								←————→															

Change				
	<p>Rating: Acceptable level of risk subject to regular Routine Monitoring.</p> <p>Reporting: Regional Strategic Risk Management Group / Senior Management Team.</p>	<p>Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring</p> <p>Reporting: Regional Strategic Risk Management Group / Senior Management Team.</p>	<p>Rating: Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure.</p> <p>Reporting: Chair of Risk Management Group and Audit Committee of the BoM.</p>	<p>Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include a Control Action Plan as well as Risk Control Measures to be applied.</p> <p>Reporting: To Principals and RSB.</p>

REGIONAL STRATEGIC RISK PROFILE & SCORING

Likelihood	Risk Profile					
Very high (76% or more chance of occurring within the next 12 months)	5	5	10	15	20	25
High (51-75% chance of occurring within the next 12 months)	4	4	8	12	16	20
Likely (26-50% chance of this occurring within the next 12 months or is likely to occur at least once every 1 to 3 years)	3	3	6	9	12	15
Possible (6-25% chance of this occurring within the next 12 months or is likely to occur at least once within the next 3 to 10 years)	2	2	4	6	8	10
Remote (1-5% chance of occurring within the next 12 months or may occur in at least 10 years time)	1	1	2	3	4	5
Multiplier	1	2	3	4	5	
Impact on achieving objectives	Negligible impact	Minor impact	Moderate impact	Major impact	Catastrophic impact.	

Assessing Overall Risk And Risk Threshold		
Risk Level	Score	Risk Level Description
Very High	20-25	Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include a Control Action Plan as well as Risk Control Measures to be applied.
High	10-19	Rating: Manageable level of risk which requires Risk Control Measures to be put in place to reduce exposure. Reporting: Chair of the Regional Strategic Risk Management Group and Audit Committee.
Medium	4-9	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategic Risk Management Group / Senior Management Team.
Low	1-3	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group Risk Management Group / Senior Management Team.

	Negligible impact	Minor impact	Moderate impact	Major impact	Catastrophic impact.
Finance	e.g. Loss of income inc. associated costs of up to £100,000	e.g. Loss of income inc. associated costs of between £100,000 and £500,000	e.g. Loss of income inc. associated costs of between £500,000 and £1,000,000	e.g. Loss of income inc. associated costs of between £1,000,000 and £2,000,000	e.g. Loss of income inc. associated costs of more than £2,000,000
Staff	e.g. limited staff lost, on-going absenteeism	e.g. loss of a number of key staff, health / illness, shrinking skilled labour market	e.g. significant loss of key staff, defection to competitor, strike action, drop in morale due to new delivery issues	e.g. loss of key staff, mass defection to competitor, lengthy strike action, drop in morale due to loss of key staff	e.g. loss of large numbers of key staff due to severe epidemic ; very long strike action
Service	e.g. small fall in service levels, some minor quality standards are not met	e.g. moderate fall in service levels, major partner relationships strained	e.g. significant fall in service levels, serious strain on learner relationship	e.g. significant fall in service levels, deterioration in academic standards, learner dissatisfaction	e.g. catastrophic fall in service levels, significant loss of learner nos, failure of academic standards

Stakeholder	e.g. Affects only one group of stakeholders with minimum impact on performance	e.g. Affects more than one group of stakeholders but only short-term impact on reputation	e.g. Affects more than one group of stakeholders with widespread medium-term impact on reputation	e.g. Affects a significant number of major stakeholders with long-term impact on reputation	e.g. Affects all major stakeholders with long-term impact on public memory causing damage to reputation
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REGIONAL BUSINESS PLAN RISK REGISTER - UPDATED INTERIM May 2023

REFERENCE		RISK DEFINITION			RISK SCORE		RISK TREATMENT			RESIDUAL		OWNER	OWNER	Trend	Strategic Risk		
Originating Reference	Rank	Business Plan Objective	Category	Risk Description & Effect	Likelihood	Impact	Risk Level	Controls, Risk Mitigation and Monitoring Arrangements in Place Currently			Likelihood	Impact	Risk Level	Risk Admin	Risk Owners		Reference to Strategic Risk Register
A	1	Ensure efficient workforce deployment	Financial	Inability to achieve staff reduction targets.	5	5	25	SFC Cashflow Support Staff consultation process. Staff communications strategy. Continuing dialogue with SFC colleagues. Staff severance strategy. Monitoring of temporary staff contracts. BP monitoring and review. BoM subcommittee monitoring and review.	5	4	20	Chief Financial Officer	Executive Board; Deans; College Registrar; Project leads; BoM Sub-com Chairs.	=	Risk D		
B	2	Ensure efficient workforce deployment	Financial	Inability to achieve required levels of learner early retention.	5	4	20	SFC Cashflow Support Business Plan monitoring and review. SG Retention and Attainment initiative. Pre-enrolment programme. Retention & Achievement Group activity. Operational plan priorities & monitoring.	4	4	16	AP : ESS	Executive Board; Deans; Chair of CSAO sub-com.	=	Risk L		
C	3	Deliver a high quality relevant curriculum with high levels of outcomes for students	Learner experience	Inability to deliver SG targets and objectives including MD10 tgts; ASN provision; delivery to priority industries; STEM; schools activity at historic levels.	4	4	16	Curriculum planning to reflect efficient delivery project; Learner retention & outcomes project; Quality of learning and teaching project.	3	4	12	AP : ESS	Executive Board; Deans; Chair of CSAO sub-com.	=	Risks F, H & L		
D	4	Deliver a high quality relevant curriculum with high levels of outcomes for students	Learner experience	Delivery standards fall as a result of industrial unrest and a deterioration of positive staff - learner interaction. Resulting in poor learner retention and achievement.	4	4	16	Staff consultation process. Staff communications strategy. Curriculum planning to reflect efficient delivery project. Learner retention & outcomes project. Quality of learning and teaching project. BoM subcommittee monitoring and review.	3	4	12	AP : ESS	Executive Board; Deans; Chair of CSAO sub-com.	=	Risks L & E		
E	5	Ensure efficient workforce deployment	Productivity: Social;	Deterioration of industrial relations and staff morale resulting in actions including strike	4	4	16	Staff consultation process. Staff communications strategy. Organisational development project; workforce plan projects. BoM subcommittee monitoring and review.	3	4	12	College Registrar	Principal; Executive Board; HR Man; Chair of RGP sub-com.	=	Risk E		
F	6	Ensure efficient workforce deployment	Financial	Inability to achieve required average class group size.	4	4	16	Curriculum planning to reflect efficient delivery project. Learner retention & outcomes project. of Course Efficiency Tool Quality of learning and teaching project. Pre-enrolment programme. Retention & Achievement Group activity. Operational plan priorities & monitoring.	3	4	12	AP : ESS	Executive Board; Deans; Chair of CSAO sub-com.	=	Risk A		
H	7	Provide financial sustainability	Financial	Unable to maintain sufficient cash flow resulting in inability to deliver projects in line with business plan requirements.	4	4	16	Business Plan. SFC assurance of cash flow support. Financial analysis and planning project.	3	4	12	Chief Financial Officer	Executive Board; Chair of Finance sub-com.	=	Risk A		
G	8	Deliver a high quality relevant curriculum with high levels of outcomes for students	Learner experience	Learner satisfaction falls as a result of industrial unrest and a deterioration of positive staff - learner interaction	3	4	12	Communications strategy. Student association engagement. SFC SSES survey to monitor satisfaction levels.	1	4	4	AP : ESS	Executive Board; Chair of CSAO sub-com.	=	Risk E		
I	9	Provide financial sustainability	Financial	Unable to achieve sufficient surplus position within the FFR period resulting in inability to payback any funding advance.	2	3	6	Business Plan. BP Project Streams and project monitoring and review. Senior Budget Monitoring Group	1	3	3	Chief Financial Officer	Executive Board; Chair of Finance sub-com.	=			
J	10	Achieve required levels of productivity (Credit delivery)	Social	Reduced activity within targeted curriculum areas as a result of inability to operate at required efficiency levels.	2	3	6	Business Plan. Recruitment & enrolment project. Curriculum planning project. Learner retention & outcomes project.	1	3	3	Chief Transformation Office	Executive Board; Chief Transformation Officer; Chair of CSAO sub-com.	=	Risk H		

REGIONAL BUSINESS PLAN RISK PROFILE & SCORING

Likelihood	Risk Profile					
Very high (76% or more chance of occurring within the next 12 months)	5	5	10	15	20	25
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Likely (26-50% chance of this occurring within the next 12 months or is likely to occur at least once every 1 to 3 years)	3	3	6	9	A 12 D C E H	15
Possible (6-25% chance of this occurring within the next 12 months or is likely to occur at least once within the next 3 to 10 years)	2	2	4	6	G 8 F	10
Remote (1-5% chance of occurring within the next 12 months or may occur in at least 10 years time)	1	1	2	I J 3	4	5
Multiplier		1	2	3	4	5
Impact on achieving objectives		Negligible Impact	Minor impact	Moderate impact	Major impact	Catastrophic impact.

Assessing Overall Risk And Risk Threshold		
Risk Level	Score	Risk Level Description
Very High	20-25	Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include a Control Action Plan as well as Risk Control Measures to be applied.
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Medium	4-9	Rating: Acceptable level of risk exposure subject to regular Targeted Monitoring. Risk Control Measures may be required in support of active monitoring Reporting: Regional Strategic Risk Management Group / Senior Management Team.
Low	1-3	Rating: Acceptable level of risk subject to regular Routine Monitoring. Reporting: Regional Strategy Risk Management Group Risk Management Group / Senior Management Team.

	Negligible Impact	Minor impact	Moderate impact	Major impact	Catastrophic impact.
Finance	e.g. Loss of income inc. associated costs of up to £100,000	e.g. Loss of income inc. associated costs of between £100,000 and £500,000	e.g. Loss of income inc. associated costs of between £500,000 and £1,000,000	e.g. Loss of income inc. associated costs of between £1,000,000 and £2,000,000	e.g. Loss of income inc. associated costs of more than £2,000,000
Staff	e.g. limited staff lost, on-going absenteeism	e.g. loss of a number of key staff, health / illness, shrinking skilled labour market	e.g. significant loss of key staff, defection to competitor, strike action, drop in morale due to new delivery issues	e.g. loss of key staff, mass defection to competitor, lengthy strike action, drop in morale due to loss of key staff	e.g. loss of large numbers of key staff due to severe epidemic ; very long strike action
Service	e.g. small fall in service levels, some minor quality standards are not met	e.g. moderate fall in service levels, major partner relationships strained	e.g. significant fall in service levels, serious strain on learner relationship	e.g. significant fall in service levels, deterioration in academic standards, learner dissatisfaction	e.g. catastrophic fall in service levels, significant loss of learner nos, failure of academic standards
Stakeholder	e.g. Affects only one group of stakeholders with minimum impact on performance	e.g. Affects more than one group of stakeholders but only short-term impact on reputation	e.g. Affects more than one group of stakeholders with widespread medium-term impact on reputation	e.g. Affects a significant number of major stakeholders with long-term impact on impact on reputation	e.g. Affects all major stakeholders with long-term impact on public memory causing damage to reputation

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
1	26/04/2021	3.1, 3.5, 3.6	That the College cannot maintain financial stability	4	3	12	12	→ 0	That the College would not be able to meet its financial obligations and /or that investment in student activity could not be maintained to an appropriate level.	Jan 2023 Awaiting indicative funding for the next academic year in March 2023. Indications are flat cash funding scenarios relating a real cut. Value for Money Group meeting on 25th January 2023. Apr 2023 Value for Money Group focus on staffing efficiencies and more robust Curriculum Planning model for 2023/24. Flat cash Grant in Aid settlement confirmed, but with additional cut in activity & funding for the Region. June 2023 "Flat cash" settlements for 2024/25 and 2025/26 confirmed by SFC. Board approved a deficit budget for 2023/24 only. Management working towards balanced budget.	4	3	12	12	→ 0	January 2023 College has to continue working to make efficiencies and savings. April 2023 Indicative grant in aid allocation received; expectation of flat cash settlement confirmed. Budgeting exercise already commenced on this assumption. August 2023 Curriculum Planning model being used to monitor staffing. Improved and enhanced budget monitoring procedures being introduced for 2023/24. October 2023 On track to meet credit target for 2023-24.	January 2023 Await update from the Value Money group on 26 January 2023 April 2023 Indicative grant in aid allocation received; expectation of flat cash settlement confirmed. Budgeting exercise already commenced on this assumption. August 2023 Staffing budget linked to Curriculum Plan, which will increase efficiency and improve staff utilisation.
2	26/04/2021	3.1, 3.2, 3.5, 3.6	That there is a failure of financial controls	4	2	8	8	→ 0	Insufficient or incorrect information available to senior management and the Board of Management; potential for fraud.	August 2023 Finance Dept team enhanced with permanent appointment of Management and Financial Accountants. Additional support re Procurement from APUC until June 2024. Extensive work has been undertaken in conjunction with Governance Professional to update policies and procedures. Review of timetable of activities of the Audit and Risk Committee and Finance and Risk Committee now drawn up. Additional work has been undertaken by internal audit service on policies and procedures in 2022/23 and 2023/24.	3	2	6	6	→ 0	Closer scrutiny of previous internal audit recommendations, both via senior management and the Audit and Risk Committee. Introduction of new approach to control, assurance and risk management arrangements. April 2023 Review of governance to be undertaken by internal auditors in summer of 2023 August 2023 Pay controls in place, not replacing staff who have left the organisation, allowed for curriculum adjustments to be made, curriculum staff redeployed to other areas should there be overstaffing. Consideration given when staff leave whether this replacement needs to be FT, PT or whether it is needed. Curriculum Plan is very tightly planned, with finance and curriculum teams working together to prepare budgets for the year. October 2023 Audit Scotland audit in progress currently with no concerns raised to date.	Introduction of formal ARC monitoring on an ongoing basis. August 2023 Positive follow up Section 22 review by Scottish Parliament
3	26/04/2021	1.6, 2.2, 2.4	That there is failure to meet credit target and /or failure to retain major public and private contracts.	4	3	12	12	→ 0	Clawback of SFC activity funding and shortfall in income. Failing to meet credit targets on a consistent basis may affect annual activity allocation. Failure to meet maintain ESF records to substantiate our claim is likely to affect income	Student activity is monitored on a weekly basis by senior management via the SLT meetings, with those weekly reports being made available to faculty and admissions staff; Additional enhanced reporting in use through Power BI to monitor real time information. Jan 2023 All credit activity to up on the by 27 January and checks to made on this. Plans are being put in place to meet the gap, such as the preparing to study courses. April 2023 Additional activity running and planned to meet credit target. August 2023 Region has a 10.7% decrease in activity target for 2023/24. Colleges now have a 2.0% leeway re meeting activity targets.	3	3	9	9	→ 0	October 2022 Scenario planning and forecasting under way for the 2022/23 academic year; New website being launched in November 2022 to support with recruitment and learner journey. April 2023 Progress being made, but dependent on planned activity. August 2023 2022/23 target met; Curriculum Plan model now operational with all courses for 2023/24 incorporated; accurate monitoring now enhanced. October 2023 College on track to meet target for 2023-24.	August 2023 2022/23 credit target achieved. 10.0% sectoral decrease in credit target for 2023/24, plus additional 0.7% Regional decrease. 2.0% target achievement tolerance and positive change in retention tolerance announced for 2023/24. In addition only 80% clawback should there be an issue.
4	26/04/2021	2.1, 2.5, 3.6	That there is a breach of legislation and associated regulations (incl. GDPR)	2	3	6	6	→ 0	Breach or leak of sensitive data impacting on college reputation.	Data Protection Officer in place to advice on general Data Protection Regulation; Staff mandatory training and policies in place and actively marketed to heighten awareness; Compliance/audit checks in place; GDPR policies currently being updated as part of College-wide policy refresh exercise; Training planned for all staff on legislative and regulatory issues, including conflict of interest, bribery and corruption and security of assets. August 2022 A suite of new policies have been developed and/or updated; Multi factor authentication in train; Cyber security Essentials status obtained; Training completed on conflict of interest etc as above and data protection and GDPR. October 2022 Cybersecurity audit completed satisfactorily. College is now undertaking penetration testing; All staff conference in August; all staff completed mandatory training on GDPR; Data Protection portal is now live. April 2023 New retention policy has been agreed and published. Cyber Essentials plus was successfully completed in Feb October 2023 GDPR TES develop training issued to all staff, ICO framework and ROPA for each department currently being completed.	2	2	4	4	→ 0	Apr 2023 Retention Documentation has been issued, further actions will be completed including communication of this guide for all managers to control the documentation Cyber risk framework is being updated in June this year to ratify the score in this sheet. (Cyber risk can be escalated if important issues arise in that review) October 2023 See Mitigating action as at October 2023. A suite of training materials have been issued to all staff. ICO framework and ROPA for each department currently being completed.	Data protection team have worked through a number of ROPA with each area and are currently pulling together Info Asset Register. Records Retention Policy now complete and published, actions will follow this publication via communication of this policy to improve document governance.
5	26/04/2021	2.1, 2.2, 2.6, 3.5	That there are insufficient funds for capital project and maintenance requirements	4	2	8	8	→ 0	The College estate is of an age that requires constant monitoring and an appropriate level of funding to address major issues (e.g. building envelope, heating and cooling, lifts, security equipment, etc.)	SFC undertook a condition survey and has allocated funds over a five year period to address backlog maintenance and dilapidation works. The College appointed professional advisors to assist in the management of the projects which have been undertaken. College has enhanced its procurement arrangements to ensure that all major items of expenditure are reviewed by a senior management committee, thus ensuring value for money as well as an additional level of control over non salary spend. As part of our approach to the introduction of a Strategic Investment Plan, the College is currently considering introducing its own estate condition survey, given the age of the building and the number of significant repairs now being required. August 2023 CAPEX projects prioritised and completed within budget allowing for future works within remaining ringfenced funds	3	2	6	3	↓ 3	Current planning is to utilise cash holding to fund an infrastructure investment programme; Additionally, the college is planning to undertake an estate condition survey to ensure that a clear plan for any additional work is captured. The air conditioning units and the roof are all currently being replaced; Air Conditioning replacement completed. Roof project almost completed, snagging being undertaken. Building is weather proofed. Jan 2023 Update on capex progress to date at VFM group on 25th January 2023. April 2023 Funds have been committed to support the key changes to the building. August 2023 Following completion of CAPEX works, funding remains for future works October 2023 College has also submitted a funding application to the Scottish Government Energy Efficiency Grant scheme to support with building fabric first approaches, which would provide possible future cap ex funds for the estate.	Central funding received in 2020/21 and 2021/22 allowed the College to address major repairs and renewals sooner than originally planned. This includes a major upgrade to the fabric of the roof, which would be most vulnerable to possible issues associated with the natural lifespan of the building. August 2023 Various works completed over previous months within confines of funding whilst leaving sufficient amount for future required works. Cladding repairs are expected to be the next significant work. Additional funds have been allocated for next year. SFC capital funding allocation for 2023/24 should be sufficient for short term projects & maintenance
6	26/04/2021	1.1, 1.2, 1.3, 1.4, 2.1, 3.1, 3.3	That there is a failure to meet statutory and legislative health and safety as well as safeguarding requirements.	3	3	9	9	→ 0	Impacts on safety of all employees and students leading to serious injury or death. Unable to protect our most vulnerable students.	Health and Safety Committee meet regularly to monitor health and safety arrangements and any issues are raised. Staff induction in place on H&S; Separate COVID risk register in place to monitor operational arrangements; Facilities Teams and H&S Officer ensure all risk assessments are updated annually; Regular reporting on Health and Safety to HR Committee as part of their remit requirements; Full review of Health and Safety Policy and Procedures being undertaken; Lead Safeguarding Officers in place and appropriate training in place; Safeguarding group meets regularly. August 2022 Robust H&S Safeguarding report received in April 2022; Refresher training and reissue of safeguarding cards; Expanded the network of safeguarding officers; Health and Safety audit completed, with no major recommendations; Refreshed health and safety policy will go to the Board in October 2022; Appointment of 2 permanent health and safety staff members. October 2022 Health and Safety Audit completed satisfactorily. Health and Safety Policy approved by the Board of Management. January 2023 Health and Safety Policy launched and names of those who have read it recorded. April 2023 Progress made against internal audit plan and Health and Safety Committee meets regularly to keep on top of action and key issues. Policy and procedures updated. Safeguarding Policy and Procedures updated and due to go to the Board for approval in June 2023. August 2023 H&S Policy reviewed and updated over summer break. Continued quarterly H&S committee meetings planned including representation of cross college departments for 2023/24	3 2 6 6 → 0	October 2022 Health and Safety Policy Approved. First Aid Procedures renewed and due for sign off by SLT in October 2022. January 2023 Training sessions now being scheduled. April 2023 Significant progress made with policy and procedures. August 2023 There is a new Safeguarding Policy and Fitness to Study Policy approved by the Board in June 2023. Training for Health and Safety and Safeguarding will be rolled out to all staff in August through the mandatory online modules. October 2023 Updated safeguarding processes to clarify roles and spread low level behavioural issues to curriculum.	August 2023 Staff resource is working to capacity to get through policies and procedures updated as required.				
7	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is business interruption due to major disaster, IT failure etc	4	2	8	8	→ 0	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Business Continuity Plan for College in place. Business interruption insurance in place. Member of HEFESTIS and benefits from shared intelligence. August 2022 Internal audit for cybersecurity completed. Updated Microsoft Licence of AS allows for enhanced protection. October 2022 AS licence in place and multi factor authentication in place. April 2023 Board briefing for cyber security due on the 2nd of May, satisfying cyber audit points. October 2023 Cyber Security information will be placed into the next risk about theft of major systems. This is business continuity updates, this will be worked on in the new year. Update for the next risk management meeting	3 2 6 6 → 0	Existing business continuity arrangements being reviewed in light of recent events. Key estates risks now been identified and have been or are being resolved. Further training for incident response for board members needs to be considered and scheduled (Scenario training) A review of BCDR documentation is to be completed in the next few months to update mitigation controls.	The College had a developed Business Continuity Plan embedded prior to the COVID pandemic and has built on that via infrastructure improvements and additions utilising additional SFC ring-fenced funding. August 2023 Update of Business Continuity Planning Documentation will be completed by December 2023.				

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
8	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is a theft of, or damage to, Management Information System (incl. cyber-crime)	3	2	6	6	➔ 0	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Shared sector approach in place through HEFESTIS and advanced intelligence. Robust and regular testing of IT systems. Business continuity plans in place for IT and MIS areas. Annual certification with Cyber Essentials Plus Incident response training	3	2	6	6	➔ 0	Jan 2023 Cyber Essentials Basic has been complete and college is compliant. Cyber Essentials Plus to be completed FEB 2023 Close off from HBL Cyber audit actions by the summer, which should change the position of this task. April 2023 Cyber Essentials complete, Cyber training planned for the Board on the 2nd of May. Planned asset tracking update due in July 2023 to ratify the buildings equipment checks. October 2023 Another Cyber Essentials Achieved for another year. Going through a O365 health check and reviewing the cyber risk framework for an update for progress. This risk will be driven through the cyber security aspects rather than business continuity	College successfully completed its Dec 2022 Cyber security audit with no issues. Incident Response Policy Updated Pen testing to be reviewed and purchased in the next few months
9	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.3	That there is a failure to achieve high standards of learning and teaching.	4	2	8	8	➔ 0	Impacts on the student experience, the college's reputation and Education Scotland risk ratings. Impacts on student recruitment leading to financial risk.	January 2023 First self-evaluation cycles completed and progress reviews have taken place. Ongoing engagement and campus visits from HMI. Audit cycle in train. Robust learner voice processes which are acted on promptly. April 2023 Evaluation process updated and self evaluation progress occurring. HMIE Education Scotland visit took place in March 2023 which resulted in no main points for action. October 2023 Self Evaluation currently being written.	2	2	4	4	➔ 0	October 2022 Mitigating actions in place. External assessors being used to assess Construction MAs, now part of the Quality Audit process to provide assurance that work is of a high standard and does not impact on direct claims status. April 2023 Education Scotland annual engagement visit report received which did not contain any main points of action. August 2023 Current challenges with missing outcomes due to ASOS, as yet there is not a national approach to ASOS, and there has been no communication from the Scottish Funding Council. The impact of this may mean that results nationally will not be available in March 2024 October 2023 Care will be the subject of a national thematic review in early 2024 by Education Scotland.	Annual Engagement Visit from Education Scotland taking place Feb 2023.
10	26/04/2021	2.1, 2.3, 2.6, 3.1, 3.3, 3.4	That there is a failure to provide an engaging and effective employee journey.	4	2	8	8	➔ 0	Impact on the employee experience and could result in high turnover, high absence rates, disengagement, poor employee relations and industrial relations matters, poor performance of employees and subsequently a poor experience for students and negative impact on college reputation.	October 2022 Accreditations achieved to date include: Disability Confident Employer and Leaders in Diversity. The re-accreditations of Investors in People and We Invest in Wellbeing are currently being progressed; Ongoing review of the employee journey, process optimisation and automation. Consideration for a new HR System; Refreshed policies and procedures include: Attendance Management and Support Procedure; Disciplinary Procedure; Grievance Procedure and the Public Interest Disclosure Policy and Procedure. January 2023 Employee Journey being mapped out and associated procedures being drafted, with a view of lean process management and consideration of both automation and employee experience. People Managers being trained on disciplinary, grievance and investigations by ACAS. Review of payroll and pensions process. April 2023 The College now has We Invest in Well Being Platinum. August 2023 New integrated HR & Payroll system on track to be implemented in 2023. Pension reporting streamlined. October 2023 More resilience in HR team with regards to learning how to do payroll.	3	2	6	6	➔ 0	The College is working on the implementation of a new HR system that will enhance experience, automate manual tasks. April 2023 New HR system is in the process of implementation.	College accreditations are being refreshed.
11	04/02/2022	2.1, 2.3, 2.5, 2.7, 3.1, 3.2, 3.4, 3.6 / Aim 1	That there is a failure to safeguard the health and wellbeing of staff and students.	3	3	9	9	➔ 0	Impacts on the health and wellbeing of staff and students. This could result in high absence, disengagement and higher withdrawal rates for students. Risk of serious harm to the individual if the appropriate safeguarding action is not taken. This would significantly impact the student and staff experience leading to potential risk of legal action, complaints and having a negative impact on the college reputation.	August 2022 Ongoing effective development of safeguarding and health and wellbeing support for staff and students. Safeguarding / GBV Prevention / Corporate Parenting / Carers Support policies and procedures in place. Specialised staff in Student Services and HR responding to concerns or issues. Criminal Convictions and PVG is undertaken as part of the employee recruitment process. Safeguarding, Prevent and Corporate Parenting training is mandatory as part of the staff induction process. Safeguarding including Prevent, Corporate Parenting, Mental Health & Wellbeing information and videos part of the Learner Induction process. College Safeguarding Group is a cross-college group which has both student and staff membership - this groups meets quarterly. GBV Prevention Strategy and Action Plan / Corporate Parenting Plan in place which is monitored by the Safeguarding Group. Other mitigations include: •Student Support email address. Same day response, including responses to financial and emotional crisis support. •Guidance and support staff available on campus for in person support on same day appointment basis. •Staff are trained in Mental Health First Aid and ASIST •Dissemination and attendance of external safeguarding training opportunities, such as those provided by CDN, •Counselling Service for staff and students. •Weekly Yoga and Mindfulness classes for staff and students •Online Togetherall resource for staff and students •Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. •Guidance and support / line management staff available on campus for in person support on same day appointment basis. •Annual safeguarding, health and wellbeing calendar of events •College Mental Health Group and LGBT Champion Group in place •Peer support groups for staff and students April 2023 The new Safeguarding Policy and Procedure for staff and students has been updated and will go to the main board in June 2023.	3	2	6	6	➔ 0	October 2022 Additional staff in Student Services to help support well-being. Student Support Strategy in progress. Remploy an organisation to facilitate staff return to work is now being used to support. "We invest in wellbeing" survey issued to staff as part of Investors in People application with action plan formulated to deal with results. August 2023 Funding approved by the SLC Trust (ALF) for two posts to support student and staff health and wellbeing. This is for Guidance & Support and Counselling. Pending SFC Mental Health Funds to support student health and wellbeing to be published for 2023-24. October 2023 ALF approved funding for soup and a sandwich, with a further bid being submitted to the October ALF meeting. Pop up second hand shop now open to support students.	
12	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.5, 2.6, 2.7, 3.1, 3.3	That the College cannot provide a robust learner experience supporting them onto their final destinations.	4	2	8	8	➔ 0	Relates to application and recruitment experience, students not receiving the appropriate or accurate information or the necessary access to support such as financial or health and wellbeing. Recruitment impacted by outdated systems impacting the experience. Also any delays to bursaries, additional IT equipment and discretionary support may impact.	Applications are monitored by the Student Services Team, review of application and enrolment system in train. Financial and emotional support offered by the Team. Team undertake regular training to provide the best possible service and to keep up to date with changes. Power BI now being used for curriculum planning and to ensure a more efficient application process. Other mitigations include •Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. •Guidance and support staff available on campus for in person support on same day appointment basis. •Ongoing review of new Admissions electronic system to ensure smooth transition from application to enrolment. Additional work to be undertaken in this area via regular working group meetings. •Staff attendance at new Mental Health First Aid training, as provided by SLC. •Dissemination and attendance of external training opportunities, such as those provided by CDN, etc. •Review potential increase in counselling and guidance/support provision to ensure reduction in waiting times for emotional support. •Bursary software under review with developers. •Support being provided to SA including additional recruitment of new VP. •Provision of long term laptop loans via library service to facilitate engagement in class and coursework. Reinforced links between the student association, class reps and quality team so directly links back to the learner. More opportunities for students to undertake study skills in this academic year and it has now been introduced into twilight sessions. January 2023 Progressing students are due to be given a conditional offer in Feb 2023 for the first time. National Career Review may inform College's approach to IAG. Applications for 2023-24 due to open on 30th January 2023. August 2023 The vast majority of applications and students are progressed on a timely basis, however, further actions are being taken to ensure consistency across the college. Updated Student Association Student Mental Health Agreement (SMHA) produced.	3	2	6	6	➔ 0	Additional central funding has been received to allow additional resources to be brought in to address particular issues that may be exacerbated due to the COVID pandemic. Website refresh now out to tender. Power BI being used for applications and curriculum planning. Review taking place regarding staffing resources to meet student needs of financial and emotional support. This includes reviewing the possibility of additional recruitment within student funding, guidance and support, etc, including student placements for counselling. May 2022 Current strike action by EIS is having a negative impact on the learning experience. EQA activity at risk due to lecturers potentially not engaging and resulting learners as well. August 2022 Mitigating actions have allowed this risk to be reduced due to the completion of the key system updates, removal of barriers to progress and clearer focus on supporting students to achieve their destinations. October 2022 Work in progress on reviewing business support functions supporting the learner recruitment journey. January 2023 Longer term review required. October 2023 CEIAG workshops being delivered across all areas of the curriculum and more sessions being delivered by SDS in the College. Core skills project launched in August 2023 to support FT FE students in particular achieve a standard of literacy and numeracy.	

No.	Date Raised	Link to Quality Indicators / Strategic Aim	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments
13	26/04/2021	3.1, 3.2, 3.4, 3.5, 3.6	That there is a failure of Corporate Governance arrangements	4	2	8	12	↑ -4	That the College would fail in its duties as a public body and charity to adhere to statutory expectations. Risk to business delivery, risk to reputation; risk to effective relations between SSC and NCL e.g. given journey towards dissolution and risk of distraction or tension and ensuing impact on operational delivery.	Effective training and development for all staff, including in relation to compliance; Effective T&D for the Board, given 10 new members, building on the recommendations of the EER and including consideration of culture and values of Board. Advice sought from appropriate bodies (SFC, IA, Good Governance Steering Group). Planning for the transition to dissolution will be important to ensure that we have the right systems, processes and relationships in place to take up position as a Regional college. Work already in train to identify agreed actions; SFC has established a liaison group involving themselves, Scottish Government and the two colleges. The Audit and Risk Committee are overseeing a formal, quarterly review of all audit recommendations on a rolling basis to ensure that all actions agreed are completed appropriately and according to timetable. October 2022 Government Improvement Plan signed off by the Board of Management and agreed to incorporate this into the usual Board of Management Evaluation and Enhancement Plan. Strategy Day held with the Board of Management on Risk and Equality and Diversity held in Sept 2022 External Auditors content that regional board members and/ staff attend committee meetings. April 2023 The AAR report stated that the College was now fully compliant with the Code of Good Governance for Scotland's Colleges as at July 2022. August 2023 Staggered appointment of new board members. October 2023 Appointed a new permanent Governance Professional in September 2023.	3	2	6	6	→ 0	Awaiting finalisation of Board member induction programme; Board discussion on SFC report to progress recommendations; Awaiting clarification from SFC/SG on timeframe for dissolution to allow for planning. Jan 2022 Governance Improvement Plan established post the SFC Governance review as well as input from internal auditors is now being actioned. May 2022 Board members have been inducted; Key policies have been updated, financial regulations and bribery have all been updated and approved by Committee. Disciplinary, capability and grievance also due to be signed off at next HR Committee meetings; Governance improvement plan shows progress against key actions. Board strategy day planned for 16 May 2022; Acting Principal now in place until investigation has been resolved; Risk now of reputational damage due to increase in press coverage. Challenges in recruiting key staff and risks around staff being able to leave for additional positions. August 2022 Strategy Day planned for August 2022; Clerk to the Board reviewed key documentation; New staff and student members appointed through the Clerk's successful recruitment; Significant progress made on Government Improvement and Management Response Plans, The College adheres strictly to the Code of Good Governance for Scottish Colleges. January 2023 To date corporate governance is robust, with no breach of the Code for the 2022-23 year. April 2023 AAR from external audit providers confirmed that College was compliant with the Code at July 2022 and at the date of signing of the accounts (April 2023) Audit of governance to be undertaken by Henderson Loggie in summer 2023 August 2023 5 new Board members appointed over the summer. Board Development day held in August to being strategic planning. October 2023 Appointed a permanent Governance Professional in September 2023 who has completed all CDN Induction training and is part of the Governance Professionals	Acting Chair and Acting Principal in place. The latter of which has extensive experience of corporate governance and was part of the group responsible for the drafting and review of the Code of Good Governance for Scottish Colleges. Recommend decoupling corporate governance risk with the ongoing investigations. This would include: Reputational damage risk Financial Risk. Both the Clerk to the Board and the Chair of Audit and Risk Committee to be consulted. August 2023 Potential further organisational risk and adverse media due to activity following the investigation. Recruitment of senior roles within the college, provided feedback which demonstrated that candidates were not "put off" from working at the College.
14	24/01/2023	2.3, 3.2, 3.3	That there is a reputational risk to the College.	4	4	16	6	↓ 10	• That potential students, staff or Board members are deterred from enrolling / joining the College. • That the College suffers financial loss from a decrease in activity or loss of access to potential income streams.	• Staff development sessions on, for example, inclusiveness and diversity being part of mandatory training for staff; • Regular staff meetings including annual all-staff conference; • College has complaints procedure, clearly highlighted on website; • Extensive governance training for senior staff and Board members being delivered as part of a rolling programme of development	3	4	12	6	↓ 6	• Strategy being developed to ensure that "good news" stories are gathered centrally and distributed accordingly, particularly via social media; • The implications of impending decrease in allocation of central funding or activity to be managed accordingly in terms of publicity and student / staff perception and morale; • Action plan being formulated to address issues raised in staff survey October 2023 College is aware of potential legal issues being raised which may impact on the reputation. Communication plan is being put in place to support.	October 2023 The new Marketing Manager starting in Nov 2023 will work on communication plan both internal and external.
15	26/10/2023	2.6, 2.7, 3.1, 3.2, 3.4, 3.5, 3.6	That the College is not on track to meet the Scottish Government net zero targets.	3	3	9		New risk	College has drafted a new Climate Change Emergency Action Plan, based on the Further and Higher Education road map, which will go to the Finance and Resources Committee on 27 November 2023 College works very closely with the Energy Skills Partnership to deliver on national skills agendas. College submits the Public Body Climate Change report submitted annually and monitors data.	College has drafted a new Climate Change Emergency Action Plan, based on the Further and Higher Education road map, which will go to the Finance and Resources Committee on 27 November 2023 College works very closely with the Energy Skills Partnership to deliver on national skills agendas. College submits the Public Body Climate Change report submitted annually and monitors data.	3	2	6		New risk	LED lighting replacement programme. The replacement of 1900 lights to LED fittings. Additional Solar Panels fitted. The PV system comprise of 300 panels to give an additional output of 150KW. Scottish Green Public Sector Estate Decarbonisation Scheme. The College has engaged with Mott MacDonald regarding pre capital works to investigate the Central Government Energy Efficiency Capital Grant Fund 2023/2024 to support the College journey to NET Zero.	Note the College was not built with net zero in mind so the College is working on finding solutions through the funding being offered by the Scottish Government to support with a fabric first approach.

Risk Key	Low	1-4
	Medium	5-11
	High	12-16

Risk Key	1-4
	5-11
	12-16

AUDIT AND RISK COMMITTEE

DATE	27 November 2023
TITLE OF REPORT	Rolling Audit Recommendations Monitor
REFERENCE	8.0
AUTHOR AND CONTACT DETAILS	Elaine McKechnie Elaine.mckechnie@slc.ac.uk
PURPOSE:	To present an update on the work that has been undertaken by the College to address previous audit recommendations.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: <ul style="list-style-type: none"> • Note the work that has been done to address the recommendations to date; • Note that whilst two items are outstanding, these are partially completed and that there is a timetable to address both.
RISKS	<ul style="list-style-type: none"> • That the College does not have appropriate internal controls to safeguard its staff, students and assets • That the College does not have adequate risk management processes and procedures in place.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The monitor has yet to incorporate the internal audit work as presented to the Committee at this meeting on 27 November 2023. • The College has made significant progress in addressing the recommendations made in previous audit assignments. The attached report details the progress and, where appropriate, has amended target dates. • There are 17 live recommendations on the monitor currently. 8 relate to cyber security, 3 for health & safety, 1 in risk management and 5 in respect of the staff recruitment & retention audit. • All outstanding recommendations are either partially complete or in progress. Where appropriate, target dates have been amended. • Completed recommendations are moved to a separate tracker and will be subject to annual review should they need to be refreshed (i.e. procedure documentation may be updated periodically which might in turn require a revisit of a previously closed recommendation).

Report / Action 2021/22	Recommendation	Action Owner	Grade	Original timescale	Status at 20 November 2023	Expected Completion Date	South Lanarkshire College management update as at 20 November 2023
Cyber Security	Formally document the College's specific cyber security risks and vulnerabilities, along with controls and mitigations, within an IT or cyber risk register. Format should be in line with the College's strategic risk register.	Heads of IT and Finance	3	31-Dec-22	Partially complete	Dec-23	<p>The cyber risks detailed in the NCSC 10 things have been collated into a framework that we can demonstrate to the committee and the auditors. New framework template is currently being discussed with the HEFESTIS cyber security shared service and progress has been made to ensure all risks have been mitigated or progress has been made towards the mitigation</p> <p>Update Nov: Progress as we have been awaiting on this from scottish government, update due Dec 2023 with the old framework if the new framework still hasn't been issued</p>
Cyber Security	Ensure that a formal programme of refresher training is established for staff users with a risk-based approach adopted in identifying the frequency of refresher training requirements	Heads of IT and HR	3	30-Jun-23	Partially complete	Dec-23	<p>A program that has been written up by the Head of IS and the HEFESTIS shared service has now been implemented. This involves the various training that staff potentially could be lacking and align to the risk stated in the register mentioned above.</p> <p>Cyber security has been purchased as part of a suite of e-learning materials and training has been rolled out. The training has been rolled out at the beginning of term and stats from this e-module will support the interaction with the staff on this basis.</p> <p>Update Nov: The training has been issued to staff and we are still waiting for the analysis of the results. Further training for the year is planned and the schedule of this should be available in the next month (Dec 23)</p>
Cyber Security	Review and reconfigure the cyber training compliance reporting parameters to ensure that data reported consists of current users only. The data reported can then be used more meaningfully by Organisational Development, departmental line managers, and the Head of Information Systems and Services to monitor staff compliance rates.	Heads of IT and HR	3	30-Jun-23	Partially complete	Dec-23	<p>The effectiveness of the training and the training materials have been sourced as part of the previous item. The stats that support this should follow on from the training communicated to staff.</p> <p>Update Nov: As above</p>
Cyber Security	<p>A programme of information security training should be developed for students to mitigate information security risks covering:</p> <ul style="list-style-type: none"> •the organisation's IT security policies and procedures. •cyber security risks and strategies for defence, covering internet safety, mobile and home working, phishing, and prevention against malware. •regular updates and training on the security risks to the College. •monitoring the effectiveness of security training through incident monitoring and mock scenario testing; and •promoting an incident reporting culture. 	Heads of IT and Student Services	3	28-Feb-23	Partially complete	Mar-24	<p>This program is associated with the comments mentioned in the last two rows. This includes students and staff in the schedule. The schedule was completed and shared before the end of Feb; the implementation is currently taking place at the start of the new term.</p> <p>Update Nov: Stats now available regarding the risky users and the implementation of the Microsoft Security tracking. Further work planned for the incident response and business continuity in the new year which should close this action</p>
Cyber Security	Mechanisms should be established for testing the effectiveness and value for money of the security training provided to staff. The areas of the organisation that regularly feature in security reports, or achieve the lowest feedback from information security questionnaires, should be targeted for further tailored training activity.	Head of IT and Clerk to the Board	3	30-Jun-23	In progress	Mar-24	<p>We are currently working with JISC on such topics of the pen testing and phishing scam testing to test effectiveness. Unfortunately, we need to wait until training has been completed to fully assess the staff. This is due to be completed by the end of September, where we can assess the staff thereafter.</p> <p>Update Nov: Security Questionnaires will form part of the training schedule in the points above. This can be closed once that's achieved</p>

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Status at 20 November 2023	Expected Completion Date	South Lanarkshire College management update as at 20 November 2023
Cyber Security	Explore how guidance for staff on how to manage their digital footprints safely and reduce the risk of becoming a target for attackers, both in a professional and personal capacity, and particularly through use of social media platforms can be made more widely available to staff and Board members.	Heads of IT and HR	3	31-Dec-22	Partially complete	Feb-24	<p>Social media guidance is already in effect, however follow up sessions and the impact of staff actions will form part of the training schedule details in the comments in the last few rows. Documentation is still under review, however a big improvement since this audit point has been with modifications to the azure platform to prevent 3rd party sign in without prior approval from the head of MIS, enforcing a culture of checking the app before logging in.</p> <p>Update in Nov - social media and comms policy needs to be looked at from the new marketing manager and security added to it. ETA is Feb 2024</p>
Cyber Security	It is recommended that an audit of cloud and third-party systems in use across the College estate, which are not directly linked to College Active Directory or Office365 accounts, is undertaken to identify instances of staff using College logins and email accounts and put in place procedural guidance for line managers to revoke user access to such accounts, and for staff on good password management. Development of a digital asset register which combines the details of College hardware and software assets, as well as third party services operated by staff would provide clearer visibility of the College cyber and data risk profile. Any identified risks should then be included on the cyber risk register	Heads of IT and HR	3	31-Jan-23	Partially complete	Feb-24	<p>Office 365 has now been fully implemented for 3rd party blocking of college accounts. Only approved apps can be used. Updates to HR will complete as part of the new HR system which will be completed in October, that will resolve the leavers and role change requirement for this point</p> <p>Update in Nov, awaiting the completion of the HR system and processes</p>
Cyber Security	The Incident Response Process, and supporting playbooks, should be tested by way of a scenario-based desktop exercise to ensure staff know how to respond during an incident, and to also highlight any problem areas in the planned response.	Heads of IT and HR and the Clerk to the Board	2	31-Mar-23	In progress	Feb-24	<p>Incident response documents exist along with playbooks. Will need review and updated before December. Training for the senior leadership team is scheduled for some time in October.</p> <p>Training for the SLT needs to go on the agenda for the new year. ETA Feb 2024</p>
Health & Safety	We recommend that a programme of refresher training for staff should be developed to coincide with the launch of the revised Occupational Health and Safety Policy and associated procedures. Attendance at this refresher training should be mandatory for all members of staff and completion of the training should be monitored by HR to ensure full attendance.	Depute Principal	3	31-Dec-22	Partially complete	Nov-23	<p>This will be done in association with the Health and Safety team as per the the launch of the policy.</p> <p>HR will provide generic H&S training as part of the e-learning suite.</p> <p>Health & Safety Officer issued email in this regard on 21st August; sessions will roll out and expect to be completed by end of Nov 2023. (CF)</p>
Health & Safety	An exercise should be completed to update the master spreadsheet to demonstrate the number of issues identified and to record the remedial action taken. Once the master spreadsheet has been updated, the location of the master document on the server should be communicated to managers so that they can review and provide updates on any remedial action taken.	Depute Principal	3	31-Dec-22	Partially complete	Dec-23	<p>The master log is being updated and any outstanding items pursued to provide an update. This will be shared with all relevant managers.</p> <p>Master H&S Housekeeping is maintained by facilities and required actions are rolled out to managers in the relevant departments. Due to resource issues this is behind schedule. We are making best endeavours to fill this gap by increasing H&S role from 3 to 5 days as previous member of staff was not replaced. (CF)</p>
Health & Safety	We recommend the reporting of an Annual Health and Safety Report be incorporated into the forward workplan for the Human Resources Committee to ensure that Board Members have the opportunity to consider and approve the annual report and the forward workplan for health and safety activity for the coming year.	Depute Principal	3	31-Dec-22	Partially complete	Dec-23	<p>An annual report will be produced reporting on what has been completed during the year and set out the priorities and targets for the coming year. This will be carried out at the end of term in July 2023 thus working to term time. Due to unforeseen staff absence, a mid term report will be provided for a subsequent board meeting tbc (CF)</p>

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Status at 20 November 2023	Expected Completion Date	South Lanarkshire College management update as at 20 November 2023
Risk Management	<p>A session on risk management should be included as part of the programme of Board Member Strategy Days with the leadership team. This will allow greater understanding on how the risks link to the College's strategic aims and objectives and the impact failure to manage these risks will have on future success.</p> <p>To support Board assurance, management should conduct an assurance mapping exercise on the internal and external reporting arrangements in place against the current risks on the risk register. This will allow for a central analysis of the arrangements in place and allow any gaps to be identified and appropriate supplementary reporting arrangements determined. Assurance mapping can be completed by adding additional columns to the existing risk register detailing the following sources of assurance established:</p> <ul style="list-style-type: none"> •Internal - management reporting and quality assurance arrangements; and •External - internal audit, external audit, Education Scotland etc. <p>Assurance reporting can then be brought into the forward planning for Board and committee agendas</p>	Depute Principal	3	31-Aug-22	Partially complete	Dec- 23	<p>Internal audit providers Henderson Loggie presented a seminar on Strategic Risk Management at the Board training day in 2nd May 2023. The session incorporated separate workshops on setting the tone for risk management and risk assurance. Risk Policy and Procedures will be updated for the next meeting of the Audit & Risk Committee.</p> <p>An assurance mapping exercise is yet to be undertaken at the Audit and Risk Committee following forthcoming advice from Henderson Loggie.</p>

LEVEL OF ASSURANCE

Satisfactory

South Lanarkshire College

Budgetary Control

Internal Audit report No: 2023/04

Draft issued: 1 November 2023

Final issued: 14 November 2023



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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



Management Summary

Overall Level of Assurance

Satisfactory

System meets control objectives with some weaknesses present.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the South Lanarkshire College ('the College') Strategic Risk Register as at August 2023:

- SR1 – That the College cannot maintain financial stability (Net Risk Score = 12);
- SR2 – That there is a failure of financial controls (Net Risk Score = 6); and
- SR5 – That there are insufficient funds for capital project and maintenance requirements (Net Risk Score = 3)

Background

As part of the Internal Audit programme at the College for 2022/23 we carried out a review of the systems in place for Budgetary Control. The Annual Plan, agreed with management and the Audit and Risk Committee, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Principal and the Audit and Risk Committee that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Budgets are set annually, with the staffing budget based on the live Curriculum Plan, maintained through Power BI, which establishes all courses running in an academic year, enrolments for each course and calculates the staffing required to deliver the agreed curriculum. Non-staffing budgets are agreed between Finance staff and Budget Holders and managers in order to determine an overall budget position. The budget is reviewed by the Principal and Finance and Resources Committee and approved by the Board of Management.

The agreed budgets are loaded into the College's finance system, BluQube. Budget Holders are provided with monthly budget monitoring reports using information generated from BluQube and monthly meetings take place between the Management Accountant and Budget Holders to discuss the reports. These detail actual income and expenditure against planned, as well as any variances.

Regular reports on budget variances and forecast outturn are provided to the Senior Management, the Finance and Resources Committee and the Board.



Budgetary Control

Scope, Objectives and Overall Findings

This audit looked at the College's budgetary control practices and protocols. It specifically considered budget monitoring procedures in place centrally and within a sample of Academic Schools and Support Services, and also cash flow reporting to senior management and the Board, and Scottish Funding Council (SFC).

The table below notes each separate objective for this review and records the results:

Objective		Findings				Action already in progress
The objective of the audit was to ensure that:		1	2	3	No. of Agreed Actions	
		1.	Budgets are controlled in accordance with the Financial Regulations and Procedures	Good		0
2.	Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change or funding targets are not achieved	Satisfactory	0	0	1	
3.	Information is available to management in Academic Schools and Support Services which is up-to-date and in a format that can be easily understood	Satisfactory	0	0	2	✓
4.	Budget holders have the necessary skills for managing budgets	Satisfactory	0	0	1	
5.	Budget variations are reported and acted upon	Good	0	0	0	✓
6.	There is accurate cash flow reporting	Good	0	0	0	
7.	Senior management and the Board regularly review the College's overall financial position	Good	0	0	0	
Overall Level of Assurance		Satisfactory	0	0	4	
		System meets control objectives with some weaknesses present.				



Budgetary Control

Audit Approach

The Head of Finance, Management Accountant, Financial Accountant and a Support Services Budget Holder were interviewed, and reports and management accounts reviewed, to determine current working practices in budget monitoring, and the information and training provided to Budget Holders.

The processes used to prepare cash flow reports for senior management, the Board, and the SFC were determined through discussion with Finance staff and review of supporting working papers.

We have also established and reviewed the budget monitoring information provided to the College Management Team and Board.

Summary of Main Findings

Strengths

- At the time of the audit fieldwork, the College's Financial Regulations were being reviewed. However, from our review of the draft document, it was noted that roles and responsibilities related to budgetary control are established;
- The College was also in the process of developing a documented Budget Setting Procedure during our audit fieldwork. From our review of the draft document (dated August 2023), it was noted that procedures are sufficiently detailed and contain all of the required key information regarding financial strategy, income, expenditure, and the budget setting and approval process;
- Budget setting is linked to the live Curriculum Plan maintained by the College, which sets out all courses taught in each academic year and the staffing requirements to deliver this activity;
- Non-staff expenditure budgets are determined following discussion between Finance and Budget Holders, to establish requirements to carry out activity;
- Budgets consider income derived from services delivered by the College, such as from the training salons and training restaurant, to offset expenses in these curriculum areas;
- The College has performed an exercise to consider staffing levels across each curriculum area. Where a curriculum area is considered to be over-staffed, options to deliver activity in other curriculum areas are explored to minimise the requirement for temporary lecturing staff;
- The College has carried out sensitivity analysis relating to anticipated pay awards for 2023/24;
- Monthly budget monitoring reports are prepared by the Management Accountant using information from BluQube for each of the budget areas. These consider income and expenditure for the month and any variance against budget;
- Monthly meetings are held between the Management Accountant and Budget Holders to discuss budget monitoring reports and any variances that have occurred in the month;
- A Cash Flow Forecast Return is submitted to the SFC monthly. Cash flow returns are also reported to the Finance and Resources Committee on a quarterly basis;
- Management Accounts are prepared on a quarterly basis for the Finance and Resources Committee and the Board. These include an income and expenditure account (forecast budget and variance) and monthly cashflow;



Summary of Main Findings (Continued)

Weaknesses

- The College does not currently have a formal budget setting timetable in place, setting out the key activities in the budget setting process to ensure all activities are completed timeously;
- From discussion with Finance staff, it was determined that there is currently little real time reporting in relation to financial information although this is desired by Finance staff to enhance budget monitoring for both Finance and Budget Holders and provide more timely information;
- The month end process for the Finance team, including preparation of budgeting information, is not currently documented;
- Budget Holders have not completed any formal training in relation to their role. There is also no written procedural guidance for Budget Holders to refer to; and
- It has been noted that the PECOS system used by the College does not automatically prevent an order being placed when a budget line is breached. Following discussion between the College and the system provider it has been determined that this feature is not widely used by other colleges and as such is complex to implement. As such the College is in discussion with the vendor for BluQube to see if it would be possible to implement a similar control through the finance system.

Acknowledgments

We would like to take this opportunity to thank the staff at South Lanarkshire College who helped us during the course of our audit visit.



Main Findings and Action Plan

Objective 1 - Budgets are controlled in accordance with the Financial Regulations and Procedures

At the time of the audit fieldwork, the College's Financial Regulations were undergoing review to ensure that they reflect current practices. Review of the draft Financial Regulations document established that the regulations encompass information relating to the controls and processes for budgetary control, including budget preparation and budget monitoring.

Under Section 2 – Management Responsibility, it is noted that the Board of Management is responsible for approving an annual budget prior to the start of each financial year. The Board may also approve a contingency budget or meet unanticipated or essential new demands for resources.

The Head of Finance then agrees an allocation for each Budget Holder with the Principal, with the budget split between staff and non-staff costs. Any transfer of resources between staff or non-staff costs budget lines must be authorised by the Principal. Associate Principals and Heads of Department are responsible for establishing clear lines of responsibility in relation to budgets and Budget Holders. Budget Holders are responsible to their line manager for any income or expenditure relating to their budget and must ensure day-to-day monitoring is undertaken effectively.

Under Section 7 – Authorised Signatories (Delegated Power of Authority), it is also noted that each year the Head of Finance notifies Budget Holders of the monetary limits within which they have the delegated authority to authorise purchase orders or invoices. However, it is noted that under no circumstances should a Budget Holder approve both the purchase order and the invoice, and they are responsible for ensuring appropriate segregation of duties in relation to ordering and authorisation.

The budgetary control process is further supported by the Budget Preparation Procedure. This document was also undergoing review at the time of the audit fieldwork however we reviewed a draft procedure dated August 2023. The procedure document set out key considerations for the budget setting process including:

- Financial Strategy;
- Income (central funding, major educational contract and fees);
- Expenditure (staffing and non-staffing); and
- Capital and maintenance budgets.

The document also contains a number of appendices showing the Curriculum Plan, application for project funding and a summary of non-salary cost allocations. The Budget Preparation Procedure is comprehensive, clearly setting out the budget setting process, information used when setting the budget, and responsibilities including monitoring and approval where required. From our discussions, and review of documentation, we confirmed that budgets are being controlled in accordance with the Financial Regulations and Procedures.



Budgetary Control

Objective 2 - Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change or funding targets are not achieved

As set out in the draft Budget Preparation Procedure (August 2023), the College would typically aim to have a five-year strategy in place to support financial and budgeting activity in the short and medium term. However, through discussions with the Head of Finance it was determined that this has not been possible for the current financial year due to the uncertain economic climate and allocation of funding from the Scottish Funding Council (SFC) on a year-by-year basis. The SFC required a three-year projection based on the upcoming year of funding and assumptions made for the following two years.

Approximately 80% of the College's income is derived from the SFC, based on the delivery of core activity and achievement of credits targets. We considered the consequences of the College not delivering its core activity target however, from discussion with the Head of Finance, it was established that the College consistently over delivers on activity and as such is unlikely to not achieve the required targets to receive full allocated funding.

The budget setting process is set out in the Budget Preparation Procedure which established the steps undertaken and responsibilities. The Head of Finance prepares an indicative budget which is first reviewed by the Principalship, and then by the Board. This initial budget accounts for SFC grant in aid income, income from known education contracts, staffing requirements established within the Curriculum Plan, course price lists, and information regarding annual salary awards and anticipated inflation rates. The Management Accountant and Head of Finance liaise with Budget Holders to determine requirements related to course delivery and will report this to the Principalship with recommendations where required.

Once approved by the Board, the Head of Finance then communicates the agreed budget with each Budget Holder. This also includes income targets, where appropriate, for example within the training restaurant and training salon.

Budget setting is linked largely with the College's Curriculum Plan. The plan sets out target enrolment numbers, target fundable enrolments, target credits and the teaching hours required to support delivery of these targeted figures. The plan is managed through Power BI meaning that relevant staff are able to monitor student intake on a course and assess required resource accordingly. The College has also performed an annual analysis into staff utilisation by department, determining departments in which staff are either under or over-utilised. The College is then able to determine where additional resource may be required, and where possible provide this from under-utilised departments to reduce the need for temporary lecturing staff.

As part of the budget setting process the Finance team also carry out sensitivity analysis and scenario planning to account for the impact of a variety of scenarios. For 2023/24, scenario planning has focused on the potential pay awards that will be granted to staff. The College does not currently know what the pay award will be and as such has performed calculations based on a 3% or 5% salary award to be made, to consider during the budget setting process.

During the year, the Finance team carry out a mid-year review against the original agreed budget which is reported to the Finance and Resources Committee and Board.



Budgetary Control

Objective 2 - Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change or funding targets are not achieved (Continued)

Observation	Risk	Recommendation	Management Response	
<p>From our review of the draft Budget Preparation Procedure (August 2023), and through discussion with the Head of Finance, it was established that the College does not have a formal budget setting timetable in place setting out when steps in the budget setting process (such as production of the original draft budget and the formal budget approval) should be undertaken. The College agreed that this would be a useful tool and would tie into the development of a Finance calendar, which will record key dates for Finance staff to consider.</p>	<p>The budget is not completed in a timely manner.</p> <p>There is no oversight over who is responsible for each step of the budget setting process.</p>	<p>R1 The College should develop a formal budget setting timetable, setting out all key activities in the budget setting process from end to end, to ensure that all activities are completed timeously. The timetable may also assign tasks to responsible individuals, with target completion dates aligned with the Finance and Resources Committee meeting as appropriate.</p>	<p>Agreed.</p> <p>To be actioned by: VP for Finance, Resources and Sustainability</p> <p>No later than: 31 January 2024</p>	
			<p>Grade</p>	<p>3</p>



Budgetary Control

Objective 3 - Information is available to management in Academic Schools and Support Services which is up-to-date and in a format that can be easily understood

Monthly budget monitoring reports are prepared by the Management Accountant for budget areas and emailed to each of the Budget Holders. Monthly meetings are held with each of the Budget Holders in line with the distribution of the monitoring reports to discuss the content of the reports and any variations in spend. The College is currently undergoing a restructuring of senior management and it is intended that following the retirement of the Head of Finance, new roles of Vice Principal of Academic and Vice Principal of Support Services will be created, encompassing the Head of Finance role and additional strategic responsibilities. It is intended that when this is in place, the new Vice Principals will also be involved in monthly monitoring meetings with relevant Budget Holders under their remit.

Currently the monthly monitoring reports are distributed to Budget Holders by the middle of the following month. However, the Finance team is currently undertaking training around the BluQube finance system, with the intention that new capabilities will allow reports to be further automated. This will allow prompt creation of monitoring reports following the month end.

Budget monitoring reports show:

- Variance between budget and actual spend for the year to date;
- Summary of income and expenditure for each budget code; and
- A detailed breakdown and analysis of income and expenditure for each budget code.

The Budget Holders and managers interviewed as part of our audit did not note any issues with the timeliness or format of the budget monitoring reports received from Finance and review of the reports considered them to be user friendly. It was recognised however that additional automation from BluQube will be beneficial to both Budget Holders and Finance staff in allowing access to information on a timelier basis after the month end and more prompt intervention where variations to the budget are identified. Through discussion with Budget Holders and the Management Accountant it was also noted that some Budget Holders maintain their own monitoring schedules in addition to the monitoring reports provided by Finance to track spend in any given month and across the academic year, although the sophistication of such monitoring varies widely between departments.

As mentioned at Objective 2, the budget setting and monitoring process uses the College's Curriculum Plan which shows live information regarding student numbers and teaching hours for each course delivered by the College. This information is available to all Budget Holders through a variety of dashboards and can be used to monitor and assess resource requirements by course.



Budgetary Control

Objective 3 - Information is available to management in Academic Schools and Support Services which is up-to-date and in a format that can be easily understood (Continued)

Observation	Risk	Recommendation	Management Response	
<p>During discussions with the Head of Finance and other Finance staff, it was established that there is a desire for increased real time information in addition to that already presented in the Curriculum Plan. For example, it would be useful to develop real time information relating to income and spend under each budget line to allow Budget Holders to monitor spend in real time, as opposed to reviewing this on a monthly basis.</p>	<p>Information provided to Budget Holders is delayed and out of date meaning that it is not possible to take timely corrective action where required.</p>	<p>R2 The College should consider developing enhanced real time financial information and dashboards, perhaps via Power BI, to allow Budget Holders to monitor actual income and expenditure against budget in real time.</p>	<p>Agreed. Finance will work with the Head of IT to further develop Power Bi information dissemination and monitoring.</p> <p>To be actioned by: VP for Finance, Resources and Sustainability</p> <p>No later than: 29 February 2024</p>	
			<p>Grade</p>	<p>3</p>



Budgetary Control

Objective 3 - Information is available to management in Academic Schools and Support Services which is up-to-date and in a format that can be easily understood (Continued)

Observation	Risk	Recommendation	Management Response	
<p>During discussions with Finance staff it was established that there is currently no month end timetable in place setting out what processes need to be undertaken, and by when, in order to complete month end reporting.</p> <p>It was established that this would be useful to the staff, not only as part of the general month end process, but also in ensuring that information would be available to Budget Holders promptly following the month end.</p>	<p>If key staff are absent, other staff may not be aware of what month end processes need to be undertaken and by when leading to delays in producing financial information.</p>	<p>R3 The Finance team should document the month end process currently followed by Finance, including preparation of budgeting information to allow for prompt publication of income and expenditure by budget line for review and monitoring by Budget Holders. This should be adapted as the capabilities of BluQube are enhanced to include generation of reports immediately following the completion of the month end close process to provide timely information.</p>	<p>Agreed. The Finance Department are in the process of updating and formalising its operating and reporting calendar.</p> <p>To be actioned by: VP for Finance, Resources and Sustainability</p> <p>No later than: 31 March 2024</p>	
			<p>Grade</p>	<p>3</p>



Budgetary Control

Objective 4 - Budget holders have the necessary skills for managing budgets

It is noted in the draft Financial Regulations (April 2023) that regular Professional Learning Sessions are provided for all Budget Holders to ensure that they are aware of their responsibilities in relation to the regulations however from discussion with the Finance team and Budget Holders it was noted that there has not been any formal training or sessions undertaken. It is the responsibility of each Budget Holder to ensure regulations are known to applicable persons within their department.

Due to how budget setting was previously managed by the College and senior management, there was little autonomy required of the Budget Holders, meaning that they have historically had low accountability. As increased responsibility has been granted to Budget Holders in monitoring the income and spend of their budgets, it has been recognised by the College that some Budget Holders may not have developed the skills that are now required.



Budgetary Control

Objective 4 - Budget holders have the necessary skills for managing budgets (Continued)

Observation	Risk	Recommendation	Management Response	
<p>From discussions with Finance staff and Budget Holders it was noted that there has been no formal training in relation to budgetary control and managing budgets. Budget Holders have regular monthly meetings with the Management Accountant to discuss budget monitoring information and are able to contact members of the Finance team at any time with ad hoc queries, however it was determined that they may benefit from formal training sessions setting out the responsibilities of Budget Holders and how to analyse budgets. It was also highlighted that many Budget Holders have little knowledge of the finance system and as the capabilities of this are enhanced, appropriate training should be carried out to ensure features available to Budget Holders are appropriately utilised.</p> <p>Similarly, there is no formal guidance for Budget Holders to refer to. As the College is currently developing the Budget Setting Procedure, the College should also consider developing guidance notes and procedures specifically for Budget Holders to assist with monitoring of income and spend throughout the year.</p>	<p>Budget holding staff do not have the correct skills to appropriately monitor budgets.</p>	<p>R4 The College should develop a formal training programme for Budget Holders, which they are required to complete before they undertake their budget monitoring role.</p> <p>Detailed written procedures and guidance documents should also be developed (in parallel with the development of this tailored training for Budget Holders). This will provide a useful reference document for all Budget Holders, which they can consult, as required, following the training.</p>	<p>Agreed.</p> <p>Staff absences have hampered the training of all staff re budgeting, but it is the intention of the Finance Department to have a manual covering financial processes and procedures, with this incorporating an emphasis on the dissemination of Budget preparation and Budgeting information and monitoring. A face-to-face budget training session will also be delivered to staff during a meeting of Curriculum Managers in early 2024.</p> <p>To be actioned by: VP for Finance, Resources and Sustainability</p> <p>No later than: 31 May 2024</p>	
			<p>Grade</p>	<p>3</p>



Budgetary Control

Objective 5 - Budget variations are reported and acted

As noted under Objectives 1 and 3 above, monitoring reports are provided to Budget Holders and managers that show variances. From discussions with Budget Holders and Finance staff, it was established that variations to the budget would be raised and followed up during monthly budget meetings between the Budget Holder and Management Accountant. Staff would then need to understand the reason for the variance and consider whether any corrective action may be required. During discussions with the Head of Finance it was noted that due to all College staff being based at just one campus, it is considered to be easier to follow up on any variances that are identified, and arrange corrective action where appropriate, and Budget Holders and Finance staff can regularly meet and discuss these as they arise.

A key control over budgets and preventing variations from the budget set is through the purchase authorisation process. Through discussion with the Head of Finance it was established that under current processes, all purchases must be authorised by the Budget Holder and Principal creating very strong oversight over spend across the College.

During discussions with the Principal and Finance staff it was noted that the PECOS system used by the College for purchasing does not automatically prevent an order from being placed under a specific budget line if the budget for this area is breached. The possibility of implementing a control has been discussed with the system provider however this feature is not widely used by other colleges and as such is complex to implement. The Finance team is currently in discussion with the vendor for the finance system, BluQube, to determine if it is possible to implement a similar control.



Budgetary Control

Objective 6 - There is accurate cash flow reporting

Consideration of cash balances and cash flows are important to ensure that the College has sufficient funds to fulfil all its financial obligations as they fall due. Each month a Cash Flow Forecast Return is required to be completed and submitted to the SFC by mid-month. This shows required drawdown, based on grant in aid allocation, and sets out the forecast expenditure for that month, as well as analysing actual expenditure and closing cash balances for the previous months. These are prepared by the Head of Finance who makes various adjustments to the forecast income and expenditure for non-cash items.

Cash flow returns are reported to the Finance and Resources Committee on a quarterly basis. In the May 2023 meeting, a cash flow was provided for April 2023, showing drawdown, forecast, and assumptions on the phasing of major capital spends. It also highlighted that the College will have adequate working capital at the end of the financial year. It was also established from the report that the College monitors cash flow on a daily basis.

Objective 7 - Senior management and the Board regularly review the College's overall financial position

The monthly reports provided to Budget Holders are also made available to the Associate Principals to allow ongoing oversight of spend across all budget areas. It is intended that they will also be involved in the monthly Budget Holder meetings going forward to allow regular formal discussion of income and spend between Finance, Budget Holders and senior management. In addition to this, as noted under Objective 5, the Principal has oversight of all spend at the College allowing for regular review of the spend position of the College.

Management Accounts are prepared for the Finance and Resources Committee and the Board on a quarterly basis. Explanations are included within the Finance and Resources Committee covering papers for all variances considered significant. The reports are initially produced by the Management Accountant with support from the Finance team and thereafter reviewed by the Head of Finance.

The Management Accounts provide a summary of activity in the quarter including likelihood of achieving credits target and any changes to circumstances which impact the finances of the College. The Management Accounts pack also includes an Income & Expenditure account (Forecast, Budget and Variance), and monthly cashflow. The management accounts also contain scenario planning where appropriate to support returns made to the SFC with management accounts from May 2023 reporting on scenarios relating to potential staff pay awards.



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South Lanarkshire College

2022/23 Student Activity Data

Internal Audit report No: 2023/06

Draft issued: 1 November 2023

Final issued: 13 November 2023



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Management Summary

Introduction

The Guidance Notes issued by the Scottish Funding Council (SFC) on 30 August 2023, '*FES Return and Audit Guidance 2022-23*' requested submission by South Lanarkshire College ('the College') of the FES return for session 2022/23, which includes the Credits data relating to College activity for the academic year 2022/23.

Guidance on completion of the 2022/23 return was issued by the SFC on 31 May 2022.

The Credits Audit Guidance requests that colleges obtain from their auditors their independent opinion on the accuracy of the FES return.

Scope of the Audit

In accordance with the Credits Audit Guidance, we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

Our testing was designed to cover the key risk areas identified at Annex C to Credits Audit Guidance.

Audit Staffing

An Audit Director with 30 years' experience in the further and higher education sectors had overall responsibility for the planning, control and conduct of the audit and supervised and reviewed work performed by a Senior Auditor and Auditor with six and three years' experience in the sector respectively. A Senior Manager with 18 years' experience in the sector was also involved at the planning, review and reporting stage.

The quality of audit work undertaken by the firm is enhanced through continuous review of procedures and the implementation of individual training programmes designed to address the needs of each team member.

The total number of audit days was 10, split ½ day for the Audit Director, 1 day for the Senior Manager, 5½ days for the Senior Auditor and 3 days for the Auditor.

Audit Findings

The points that we would like to bring to your attention have been grouped together under the following headings to aid your consideration of them:

- Introduction
- Systems and Procedures for Compilation of Returns
- Analytical Review



Audit Findings (continued)

The action that we consider necessary on each issue is highlighted in the text for clarity and an action plan for implementation of these recommendations can be found in section 2.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

Priority 1	Issue subjecting the College to material risk, and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the College to significant risk, and which should be addressed by management.
Priority 3	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Conclusion

Our report was submitted to the SFC on 6 October 2023. We reported that, in our opinion:

- the student data returns have been compiled in accordance with all relevant guidance.
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- we can provide reasonable assurance that the FES return is free from material misstatements.

A copy of our Audit Certificate is included at Appendix I to this report.

Acknowledgments

We would like to take this opportunity to thank the staff at the College who helped us during our audit review.



Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date
2.2.1	<p><i>Systems and Procedures for Compilation of Returns</i></p> <p>Allocation of Credits to Courses</p> <p>R1 Ensure that Credits claimed for students on part-time programmes are based upon the value of the units listed on the discrete course record, or notional Credits based on planned hours of activity divided by 40, and not based upon a default tariff.</p>	3	SLC will endeavour to ensure that the credit matching process between claim and the units attached to students are accurately done. In addition, a check for the credits not meeting 0.25 multiples will be put in place. Review of this during the quarter returns should be sufficient to close this recommendation, checked again in the final return next year.	Yes	Chris Sumner	30 Sept 2024



2022/23 Student Activity Data

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date
2.2.2	R2 Ensure that the Credits claimed for flexible learning courses adequately reflects the level of activity undertaken in the year.	3	SLC Spanning course must make sure that they only claim what they teach within the year. The 22/23 ESOL ICDL course was adjusted downwards as there wasn't reasonable time to complete the work. However, good controls are already in place for Spanning / Cross Sessional courses via the power bi reporting and the management of course from one year to another. Feedback to the AP's and CM's is that they must maintain their course and not front load courses that fall into this format. Monitoring of this will be quarterly, however, final return will confirm that this recommendation can be closed.	Yes	Chris Sumner	30 Sept 2024
2.3.2	Classification of Programmes R3 Ensure that in-year data integrity checks of the FES 1 and FES 2 data include a review of Modes of Attendance, and other key data such as Credits claimed, to identify conflicts and that data is amended as required.	3	Agree that this point needs improving. This requires the data checks during the quarterly returns to be more thorough. Introduction of a new student record system where the data entry will be better validated will help but that won't be complete for the next credit audit in 2024. Demonstration of the checking should be shown to the Head of MIS by the second Quarter (February) and a review of this point against that return can confirm that the staff are monitoring the information well.	Yes	Chris Sumner	31 March 2024



2022/23 Student Activity Data

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date
2.4.2 – 2.4.4	<p>Required Date</p> <p>R4 Ensure that the required date input into SITS is calculated in line with the SFC guidance.</p>	3	This was an issue between the course required date and the student required date in the system. More care will be taken in the next year to ensure that the required dates are accurate in the system and that the FES output takes the information from that field. It is expected to be correct but as the year goes on we will review as part of the quarterly return. Confirmation of this point will only close at the start of the next audit in Sept 2024.	Yes	Chris Sumner	30 Sept 2024



Main Report

1. Introduction

1.1 SFC Guidance

1.1.1 The Credits Audit Guidance issued by the Scottish Funding Council (SFC) on 30 August 2023 sets out, at Annex C, the key risk areas in relation to the preparation of the FES return. These are:

- allocation of Credit values to students where Credits exceed full-time levels;
- incorrect Credit value is claimed for collaborative provision;
- claims for fee waivers and students with multiple enrolments;
- spanning courses;
- identification of non-fundable activity, both courses and students, including capturing of eligible enrolments and identification and recording of student withdrawals;
- recording of progress for students on open / distance learning programmes;
- identification and counting of infill students; and
- claims for non-accredited work experience / placement.

1.1.2 For academic year 2022/23 we established that there had been no significant changes to the systems and procedures used in the compilation of the returns. We then carried out detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily. Detailed analytical review was carried out, including a comparison with last year's data, and obtaining explanations for significant variations by Price Group.

1.1.3 As requested by the Credits Audit Guidance this report indicates: the scope of the audit; the approach taken; an indication of analytical review work performed; the extent of checking undertaken; review of prior year recommendations; and the main findings from our audit work. As requested by the guidance, the report also includes a summary of adjusted and unadjusted errors found during the course of the audit.



2. Systems and Procedures for Compilation of Returns

2.1 Introduction

- 2.1.1 Detailed testing at the year-end Credits audit included two main tests on courses and individual students.
- 2.1.2 The following tests were carried out for a sample of 16 courses selected from the FES1 and FES2 reports:
- a) Ensured that the course met the criteria for fundable activity set out in the Credits guidance.
 - b) Where applicable, ensured that the course met the definition of further or higher education set out in the Credits guidance.
 - c) Ensured that courses recorded as full-time met the definition for full-time as set out in the Credits guidance.
 - d) Checked the student total for a programme against course / class lists or course / class register. Checked calculation of the required date and ensured that students who had withdrawn prior to this date had been excluded from the Credits count; and
 - e) Checked allocation of Credits to courses is in accordance with the Credits guidance and, where Credits were claimed beyond full time levels, that the claims could be appropriately justified by the College.
- 2.1.3 For a total of 71 students selected from the above courses the following tests were carried out, where applicable:
- a) Ensured that the student met the criteria for fundable activity set out in the Credits guidance.
 - b) Checked back to signed enrolment forms, or electronic equivalent, for the 2022/23 academic year.
 - c) For infill courses, ensured that Credits were allocated according to the modules attended by individual students rather than by the default value for the courses being infilled.
 - d) Checked to student attendance / engagement records and, for withdrawals (including a further sample of 15 full-time students who withdrew within two weeks after the Credits qualifying date), checked that the withdrawal date noted on the system was the last date of physical attendance;
 - e) For students following courses of open / distance learning vouched to study plan etc. and ensured that required criteria was met; and
 - f) For students undertaking non-accredited work experience / placement ensured that the Credits value had been calculated in line with the Credits guidance.
- 2.1.4 The following tests were carried out by reviewing records for all College courses:
- a) Confirmed that there were no claims for more than one full-time enrolment per student for 2022/23 and ensured that Credits had not been claimed in respect of courses that were related in respect of subject area, unless progression could be clearly established;
 - b) Confirmed that there were no claims for overseas students, associate students and students enrolled on full cost recovery commercial courses; and
 - c) Confirmed that Credits for spanning courses were claimed in the correct year.
- 2.1.5 We reviewed the systems for recording fee waiver entitlement and carried out an analytical review to ensure the accuracy of the fee waiver element of the FES return. For a random sample of 10 part-time students, we confirmed that College staff had verified the entitlement to benefit in each instance.



2. Systems and Procedures for Compilation of Returns (continued)

2.1 Introduction (continued)

- 2.1.6 It was confirmed by the Head of Management and Information Systems that there had been no collaborative activity during 2022/23 and no such courses were identified during our audit testing.
- 2.1.7 Before signing our audit certificate, we reviewed the final FES online report and the explanations for remaining errors.
- 2.1.8 From our review and testing of the systems and procedures used in the compilation of the returns, we concluded that overall, they were adequate to minimise risk in the areas identified in Annex C of the Credits Audit Guidance and were working satisfactorily as described to us.
- 2.1.9 The remainder of this section discusses issues identified during our review of the 2022/23 student activity data.

2.2 Allocation of Credits to Courses

- 2.2.1 Audit testing identified two part-time Introduction to Hair FE courses with 142 students where the Credits claimed was less than 0.25 Credits per student (0.075 each), totalling 10.65 credits. A further review by the College identified that a default Credits value had been entered into SITS and did not correlate to the planned learning hours undertaken by the students. The Credits claim should have been 0.5 Credits per student based on 20 planned learning hours for the course, for which evidence was provided. An additional 60.35 Credits were added at the time of the audit.

Recommendation

R1 Ensure that Credits claimed for students on part-time programmes are based upon the value of the units listed on the discrete course record, or notional Credits based on planned hours of activity divided by 40, and not based upon a default tariff.

- 2.2.2 Our sample of 16 courses included a flexible learning ESOL course. We noted that 4 Credits were claimed for each of the students, however on review of the evidence of student progression and discussion with the College it was identified that the course started later than initially planned in 2022/23 and therefore the students had not undertaken all of the planned work before the end of the academic year. It was agreed that a claim of 2 Credits per student better reflected the progress made to date on the course. A total of 296 credits were removed from the final FES for the sample course and other similar groups.

Recommendation

R2 Ensure that the Credits claimed for flexible learning courses adequately reflects the level of activity undertaken in the year.



2. Systems and Procedures for Compilation of Returns (continued)

2.3 Classification of Programmes

- 2.3.1 Per the Credits guidance, any student that undertakes 15 credits or more, on a single programme of study, in a single academic year – including spanning courses – should be considered full-time. In addition, HNC students undertaking 12 Credits on a single programme in a single academic year should also be considered full-time.
- 2.3.2 For our sample of 16 courses, full-time provision was confirmed through the number of Credits allocated to the course and other type of provision were agreed to course reports, planned hours of activity and separate learning systems. Audit testing identified several errors within the FES data classifications:
- HNC Accounting with Financial Services was classified as Mode of Attendance (MoA) = 9 (Evenings only and weekends) per the FES1 report and MoA = 17 (Full time) per the FES2 report. The MoA had been correctly stated in the FES2 and the FES1 record was updated at the time of the audit. The required date and Credits claim were unaffected;
 - SVQ2 Travel Services Modern Apprenticeship was classified as MoA = 8 (Other part time) per the FES1 and MoA = 17 per the FES2. The MoA had been correctly stated in the FES1 and the FES2 record was updated at the time of the audit. The required date was also re-calculated (it had been noted as the same as the start date of the course) although there was no impact on the Credits claim; and
 - PDA – SCQF6 Carpentry and Joinery was classified as MoA = 17 per the FES1 and FES2 however the Credits claim per student was 6.5 Credits therefore did not meet the full-time criteria. The FES1 and FES2 records were amended to show MoA = 8 at the time of the audit and there was no impact on the Credits claim.

Recommendation

R3 Ensure that in-year data integrity checks of the FES 1 and FES 2 data include a review of Modes of Attendance, and other key data such as Credits claimed, to identify conflicts and that data is amended as required.

2.4 Required Date

- 2.4.1 For 2022/23 the Credits guidance noted that the 'required date' for programmes other than full-time starting at the summer term should be calculated as the day on which 25% of the total calendar days between the course start and end have passed.
- 2.4.2 Included within our sample of courses tested was a part-time infill programme in HNC Business Management where the required date was stated as the same date as the student enrolment date, rather than 25% of calendar days of the course. The College re-calculated the required date for each student which did not result in any additional students being brought in to, or excluded from, the Credits count. A review of similar courses was performed and no further errors were noted.
- 2.4.3 Also included within our sample of courses was a part-time course Level 6 Creative and Digital Media FA where the required date was incorrectly stated as 9 November 2022 instead of 13 November, being 25% of calendar days for the course. Upon review by the College it was found that the difference was due to a data input error. The effect of the re-calculation of the required date did not result in any additional students being brought in to, or excluded from, the Credits count.
- 2.4.4 For 2023/24 the SFC has aligned the 'required date' for colleges and universities, and colleges can now claim Credits for full-time students on courses lasting for over 20 weeks if they are still active after five weeks from the course start date. For shorter courses the required date continues to be after a quarter of the course has been delivered.



2. Systems and Procedures for Compilation of Returns (continued)

2.4 Required Date (continued)

Recommendation

R4 Ensure that the required date input into SITS is calculated in line with the SFC guidance.

3. Analytical Review

3.1 The analytical review by Price Group for the current year, included at Appendix III of this report, showed significant variances either in value or percentage terms in Price Groups 1, 2, 3 and 5. These were discussed with College management. The explanations we received provided us with additional assurance that the Credits claim does not contain material errors:

- Price Group 1: decrease of 630 Credits. Enrolments in Price Groups 1, 2 and 3 increased in 2022/23 partly due to an increase in school link activities post-Covid however, for Price Groups 1 and 2, this was offset by the impact of university courses lowering entry level requirements with students historically entering the College for HNC and HND courses applying direct to university instead.
- Price Group 2: decrease of 1,822 Credits. As above.
- Price Group 3: increase of 852 Credits. As above.
- Price Group 5: increase of 591 Credits based on the complex needs of the students entering the College. More students were assessed by the ELS team and some of that is down to the understanding of certain disabilities that have developed from the time the students have had in school or work over the previous years.



Appendix I – Copy of Audit Certificate

South Lanarkshire College
College Way
East Kilbride
G75 0NE

6 October 2023

Dear Sir or Madam

Auditor's Report to the Members of the Board of Management of South Lanarkshire College

We have audited the FES return which has been prepared by South Lanarkshire College under SFC's Credit Guidance for colleges issued 31 May 2022 and which has been confirmed as being free from material misstatement by the College's Principal in her Certificate dated 5 October 2023. We conducted our audit in accordance with guidance contained in the 2022-23 audit guidance for colleges. The audit included an examination of the procedures and controls relevant to the collection and recording of student data. We evaluated the adequacy of these controls in ensuring the accuracy of the data. It also included examination of evidence relevant to the figures recorded in the student data returns. We obtained sufficient evidence to give us reasonable assurance that the returns are free from material misstatements.

In our opinion:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- we can provide reasonable assurance that the FES return is free from material misstatements.

Stuart Inglis
Director
For and on behalf of Henderson Loggie LLP
Chartered Accountants
Dundee Office
stuart.inglis@hlca.co.uk

6 October 2023

Date FES returned: 29 September 2023



Appendix II – Summary of Adjusted and Unadjusted Errors

Report Para	Error identified	Adjusted/unadjusted	Approx. Value
2.2.1	Credit claimed based on incorrect Credits value and did not correlate to the activity undertaken.	Adjusted	+60.35
2.2.2	Credit claimed based on incorrect Credits value and did not correlate to the activity undertaken.	Adjusted	-296.00



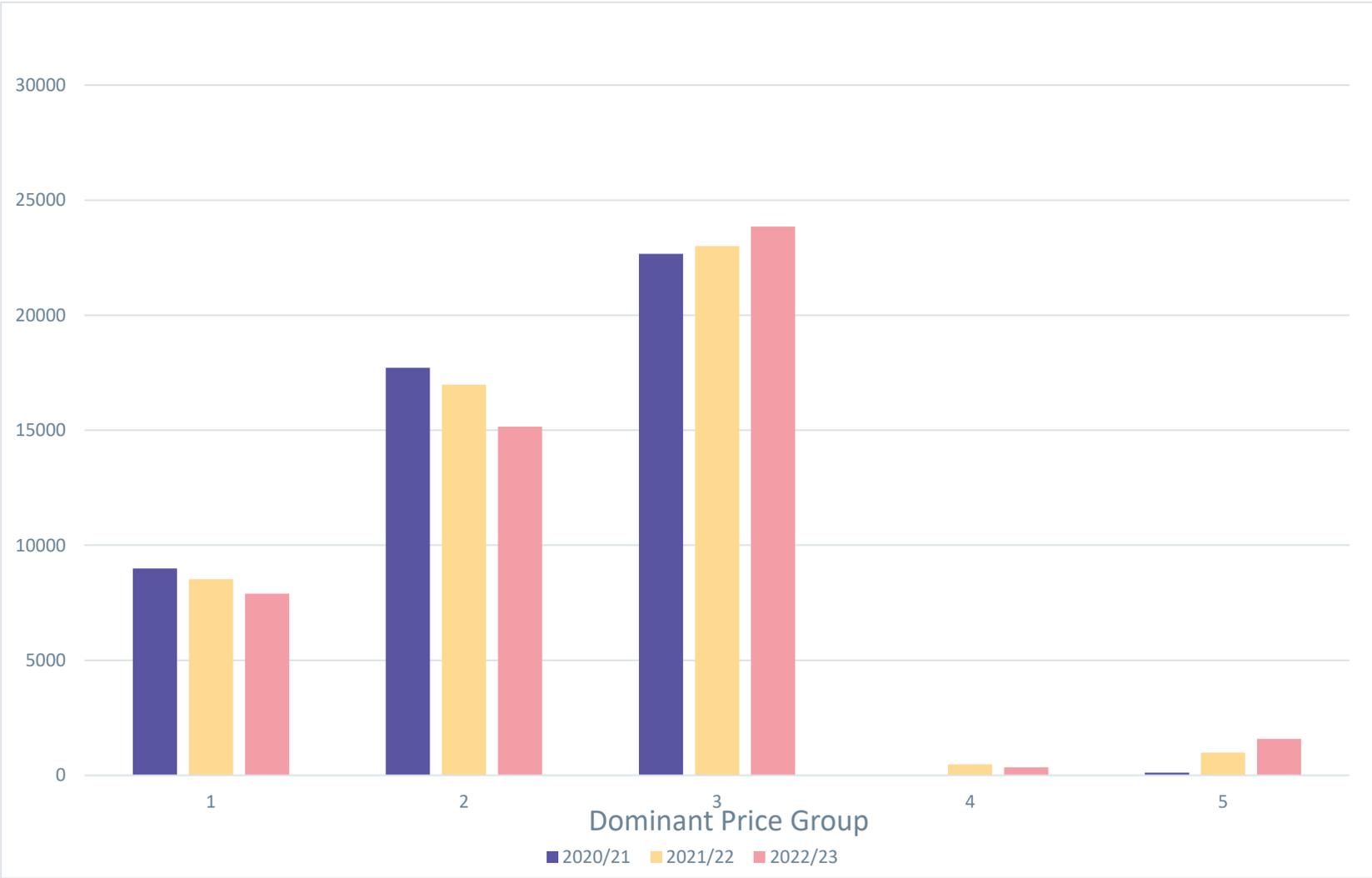
Appendix III – Price Group Analytical Review 2021/22 and 2022/23 – Figures

Price Group	2021/2022		2022/2023		Variance	Variance
	Credits		Credits		Credits	%
1	8,522		7,892		(630)	(7.4)
2	16,980		15,158		(1,822)	(10.7)
3	23,002		23,854		852	3.7
4	481		352		(129)	(26.8)
5	996		1,587		591	59.3
	49,981		48,843		(1,138)	(2.3)

College Funded Target 2022/23: 48,812 Credits



Appendix IV – Price Group Analytical Review 2020/21 to 2022/23 – Graph



Appendix V – Updated Action Plan – Student Activity Data 2021/22

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date	Progress at October 2023
<p>Non-Fundable Activity</p> <p>R1 In-year and end of year FES data integrity checks should include a review of non-vocational programmes to ensure the Credits claim is accurate.</p>	3	In-years Credit checks are completed however it is accepted that more focus on the non-vocational programmes can be done. The Head of MIS can include this into the quarterly data checks with the MIS team.	Yes	Chris Sumner – Head of MIS	Q2 2022/23	<p>Similar issues were noted in relation to Modes of Attendance and required dates in 2022/23. See paragraphs 2.3.2 and 2.4.2 - 2.4.4 of the Main Report.</p> <p>Partially Implemented</p>
<p>Superclass codes</p> <p>R2 Ensure that appropriate superclass codes are assigned to courses in line with the Credits guidance.</p>	3	Accepted. Part of the data checks in R1 can also include this check for the superclass codes. Communication of the year’s superclass codes should also be displayed to the Curriculum Managers when planning the courses.	Yes	Chris Sumner – Head of MIS	Q2 2022/23	<p>No similar issues noted during 2022/23.</p> <p>Fully Implemented</p>



2022/23 Student Activity Data

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date	Progress at October 2023
<p>Multiple Enrolments</p> <p>R3 In-year and end of year FES data integrity checks should include a review to ensure that Credits are not claimed for more than one full-time course per year in line with the Credits guidance.</p>	3	Accepted. Multiple enrolments are checked and currently have a Power Bi report that can display any students with a multiple claim.	Yes	Chris Sumner – Head of MIS	Q2 2022/23	<p>No similar issues noted during 2022/23.</p> <p>Fully Implemented</p>
<p>ESF Students</p> <p>R4 For ESF students, ensure that Credits are only claimed for completed modules / units.</p>	3	Accepted. ESF funding is no longer available in 2022/23. However, improvements have still been made to the systems to ensure module Credits match the student claim in the system.	Yes	Chris Sumner – Head of MIS	Q2 2022/23	<p>Not applicable for 2022/23.</p> <p>No Longer Relevant</p>



2022/23 Student Activity Data

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date	Progress at October 2023
<p>Distance Learning</p> <p>R5 The College should ensure that evidence of progression is available for all students enrolled on open / distance learning programmes where Credits are being claimed.</p>	3	Accepted. The College will ensure that records of work and timetabling / attendance are recorded for the open / distance learning courses and where possible ensure that there are outlines to the courses / hours through the curriculum planning system.	Yes	Chris Sumner – Head of MIS	Q3 2022/23	<p>See 2.2.2 and R2 in Main Report in relation to issue with Credits claim for flexible learning course.</p> <p><i>Partially Implemented</i></p>



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South Lanarkshire College

2022/23 Student Support Funds

Internal Audit report No: 2023/07

Draft Issued: 3 November 2023

Final Issued: 13 November 2023



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Management Summary

Introduction

Colleges receive **Discretionary Funds** from the Scottish Funding Council (SFC) and the Student Awards Agency for Scotland (SAAS) to provide financial help for students where access to, or continuance in, further or higher education would otherwise be denied due to financial hardship. The maximum payable from the Further Education Discretionary Fund is normally £4,000 however this cap was removed again for 2022/23 to allow additional support to be given to students financially impacted by COVID-19 and the current cost of living pressures. The £4,000 cap for the Higher Education Discretionary Fund was re-instated for 2022/23.

Childcare Funds sit alongside the Discretionary Funds to provide assistance with the cost of formal childcare expenses. From academic year 2011/12, childcare funds for higher education students formerly allocated to colleges by SAAS, were transferred to the SFC who now allocates childcare funding direct to colleges for all eligible further and higher education students. No limit is placed on the amounts individuals can access and colleges have the flexibility to determine award levels themselves. Priority must however be given to certain groups, including lone parents and mature students, when allocating funds from the Further and Higher Education Childcare Fund.

The Discretionary and Childcare Funds must be administered, and payments made, in accordance with SFC and SAAS guidelines.

Bursary funds are given to students at the discretion of a college to help maintain that student in their education beyond their compulsory school leaving date. An award can include allowances that cover a student's maintenance, travel and study costs. Colleges can also use bursary funds for allowances to cover costs incurred by a student living in college-approved accommodation, or due to having dependants and / or special education needs.

Colleges must apply the terms of the National Policy for Further Education Bursaries, together with applicable legislation and supplementary letters issued by the SFC, when using the funds allocated to them for bursary purposes. The policy sets out the minimum criteria, maximum rates and minimum contribution scales that a college must apply in allocating bursary funds. In recognising that the bursary fund is cash-limited, colleges may have to exercise discretion to target support to meet local priorities and the needs of their students. SFC expects colleges to award students their full calculated bursary award. Where a college chooses to supplement bursary funds from its own resources it may use the additional resources as it sees fit.

Education Maintenance Allowances (EMAs) provide financial support for 16 to 19 year-olds from low income households who are attending non-advanced full-time education at school, college or are home educated. Eligible students receive £30 per week, which is targeted at young people from the lowest income families.

EMAs must be administered, and payments made, in accordance with SFC and Scottish Government guidelines

Audit Scope

For the 2022/23 academic year three specific fund statements were required for audit:

- Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return;
- Higher Education Discretionary and Childcare Fund; and
- Education Maintenance Allowance Return.



Audit Objectives

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- The information disclosed in each of the returns for the year ending 31 July 2023, is in agreement with underlying records.

Audit Approach

The audit approach included:

- Reviewing new guidance from SFC, SAAS and the Scottish Government, including additional guidance issued in response to the COVID-19 pandemic, and identifying internal procedures;
- Agreeing income to amounts awarded;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing College analysis spreadsheets for large or unusual items, obtaining explanations where necessary; and
- Carrying out detailed audit testing, on a sample basis, on expenditure from the funds.

Audit guidance issued by the SFC was utilised.

Action Plan

The action that we consider necessary on each issue is highlighted in the text for clarity and an action plan for implementation of these recommendations can be found in section 2.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

Priority 1	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the College to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Findings and Conclusions

We were able to certify the Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return; and Higher Education Discretionary and Childcare Fund and submit these to the appropriate bodies, without reservation.

In our covering letter to SAAS enclosing the audited Higher Education Discretionary and Childcare Fund Return we noted one observation arising from our audit work: The College does not operate a separate interest-bearing bank account for the Higher Education Discretionary Fund and all transactions are through the College’s main bank account. The College uses the Government banking service for all of its financial transactions, on instruction from the Scottish Funding Council, and this account does not pay interest.



Findings and Conclusions (Continued)

A reservation was made in our Auditors' Report for the Education Maintenance Allowance Return. The College has made Admin claims totalling £3,975 for 2022/23 on the monthly Education Maintenance Allowance returns, which agrees to the year-end statement after adding back the 2021/22 adjustment of £1,275 made in February 2023. We established that the College had 130 accepted Education Maintenance Allowance students for the year and therefore the total Admin claim should only have been £1,950, giving rise to an over-claim of £2,025 for 2022/23.

No recommendation has been made in this area as the error was as a result of a misinterpretation of SFC instructions which were not clear.

In addition, the following points were noted during the course of our audit:

Bursary Return – Study Costs

Where study materials (textbooks, kit, protective clothing etc.) are purchased by the College from suppliers and provided to Bursary students, these are claimed on the FES based on planned costs rather than actual spend. The College maintains a spreadsheet showing planned and actual costs by department so that an overall check can be made to ensure that the total study costs claimed do not exceed actual spend. The 2022/23 spreadsheets show significant overs and unders, by department and expenditure category, however the overall total claimed was less than actual spend during the year.

We selected a sample of five invoices from the study costs charged through the ledger. For four of the five invoices selected we were able to make a comparison between unit price per the invoice and the planned study costs for each student for the relevant expenditure category. Planned costs were considered reasonable in comparison to the actual amounts invoiced. For the other invoice selected it was not possible to tie in directly although planned costs were not considered unreasonable.

We recommended last year that the College should ensure that distribution lists identifying Bursary students in receipt of study materials are maintained for each purchase invoice charged to the Bursary fund. The College response noted that it would analyse all study costs mid-year and reconcile back to Cost of Course forms, adjusting the Tequios system where required, and reconciling this to the general ledger. For 2022/23 total study costs were reconciled as described above. Distribution lists identifying Bursary students in receipt of study materials were not maintained for each purchase invoice charged to the Bursary fund (refer recommendation **R3** in Appendix IV).

Recommendation

R1 We would repeat last year's recommendation that the College should ensure that distribution lists identifying Bursary students in receipt of study materials are maintained for each purchase invoice charged to the Bursary fund.

Based on the current approach, the College should ensure that the planned study costs for each course still reflect the specific items or materials needed for the course and the current price from suppliers.

Bursary Return – Additional Support Needs (ASN) Costs

For one student in our Bursary sample, the treatment of the student's travel award of £4,752 for taxis (as a direct result of ASN) was inconsistent when compared to other similar students. This would normally be disclosed on the FES as Special Educational Needs however in this instance was shown as travel as the appropriate box had not been marked on Tequios.

Recommendation

R2 Ensure that a check is made on the categorisation of ASN costs to ensure that they are correctly disclosed on the FES.

Copies of the fund statements and audit certificates are provided at appendices I to III of this report.



Acknowledgments

We would like to take this opportunity to thank the staff at the College who helped us during our audit.



Action Plan

Page Ref.	Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
3	<p>Bursary Return – Study Costs</p> <p>R1 We would repeat last year’s recommendation that the College should ensure that distribution lists identifying Bursary students in receipt of study materials are maintained for each purchase invoice charged to the Bursary fund.</p> <p>Based on the current approach, the College should ensure that the planned study costs for each course still reflect the specific items or materials needed for the course and the current price from suppliers.</p>	3	The College will continue to analyse all study costs monthly and reconcile back to Cost of Course forms, adjusting the Teqios system where required, and reconciling this to the general ledger. With regards to distribution lists we will endeavour to implement a process whereby the students receiving bursary items are either listed on the actual invoice or on the original purchase order or if this is not possible on an attached document.	Yes	Management Accountant	29 February 2024
3	<p>Bursary Return – Additional Support Needs (ASN) Costs</p> <p>R2 Ensure that a check is made on the categorisation of ASN costs to ensure that they are correctly disclosed on the FES.</p>	3	An additional step will be added to the FES reconciliation process to ensure that there is a clear distinction made between actual travel expenses and travel related ASN costs before the FES is submitted.	Yes	Management Accountant	29 February 2024



Appendix I – Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return and Audit Certificate



**Appendix II – Higher Education Discretionary and Childcare Fund
Return and Audit Certificate**



Appendix III – Education Maintenance Allowance Return and Audit Certificate



Appendix IV – Updated Action Plan – 2021/22 Student Support Funds

Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2023
<p><i>FE Discretionary Fund, FE & HE Childcare Fund and Bursary Return</i></p> <p>FES Return</p> <p>R1 As part of the preparation for the submission of the FES Return for academic year 2022/23, the College should ensure that a full and complete reconciliation of the FES return to the underlying FES data and ledgers is undertaken in advance of the FES submission to the SFC and in preparation for the audit start.</p>	<p>2</p>	<p>This will be undertaken in February 2023 and monthly thereafter.</p>	<p>Y</p>	<p>Head of MIS</p>	<p>28 Feb 2023</p>	<p>The Management Accountant, Head of MIS and the Bursaries Officer liaised throughout the year to ensure that the situation was monitored and amended as appropriate.</p> <p>A full and complete reconciliation of the FES return to the underlying FES data and ledgers was provided for our audit.</p> <p><i>Fully Implemented</i></p>



2022/23 Student Support Funds

Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2023
<p>Bursary Study Expenses</p> <p>R2 The College should undertake a review to identify digital study materials and determine a basis for apportioning costs to Bursary students, ensuring that the cost of any core teaching materials that should be covered by the core grant and any costs relating to non-Bursary students are excluded.</p>	2	The College will analyse digital study costs and prepare a system of apportionment that differentiates between support provided to bursary-funded and non bursary-funded students.	Y	Head of Finance	31 Mar 2023	<p>Management indicated at the time of our Follow-Up review in August 2023 that this exercise was underway however no claim was made for digital study materials.</p> <p>No Longer Relevant</p>
<p>R3 The College should ensure that distribution lists identifying Bursary students in receipt of study materials are maintained for each purchase invoice charged to the Bursary fund.</p>	3	The College will analyse all study costs mid-year and reconcile back to Cost of Course forms, adjusting the Tequios system where required, and reconciling this to the general ledger.	Y	Head of Finance	31 Mar 2023	<p>Management indicated at the time of our Follow-Up review in August 2023 that this exercise had been undertaken during the year and amendments to the Tequios system incorporated by the Bursaries Officer.</p> <p>During our student support funds audit we noted that although an overall reconciliation with the ledger had been prepared, study costs were claimed based on planned costs, refer page 3 of this report.</p> <p>Little or No Progress Made</p>



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LEVEL OF ASSURANCE

Good

South Lanarkshire College

Quality Assurance

Internal Audit report No: 2023/05

Draft issued: 2 November 2023

Final issued: 6 November 2023



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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



Management Summary

Overall Level of Assurance

Good	System meets control objectives
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Risk Assessment

A review of the South Lanarkshire College ('the College') risk register (August 2023), identified the following specific risks relating to Quality Assurance:

- Risk 9 – That there is failure to achieve high standards of learning and teaching (risk score 4, Low).

Background

As part of the Internal Audit programme at the College for 2022/23 we carried out a review of the systems in place in relation to quality assurance (internal verification). The ANA identified this as an area where risk can arise and where Internal Audit can assist in providing assurances that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Internal verification (IV) is a crucial element of both the College's and awarding bodies quality assurance processes. It ensures that all candidates entered for the same qualification are assessed fairly and consistently to the specified national standard.

The College must ensure that internally-assessed qualifications are credible with staff, students, partner organisations and regulatory bodies. This requires an effective quality assurance system within the College. The College is responsible for operating an effective and documented internal quality assurance system. This is an essential requirement of awarding bodies, including the Scottish Qualifications Authority (SQA).

Arrangements for IV are managed by Curriculum Managers (CMs), who are supported by the College's Quality Unit, who have also developed a suite of guidance for academic Assessors and Internal Verifiers. External verifications completed by the SQA are tracked by the Quality Unit and managed locally by curriculum areas. Feedback from the internal and external verifications are reported to the Quality Unit for monitoring reporting, and continuous improvement purposes.



Scope, Objectives and Overall Findings

The scope of this assignment was to carry out a review of the College's quality procedures for internal assessment and verification of units and programmes made on behalf of awarding bodies, with a view to providing assurance that the procedures reflect good practice and identifying opportunities for procedural improvements and efficiencies.

The table below notes the objective for this review and records the results:

Objective	Findings				
		1	2	3	Actions in progress
The objective of this review was to ensure that the College can demonstrate that:		No. of Agreed Actions			
1. The internal verification model is valid and accords with guidance and good practice published by awarding bodies such as the SQA.	Good	-	-	-	
2. The assessment process ensures that sufficient evidence is obtained in order to demonstrate that students have met the national standard for the qualification.	Good	-	-	-	✓
3. All Assessors have access to awarding bodies standards, are familiar with the standards and can evidence that they have been applied.	Good	-	-	-	
4. Assessors reach accurate and consistent assessment judgements for the same qualification for all candidates in line with the national standard of the qualification.	Good	-	-	-	✓
5. Systems are in place which facilitate collaboration between Assessors and Internal Verifiers, ensuring that standards are met across the College, whilst maintaining appropriate segregation and access to results.	Good	-	-	-	✓
6. Systems are in place which allow quality concerns to be captured and addressed.	Good	-	-	-	✓
7. Record-keeping and resulting of students is accurate.	Good	-	-	-	✓
Overall Level of Assurance	Good	-	-	-	
		System meets control objectives.			



Audit Approach

We completed one-to-one interviews with members of the Quality Unit, the College's two Associate Principals, and a sample of five CMs responsible for the IV of the following SQA courses in the 2022/23 academic year:

- NC Level 5 Beauty Therapy;
- NC5 Creative Industries;
- HNC Applied Science;
- NPA 5 Plastering SCQF5; and
- SVQ3-SCQF7 Plumbing.

We also reviewed the College's quality procedures and IV documentation held within Master Folders for the sample of courses above.

We were unable to walk through the IV assessment steps for 2022/23 reviews completed due to recent changes in the College's IV System. Changes had meant that the previous academic year's IV records had been archived. However, we reviewed the IV process underway for 2023/24 and assessments held within the new system and any records retained in Master Folders from last year's assessments with CMs interviewed.

This allowed our assessment of the following:

- internal stakeholder needs;
- opportunities for removing inefficiencies from the IV process; and
- ways to improve the process to maintain compliance with awarding bodies guidance, where appropriate.

Summary of Main Findings

Strengths

- There is a strong culture of continuous improvement in the quality of teaching provided to students and the support to enhancements brought by the IV and external verification processes, as well as academic staff and student feedback to the Quality Unit who work closely with MIS to ensure systems are established to support the assessment processes.
- The College's IV processes reflect requirements set by SQA guidance.
- Procedures have been established which ensure the availability and retention of assessment evidence in line with the requirements of qualification awarding bodies, and for the purposes of internal and external verification.
- There is strong collaboration between the Quality Unit and CMs to ensure that the IV process is consistent across curriculum areas and any cross-College IVs are standardised.
- Locally, curriculum areas sample tested work closely and ensure there is peer support for Assessors and lecturing staff and that the delivery and assessment standards are applied consistently.
- Internal Verifiers are selected by CMs who ensure there is no conflict of interest. Internal Verifiers are identified on the College's IV System.
- CMs and Internal Verifiers have restricted access to the College's internally developed IV System, that has been SQA approved.



Summary of Main Findings

Strengths (continued)

- The IV System allows a centralised database for all IV reviews and provides automated workflow to ensure each IV is applied consistently across the College. It also integrates with SITS ensuring all courses and student information is up to date.
- The IV System allows for a risk-based assessment that sets eight challenge questions that ensure that higher risk courses, such as new courses or those with new teaching staff are always reviewed, and a fail-safe that ensures that all courses are internally verified at least every three years.
- The IV System also allows the College to clearly identify students selected for verification within each unit and provides links to the verification results which conclude on record-keeping and that resulting of candidates is accurate.
- The IV System provides reports for quality assurance checks by the Quality Unit, such as on the courses selected for IV and any red flags on courses not yet verified.
- The Quality Unit has centralised tracking of the status and outcomes of external verifications with action plans.
- There are good arrangements which allow robust review and root cause analyses when quality concerns are raised to identify underlying issues and develop appropriate corrective and preventive actions. This includes transparent and open communication about quality concerns, actions taken to address them, and the outcomes of any external verification visits, investigations, or improvement initiatives.
- Action plans are developed to address identified quality concerns and monitor the progress of the implementation of these plans.
- Wider improvements to quality are tracked by the Quality Enhancement Group that is attended by the Quality Unit, Associate Principals, and the College's Principal. A Quality Forum is also established to discuss enhancements and planning with CMs.

Opportunities for Improvement

No significant weaknesses were identified during our review.

Acknowledgments

We would like to take this opportunity to thank the staff at South Lanarkshire College who helped us during our audit.



Main Findings

Objective 1 – The internal verification model is valid and accords with guidance and good practice published by awarding bodies such as the SQA.

The College has set out its internal verification (IV) arrangements within the IV Policy and Procedures (February 2023). These are supported by separate guidance for the Internal Verifier, Lecturer - Assessor and Principal Assessor. All guidance is reviewed annually by the Quality Unit to ensure they align to National Standards. They are available to all staff internally via the Quality Portal and provided to new teaching staff during induction.

Our review of the guidance provided to staff noted they align to the SQA methodology.

Discussions also highlighted:

- Consistency and awareness of roles and responsibilities in relation to internal and external verification processes and assessment requirements.
- The Quality Unit provide training on Assessor and IV processes. The last formal training for current staff was completed during the pandemic. However, any new staff will have one to one training with the Quality Unit. Plans are underway to re-establish the formal refresher training programme during 2023/24 that will include training on soft skills such as Internal Verifiers providing constructive feedback to Assessors.
- Master Files are established to capture student assessment evidence and record the results of assessments to demonstrate to the College and students that they have met the national standard for the qualification. Management have recognised that the format of Master Files may differ between areas, such as on Teams or One Note. Plans are established to centralise all Master Files onto SharePoint. Risks to the development of Master Files to SharePoint will be assessed as part of the project, for example data protection, archiving and data transfer.
- The College has a quality framework that is embedded within the curriculum areas sample tested and that ensures standardisation, peer discussion and review and analysis of performance information to ensure that Assessors reach accurate and consistent assessment judgements in line with the national standard of the qualification.

There is close working between the Quality Unit and MIS to ensure that systems are established to provide the necessary audit trails and reporting for IV. The College has developed an IV System that ensures a consistent approach is taken by Internal Verifiers. The system has been SQA approved. The system integrates with SITS allowing the CM to risk assess every course within their portfolio against eight risk categories. If any questions identify as “yes”, the course is internally verified.

The Quality Unit will allocate a CM to support any cross-College unit IVs. Otherwise, the CM also plans who is to complete the IV process for the courses identified after the timetabling process for the block is completed. The Internal Verifier then allocates the Assessor and the Internal Verifier on the system together and sets the completion date for the IV. Guidance is established for the system to ensure it is used consistently across curriculum areas, and was recently updated to capture system changes introduced for the 2023/24 academic year.



Quality Assurance

Objective 1 – The internal verification model is valid and accords with guidance and good practice published by awarding bodies such as the SQA.

CMs are granted access to only the courses allocated on the IV System by the Quality Team. Internal Verifiers are also provided access only to their courses through selection by the CM.

Arrangements were noted to be in line with good practice. Discussions highlighted a strong culture of continuous improvement and quality enhancement within the College documented within the Quality Enhancement Plan. Part of future planning will review needs of CMs, such as reports on the status of IVs underway via dashboard reporting.

Recommendations arising from IVs are managed locally by CMs who bring actions into staff Continuous Personal Development (CPD), where necessary. Wider, cross-College quality recommendations are led by the CM: Quality. There is a Quality Forum held with CMs and the Quality Unit to review themes from IVs and external verifications, and the Quality Enhancement Group, that is attended by the College's Principal, Associate Principals and Quality Unit, providing peer review and support on quality enhancements.



Objective 2 - The assessment process ensures that sufficient evidence is obtained to demonstrate that students have met the national standard for the qualification.

Digitalised student assessment evidence is retained within Master Folders that are held either in Teams (within specific course and student files – linked to the MIS system) or on secure folders within One Drive. Hardcopy assessments, such as paper examination papers, are held in secure cabinets (not physically audited by us). Document retention practices between the courses we sample tested differed. Plans are established to implement a new Learning and Teaching Support System that will centralise and digitalise all assessment outcomes and progress of all students and complement the IV System already established.

The IV process takes a sample of students to assess the quality of Assessor assessments, including the standardisation of assessments made. A risk-based sample of the student class cohort is selected in the IV System by the Internal Verifier (the sample can be dependent on the size of the cohort or needs of the student group). There is a general principal that this is also based on risk to ensure assessments for a range of outcomes are verified.

Standardisation procedures have been established which ensure that there is a shared understanding of the assessment criteria within the Delivery Team, and the awarding of grades is clear and in line with each unit's learning outcomes. New lecturers and Assessors are supported by experienced staff. The IV process then ensures that the students are marked equally and fairly against the assessment criteria set out by the learning outcomes. We were able to evidence commentary on Master Folders on student feedback and decisions made by Assessors in line with good practice.

Standardisation meeting minutes and student assessment information are retained by CMs interviewed. These will be held centrally in Master Folders when they are developed on SharePoint. Through our review of systems and documentation we noted that procedures have been established, which ensure the availability and retention of assessment evidence in line with the requirements of qualification awarding bodies, and for the purposes of internal and external verification. Our review of the system confirmed that these procedures are being followed in practice.



Quality Assurance

Objective 3 - All assessors have access to awarding bodies standards, are familiar with the standards and can evidence that they have been applied.

Assessment evidence retained can differ depending on the course and assessment processes that are based on the current SQA Assessment Support Packs (ASPs) guidance. ASPs are checked annually on the SQA website by the Library on request from CMs. This was highlighted as an inefficiency by some CMs. However, from the 2023/24 academic year onwards, the SQA has provided a list of courses that have updated ASPs that the Quality Unit now also retains on the Quality Portal. All current ASPs are securely held by academic areas.

Access to Master Folders is restricted to members of the Delivery Team and the Internal Verifier. There are two pre-delivery checklists: one held on the Master Folder and a digital version on the IV System. While completion of two checklists creates some duplication of effort, management are aware and there are plans to combine the checklists when the Master Folders move to SharePoint. CMs interviewed are fully aware of planning. The project for the move to SharePoint will also include the review of data protection requirements to ensure record retention and archiving is in line with the College Record Retention Policy and SQA requirements. Any risks to business continuity with the move to SharePoint will also be assessed as part of the project.

Checklists are completed by the Pre-Delivery Team (Assessor and Internal Verifier) and includes the requirement to ensure that details of any updates to unit standards, specifications and assessments are identified and shared. CMs review the completeness of checklist and Master Folders ensuring that pre-delivery tasks have been completed on the IV System. Only on approval will the IV proceed to the next stage.

The Quality Unit also perform quality checks on Master Folders to provide additional assurance that these requirements are being met in practice.



Quality Assurance

Objective 4 - Assessors reach accurate and consistent assessment judgements for the same qualification for all candidates in line with the national standard of the qualification.

Assessors are provided with clear and detailed assessment criteria and guidelines from the awarding body or qualification authority. The criteria outline the specific skills, knowledge and performance expectations for each aspect of the qualification. As noted previously, training is provided by the Quality Unit, curriculum area, and through CPD to ensure Assessors are familiar themselves with the assessment criteria, methods, and standards set by each awarding body, such as the SQA. Managers ensure that the appropriately experienced and qualified staff are assigned the roles of Assessor within the Delivery Team.

Standardisation sessions are held to ensure that all Assessors have a common understanding of the assessment expectations and grading standards (as discussed in Objective 2).

Objective 5 - Systems are in place which facilitate collaboration between Assessors and Internal Verifiers, ensuring that standards are met across the College, whilst maintaining appropriate segregation and access to results.

Regular meetings are conducted among Assessors and Internal Verifiers to discuss assessment decisions, review sample work, and align their understanding of the standards. Outcomes are recorded on the IV System. However, given that the 2022/23 IV System had been archived so to implement the new version for 2023/34, we were unable to verify correspondence for the 2022/23 IVs sample tested.

The system workflows help minimise subjectivity and ensure consistency in assessment judgments. Internal Verifiers provide feedback to lecturing staff on assessment processes to identify areas of improvement. Draft reports are also provided to CMs who discuss any recommendations with individual Assessors, consider any needs for CPD, or quality changes to be shared across courses. Final reports are submitted to the Quality Unit for review and trend reporting.

Our review of Master Folders sample tested also noted links to sampled assessment records, feedback, decisions and verification sampling and results are recorded allowing a full audit trail of assessments made. This ensures transparency and easy access to results, while maintaining appropriate segregation of duties.

We noted that there are clear and transparent reporting mechanisms for sharing assessment and verification outcomes and findings between Assessors and verifiers and other stakeholders, including CMs and the Quality team. Internal Verifiers are encouraged to provide constructive feedback to Assessors, highlighting areas of improvement and best practice to ensure ongoing enhancement of assessment practices.

The status of external verifications is also tracked by the Quality Unit on a database that is also used to track positive outcomes and any improvement recommendations. Action plans are monitored by the Quality team. There are plans to use intelligence from this database to report on trends and any lessons to be shared across the College when the new Vice Principal for Learning and Teaching begins in their role.



Quality Assurance

Objective 6 - Systems are in place which allow quality concerns to be captured and addressed.

Through discussion with Quality Unit and curriculum staff interviewed, and our review of procedures, we noted that there are embedded arrangements which allow robust review and root cause analyses when quality concerns are raised to identify underlying issues and develop appropriate corrective and preventive actions. This includes transparent and open communication about quality concerns, any actions taken to address them, and the outcomes of any external verification reviews, investigations, or improvement initiatives. Action plans are developed to address identified quality concerns and to monitor the progress of the implementation of these plans.

Improvements are monitored by the Quality Enhancement Group that is attended by the Associate Principal, Quality Unit, and the College's Principal.

Objective 7 - Record-keeping and resulting of students is accurate.

Through discussion with CMs, and review of system information, we noted that the College maintains clear and well-documented records of assessment decisions, feedback, and any adjustments made to results. This documentation provides a trail of evidence for any subsequent reviews or audits.

The verification checks are designed to provide confirmation that adequate and appropriate evidence is available to ensure that Assessor judgements are supported. Training is provided to staff where required and there is planning underway for the Quality Unit to develop refresher training for academic staff involved in assessments and the IV process.

The Principal is also proposing to implement a new Learning and Teaching Support System that will ensure that all student assessment information is retained centrally and to assure business continuity in absence of key academic staff.

Analysis of performance indicators across curriculum teams and programmes is conducted by CMs, as well as high level reviews by the Quality Unit and wider management team. These reviews allow inconsistencies, discrepancies or errors to be identified and investigated.



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South Lanarkshire College

Annual Report to the Board of Management and the Principal on the Provision of Internal Audit Services for 2022/23

Internal Audit report No: 2023/08

Draft issued: 15 November 2023

Final issued: 16 November 2023



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Annual Report and Opinion

Introduction

- 1.1 We were appointed as internal auditors of South Lanarkshire College ('College') for the period from 8 November 2021 to 31 July 2025, with the possibility of a further 12-month extension. This report summarises the internal audit work performed during 2022/23.
- 1.2 Following our appointment, an Internal Audit Strategic Plan 2021 to 2024 was prepared (Internal Audit report 2022/01, finalised 29 April 2022) following discussion with College senior management and the Chair of the Audit and Risk Committee, and from a review of various College documents, previous internal audit reports and College's risk registers. This was supplemented by our own assessment of the risks faced by the College. The Strategic Plan was approved by the Audit and Risk Committee at its meeting on 30 March 2022.
- 1.3 The annual operating plan for 2022/23 showed one minor change to the allocation set out in the original Strategic Plan. At the request of the Audit and Risk Committee, one of the six days initially allocated for review of Corporate Governance in 2022/23 was brought forward to 2021/22 to allow a report on the Governance Improvement Plan to be produced in that year.
- 1.4 The reports submitted during 2022/23 are listed in Section 2 of this report and a summary of results and conclusions from each finalised assignment is given at Section 3. The work delivered for the year was in line with the approved Annual Plan 2022/23, with the exception that management requested that the planned Publicity and Communications audit be postponed until 2023/24 due to the relevant post holder leaving the College. Also, following discussion with the Principal, it was agreed that the planned review of Corporate Governance be deferred into 2023/24 to allow full consideration of the outputs from the Board self-assessment exercise conducted this year, and the work to update the rolling governance action plan. This will ensure that our review builds on and complements the work already taken forward by the Governance Professional and the Principal.
- 1.5 An analysis of time spent against budget is included at Section 4.

Public Sector Internal Audit Standards (PSIAS) Reporting Requirements

- 1.6 College has responsibility for maintaining an effective internal audit activity. You have engaged us to provide an independent, risk-based assurance and consultancy internal audit service. To help you assess that you are maintaining an effective internal audit activity we:
 - Confirm our independence;
 - Provide information about the year's activity and the work planned for next year in this report; and
 - Provide quality assurance through self-assessment and independent external review of our methodology and operating practices.



Public Sector Internal Audit Standards (PSIAS) Reporting Requirements (continued)

1.7 Self-assessment is undertaken through:

- Our continuous improvement approach to our service. We will discuss any new developments with management throughout the year;
- Ensuring compliance with best professional practice, in particular the PSIAS;
- Annual confirmation from all staff that they comply with required ethical standards and remain independent of clients;
- Internal review of each assignment to confirm application of our methodology which is summarised in our internal audit manual; and
- Annual completion of a checklist to confirm PSIAS compliance.

1.8 External assessment is built into our firm-wide quality assurance procedures. Henderson Loggie LLP is a member of Prime Global, a global association of independent accountancy firms. Continued membership of Prime Global is dependent on maintaining a high level of quality and adhering to accounting and auditing standards in the provision of our services. Annual quality reviews are conducted to confirm our continuing achievement of this quality. The independent review conducted in March 2019, when we were part of the MHA network, included our internal audit service. Overall, the review confirmed that the firm's policies and procedures relating to internal audit were compliant with the PSIAS in all material respects.

1.9 In the intervening years between formal external assessment against PSIAS we conduct our own self-assessment annually. The result of our latest self-assessment, conducted in May 2023, confirms that our service is independent of College and continues to comply with the PSIAS.

Significant Issues

1.10 There were no issues identifying major internal control weaknesses noted from the internal audit work carried out during the year. In general, procedures were operating well in the areas selected, but a few areas for further strengthening were identified and action plans have been agreed to address these issues. The agreed actions will be followed-up as part of our planned activity in 2023/24.

Opinion

1.11 In our opinion, the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2022/23 and in the prior year since our initial appointment.



Reports submitted

Number	Title	Overall Grade	Recommendations	Priority 1	Priority 2	Priority 3
2023/01	Internal Audit Annual Plan 2022/23	N/A	N/A	N/A	N/A	N/A
2023/02	Follow up Reviews 2022/23	N/A	8 of the 30 recommendations reviewed required further action	-	2	6
2023/03	Staff Recruitment and Retention	Satisfactory	6	-	1	5
2023/04	Budgetary Control	Satisfactory	4	-	-	4
2023/05	Quality Assurance	Good	-	-	-	-
2023/06	2022/23 Student Activity Data	Audit opinion unqualified	4	-	-	4
2023/07	2022/23 Student Support Funds	FE – unqualified HE – unqualified but observation made EMA – reservation made	2	-	-	2

Overall gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.



Annual Internal Audit Report 2022/23

Recommendation grades are defined as follows:

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



Summary of Results and Conclusions

2023/01 – Internal Audit Annual Plan 2022/23

Final Issued – January 2023

The purpose of this document was to present for consideration by management and the Audit and Risk Committee the annual operating plan for the year ended 31 July 2023. The plan was based on the proposed allocation of audit days for 2022/23 as set out in the Internal Audit Strategic Plan 2021 to 2024 (although refer paragraph 1.3 of this report). The preparation of the Strategic Plan involved dialogue with senior management and the Chair of the Audit and Risk Committee.

The outline scope and objectives for each audit assignment to be undertaken during 2022/23, together with the proposed audit approach, were arrived at following discussion with College senior management. The outline scopes were refined and finalised after discussion with responsible managers in each audit area.



Annual Internal Audit Report 2022/23

2023/02 – Follow Up Reviews 2022/23

Final Issued – August 2023

The Internal Audit Plan for 2022/23 included two days for a follow-up of the recommendations made in Internal Audit reports issued during 2021/22 and reports from earlier years prepared by the College's previous internal auditors, AZETS, where previous follow-up identified recommendations outstanding. These were:

- Internal Audit Report 2022/02 - Risk Management;
- Internal Audit Report 2022/03 - Cyber Security;
- Internal Audit Report 2022/04 - Health and Safety;
- Internal Audit Report 2022/05 – 2021/22 Student Activity Data;
- Internal Audit Report 2022/06 – Follow-Up Reviews 2021/22;
- Internal Audit Report 2022/07 - Corporate Governance - Governance Improvement Plan; and
- Internal Audit Report 2022/09 - Student Support Funds 2021/22.

The objective of each of our follow-up reviews was to assess whether recommendations made in previous reports had been appropriately implemented and to ensure that, where little or no progress had been made towards implementation, that plans were in place to progress them.

The College had made good progress in implementing the recommendations followed-up as part of this review with 22 of 30 (73%) recommendations being categorised as 'fully implemented' (21) or 'no longer relevant' (1) and 8 recommendation (27%) assessed as 'partially implemented'. The 'partially implemented' recommendations, which were mainly from report 2022/03 – Cyber Security, will be subject to follow-up at a later date.

Our findings from each of the follow-up reviews has been summarised below:



Annual Internal Audit Report 2022/23

2023/02 – Follow Up Reviews 2022/23 (Continued)

From Original Reports			From Follow-Up Work Performed				
Area	Rec. Priority	Number Agreed	Fully Implemented or No longer relevant	Partially Implemented	Little or No Progress Made	Not Past Agreed Completion Date	Considered But Not Implemented
2022/02 - Risk Management	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	4	3	1	-	-	-
Total		4	3	1	-	-	-
2022/03 – Cyber Security	1	-	-	-	-	-	-
	2	1	-	1	-	-	-
	3	9	4	5	-	-	-
Total		10	4	6	-	-	-
2022/04 - Health and Safety	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	5	5	-	-	-	-
Total		5	5	-	-	-	-
2022/05 – 2021/22 Student Activity Data	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	5	5	-	-	-	-
Total		5	5	-	-	-	-
2022/06 – Follow-Up Reviews 2021/22	4	-	-	-	-	-	-
	3	-	-	-	-	-	-
	2	1	1	-	-	-	-
	1	-	-	-	-	-	-
Total		1	1	-	-	-	-
2022/07 - Corporate Governance - Governance Improvement Plan	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	2	2	-	-	-	-
Total		2	2	-	-	-	-
2022/09 - Student Support Funds 2021/22	1	-	-	-	-	-	-
	2	2	1	1	-	-	-
	3	1	1	-	-	-	-
Total		3	2	1	-	-	-
Grand Totals		30	22	8	-	-	-



Report No 2023/03 – Staff Recruitment and Retention

This audit considered the adequacy and effectiveness of policies and procedures for staff recruitment and selection and the processes in place that contribute to the retention and engagement of staff.

The table opposite notes each separate objective for this review and records the results.

Strengths

- HR staff interviewed demonstrated a clear understanding of the processes in place regarding recruitment and onboarding of new members of staff;
- Although there was established custom and practice in place for the completion of the relevant stages of each recruitment exercise, these were not formally documented;
- All interview panels featured the hiring manager, a member of the HR Team and a senior member of staff to allow for a variety of skillsets to be represented;
- Recruitment exercises were transparent in relation to the level of feedback provided;
- The Head of HR reported periodically to the SLT and to the College Board on staff recruitment, turnover and equalities information;
- Equality, diversity and inclusion information was provided via the College website for stakeholder review;
- The College handbook was provided to all incoming members of staff and defined the groups and facilities available to staff;
- Templates were in place, and were made readily available on the College’s share drive, for conducting recruitment and onboarding processes, to help ensure that a consistent approach was applied;
- Reward and recognition avenues were in place, both through marketing and through newsletters and bi-monthly updates from the Principal of the College;
- Discount websites, exercise classes, social groups and other non-financial benefits were made available to all College staff; and
- Information from outgoing staff was fed back to the Curriculum Managers and HR to ensure that any issues within a department / business area of the College could be addressed in a timely manner.

Final Issued – August 2023

The objective of the audit was to obtain reasonable assurance that:	Level of Assurance
1. There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice.	Satisfactory
2. The College has appropriate policies and processes in place that contribute to the retention of staff, including good internal communication and employee engagement, reward and recognition, and ongoing training which are in line with good practice and being effectively implemented.	Good
Overall level of Assurance	Satisfactory



Report No 2023/03 – Staff Recruitment and Retention (Continued)

Opportunities for Improvement

- The College did not have formal policies in place which defined responsibilities in relation to recruitment and selection, and described the employment regulations and legislation which the College must adhere to;
- The College did not have up to date procedures in place to document the recruitment processes in place and to ensure that these were being followed consistently;
- From inspection of files from recent recruitment exercises, only one document copy was signed by the receiving member of staff to explicitly confirm that the original document (such as right to work documentation) had been received and copied;
- The College should ensure that in future all information is accurate prior to upload to the new HR system, and any amendments to the information held on file should be checked with the relevant stakeholder(s) where any issues are identified;
- All personnel documentation was held in hard copy employee folders, with a College wide HR system scheduled to be implemented in autumn 2023.
- The College did not have ongoing engagement measures with employees which provided HR with sight of any emerging issues / areas for improvement, and as such, these issues were only flagged with HR at the point at which the employee chose to leave the organisation.



Annual Internal Audit Report 2022/23

Report No 2023/04 – Budgetary Control

This audit looked at the College’s budgetary control practices and protocols. It specifically considered budget monitoring procedures in place centrally and within a sample of Academic Schools and Support Services, and also cash flow reporting to senior management and the Board, and Scottish Funding Council (SFC).

The table opposite notes each separate objective for this review and records the results.

Strengths

- At the time of the audit fieldwork, the College’s Financial Regulations were being reviewed. However, from our review of the draft document, it was noted that roles and responsibilities related to budgetary control were established;
- The College was also in the process of developing a documented Budget Setting Procedure during our audit fieldwork. From our review of the draft document (dated August 2023), it was noted that procedures were sufficiently detailed and contained all of the required key information regarding financial strategy, income, expenditure, and the budget setting and approval process;
- Budget setting was linked to the live Curriculum Plan maintained by the College, which set out all courses taught in each academic year and the staffing requirements to delivery this activity;
- Non-staff expenditure budgets were determined following discussion between Finance and Budget Holders, to establish requirements to carry out activity;
- Budgets considered income derived from services delivered by the College, such as from the training salons and training restaurant, to offset expenses in these curriculum areas;
- The College had performed an exercise to consider staffing levels across each curriculum area. Where a curriculum area was considered to be over-staffed, options to deliver activity in other curriculum areas were explored to minimise the requirement for temporary lecturing staff;
- The College had carried out sensitivity analysis relating to anticipated pay awards for 2023/24;
- Monthly budget monitoring reports were prepared by the Management Accountant using information from BluQube for each of the budget areas. These considered income and expenditure for the month and any variance against budget;

Final Issued – November 2023

The objective of the audit was to ensure that:	Level of Assurance
1. Budgets are controlled in accordance with the Financial Regulations and Procedures;	Good
2. Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change or funding targets are not achieved;	Satisfactory
3. Information is available to management in Academic Schools and Support Services which is up-to-date and in a format that can be easily understood;	Satisfactory
4. Budget holders have the necessary skills for managing budgets;	Satisfactory
5. Budget variations are reported and acted upon;	Good
6. There is accurate cash flow reporting;	Good
7. Senior management and the Board regularly review the College’s overall financial position.	Good
Overall level of Assurance	Satisfactory



Report No 2023/04 – Budgetary Control (Continued)

Strengths (continued)

- Monthly meetings were held between the Management Accountant and Budget Holders to discuss budget monitoring reports and any variances that had occurred in the month;
- A Cash Flow Forecast Return was submitted to the SFC monthly. Cash flow returns were also reported to the Finance and Resources Committee on a quarterly basis;
- Management Accounts were prepared on a quarterly basis for the Finance and Resources Committee and the Board. These included an income and expenditure account (forecast budget and variance) and monthly cashflow;

Weaknesses

- The College did not have a formal budget setting timetable in place, setting out the key activities in the budget setting process to ensure all activities were completed timeously;
- From discussion with Finance staff, it was determined that there was little real time reporting in relation to financial information although this was desired by Finance staff to enhance budget monitoring for both Finance and Budget Holders and provide more timely information;
- The month end process for the Finance team, including preparation of budgeting information, was not documented;
- Budget Holders had not completed any formal training in relation to their role. There was also no written procedural guidance for Budget Holders to refer to; and
- It had been noted that the PECOS system used by the College did not automatically prevent an order being placed when a budget line was breached. Following discussion between the College and the system provider it had been determined that this feature was not widely used by other colleges and as such was complex to implement. As such the College was in discussion with the vendor for BluQube to see if it would be possible to implement a similar control through the finance system.



Report No 2023/05 – Quality Assurance

The scope of this assignment was to carry out a review of the College’s quality procedures for internal assessment and verification of units and programmes made on behalf of awarding bodies, with a view to providing assurance that the procedures reflect good practice and identifying opportunities for procedural improvements and efficiencies.

The table opposite notes each separate objective for this review and records the results.

Strengths

- There was a strong culture of continuous improvement in the quality of teaching provided to students and the support to enhancements brought by the internal verification (IV) and external verification processes, as well as academic staff and student feedback to the Quality Unit who worked closely with MIS to ensure systems were established to support the assessment processes.
- The College’s IV processes reflected requirements set by SQA guidance.
- Procedures had been established which ensured the availability and retention of assessment evidence in line with the requirements of qualification awarding bodies, and for the purposes of internal and external verification.
- There was strong collaboration between the Quality Unit and Curriculum Managers (CMs) to ensure that the IV process was consistent across curriculum areas and any cross-College IVs were standardised.
- Locally, curriculum areas sample tested worked closely and ensured there was peer support for Assessors and lecturing staff and that the delivery and assessment standards were applied consistently.
- Internal Verifiers were selected by CMs who ensured there was no conflict of interest. Internal Verifiers were identified on the College’s IV System.
- CMs and Internal Verifiers had restricted access to the College’s internally developed IV System, that had been SQA approved.
- The IV System allowed a centralised database for all IV reviews and provided automated workflow to ensure each IV was applied consistently across the College. It also integrated with SITS ensuring all courses and student information was up to date.
- The IV System allowed for a risk-based assessment that set eight challenge questions that ensured that higher risk courses, such as new courses or those with new teaching staff were always reviewed, and a fail-safe that ensured that all courses were internally verified at least every three years.

Final Issued – November 2023

The objective of this review was to ensure that the College can demonstrate that:	Level of Assurance
1. The internal verification model is valid and accords with guidance and good practice published by awarding bodies such as the SQA.	Good
2. The assessment process ensures that sufficient evidence is obtained in order to demonstrate that students have met the national standard for the qualification.	Good
3. All Assessors have access to awarding bodies standards, are familiar with the standards and can evidence that they have been applied.	Good
4. Assessors reach accurate and consistent assessment judgements for the same qualification for all candidates in line with the national standard of the qualification.	Good
5. Systems are in place which facilitate collaboration between Assessors and Internal Verifiers, ensuring that standards are met across the College, whilst maintaining appropriate segregation and access to results.	Good
6. Systems are in place which allow quality concerns to be captured and addressed.	Good
7. Record-keeping and resulting of students is accurate.	Good
Overall level of Assurance	Good



Report No 2023/05 – Quality Assurance (Continued)

Strengths (continued)

- The IV System also allowed the College to clearly identify students selected for verification within each unit and provided links to the verification results which concluded on record-keeping and that resulting of candidates was accurate.
- The IV System provided reports for quality assurance checks by the Quality Unit, such as on the courses selected for IV and any red flags on courses not yet verified.
- The Quality Unit had centralised tracking of the status and outcomes of external verifications with action plans.
- There were good arrangements which allowed robust review and root cause analyses when quality concerns were raised to identify underlying issues and develop appropriate corrective and preventive actions. This included transparent and open communication about quality concerns, actions taken to address them, and the outcomes of any external verification visits, investigations, or improvement initiatives.
- Action plans were developed to address identified quality concerns and monitor the progress of the implementation of these plans.
- Wider improvements to quality were tracked by the Quality Enhancement Group that was attended by the Quality Unit, Associate Principals, and the College's Principal. A Quality Forum was also established to discuss enhancements and planning with CMs.

Opportunities for Improvement

- No significant weaknesses were identified during our review.



Annual Internal Audit Report 2022/23

2023/06– 2022/23 Student Activity Data

Final Issued – November 2023

In accordance with the Credits Audit Guidance, we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

Our testing was designed to cover the key risk areas identified at Annex C to Credits Audit Guidance.

For academic year 2022/23 we established that there had been no significant changes to the systems and procedures used in the compilation of the returns. We then carried out detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily. Detailed analytical review was carried out, including a comparison with last year's data, and obtaining explanations for significant variations by Price Group.

Our report was submitted to the SFC on 6 October 2023. We reported that, in our opinion:

- the student data returns have been compiled in accordance with all relevant guidance.
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- we can provide reasonable assurance that the FES return is free from material misstatements.

Four recommendations were made in our internal audit report, including that the College should ensure that: Credits claimed for students on part-time programmes are based upon the value of the units listed on the discrete course record, or notional Credits based on planned hours of activity divided by 40, and not based upon a default tariff; Credits claimed for flexible learning courses adequately reflect the level of activity undertaken in the year; and in-year data integrity checks of the FES 1 and FES 2 data include a review of Modes of Attendance, and other key data such as Credits claimed, to identify conflicts and that data is amended as required.



Annual Internal Audit Report 2022/23

2023/07 – 2022/23 Student Support Funds

Final Issued – November 2023

For the 2022/23 academic year three specific fund statements were required for audit:

- Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return;
- Higher Education Discretionary and Childcare Fund; and
- Education Maintenance Allowance Return.

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- The information disclosed in each of the returns for the year ending 31 July 2023, is in agreement with underlying records.

We were able to certify the Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return; and Higher Education Discretionary and Childcare Fund and submit these to the appropriate bodies, without reservation.

A reservation was made in our Auditors' Report for the Education Maintenance Allowance Return. The College had made Admin claims totalling £3,975 for 2022/23 on the monthly Education Maintenance Allowance returns, which agreed to the year-end statement after adding back the 2021/22 adjustment of £1,275 made in February 2023. We established that the College had 130 accepted Education Maintenance Allowance students for the year and therefore the total Admin claim should only have been £1,950, giving rise to an over-claim of £2,025 for 2022/23.

No recommendation was made in this area as the error was as a result of a misinterpretation of SFC instructions which were not clear.

Two recommendations were made in our internal audit report, including repeating last year's recommendation that the College should ensure that distribution lists identifying Bursary students in receipt of study materials are maintained for each purchase invoice charged to the Bursary fund. Based on the current approach, the College should ensure that the planned study costs for each course still reflect the specific items or materials needed for the course and the current price from suppliers.



Time Spent - Actual v Budget 2022/23

	Report number	Planned days	Actual days feed	Days to fee at Nov 23	Days to spend / WIP	Variance
Reputation						
Publicity and Communications	N/A	5	-	-	-	5
Student Experience						
Quality	2023/05	6	-	6	-	-
Staffing Issues						
Staff recruitment and retention	2023/03	5	5	-	-	-
Financial Issues						
Budgetary Control	2023/04	5	5	-	-	-
Organisational Issues						
Corporate Governance	N/A	5	-	-	-	5
Other Audit Activities						
Management and Planning	2023/01 & 2023/08	3	2	1	-	-
Credits Audit	2023/06	6	-	6	-	-
Bursary, Childcare & Hardship	2023/07	5	-	5	-	-
EMA Audit	2023/07	2	-	2	-	-
Follow-Up Reviews	2023/02	2	2	-	-	-
Total		44	14	20	-	10
		=====	=====	=====	=====	=====



Operational Plan for 2023/24

- 5.1 Following our appointment as internal auditors for the period from 8 November 2021 to 31 July 2025 we prepared an Internal Audit Strategic Plan for 2021 to 2024 (Internal Audit report 2022/01, finalised 29 April 2022).
 - 5.2 The annual operating plan for 2023/24 shows two changes to the allocation set out in the original Strategic Plan. During 2022/23, management requested that the planned Publicity and Communications audit be postponed until 2023/24 due to the relevant post holder leaving the College. Also, following discussion with the Principal, it was agreed that the review of Corporate Governance originally planned for 2022/23 be deferred into 2023/24 to allow full consideration of the outputs from the Board self-assessment exercise conducted this year, and the work to update the rolling governance action plan. This will ensure that our review builds on and complements the work already taken forward by the Governance Professional and the Principal.
 - 5.3 An extract from the revised Strategic Plan, in relation to 2023/24, is attached.
-

Proposed Allocation of Audit Days

	Category	Priority	Planned 23/24 Days
Reputation			
<i>Publicity and Communications</i>	Gov	M/H	5
<i>Health and Safety / Wellbeing</i>	Gov	H	
Student Experience			
<i>Curriculum</i>	Perf	M	
<i>Quality</i>	Perf	M	
<i>Student support</i>	Perf	M	5
<i>Student recruitment and retention</i>	Fin/Perf	M	
<i>Student welfare – Duty of Care</i>	Perf	M	
<i>Students Association</i>	Gov	L	
Staffing Issues			
<i>Staff recruitment and retention</i>	Perf	L/M	
<i>Staff development</i>	Perf	M	
<i>Payroll</i>	Fin	M/H	6
<i>Teaching staff utilisation</i>	Perf / Fin	M	
Estates and Facilities			
<i>Building maintenance</i>	Fin/Perf	M	
<i>Estates strategy / capital projects</i>	Fin/Perf	M	
<i>Space management / room utilisation BPR</i>	Perf	M	6
<i>Asset / fleet management</i>	Perf	M	
Financial Issues			
<i>Budgetary control</i>	Fin	M/H	
<i>Student invoicing and debt management</i>	Fin	M	
<i>General ledger</i>	Fin	L	
<i>Procurement and creditors / purchasing</i>	Fin	M/H	5
<i>Debtors / Income</i>	Fin	M	
<i>Cash & Bank / Treasury management</i>	Fin	M	
<i>Fraud Prevention, Detection and Response</i>	Fin	M	
<i>Financial sustainability</i>	Fin	M	



Proposed Allocation of Audit Days (continued)

	Category	Priority	Planned 23/24 Days
Commercial Issues			
<i>Business Development</i>	Fin/Perf	M	
<i>External Activities</i>	Gov/Fin/Perf	M	
Organisational Issues			
<i>Risk Management</i>	Perf	H	
<i>Business Continuity</i>	Perf	M	
<i>Corporate Governance</i>	Gov	M	5
<i>Corporate Planning</i>	Perf	M	
<i>Performance reporting / KPIs</i>	Perf	M	
<i>Partnership Working</i>	Gov/Perf	M	
<i>Equalities</i>	Gov	L	
<i>Environmental Sustainability</i>	Gov/Perf	M	
Information and IT			
<i>Cyber security</i>	Perf	M/H	
<i>Data protection / records management</i>	Gov	H	
<i>FOI</i>	Gov	M	
<i>ICT and Digital Transformation</i>	Perf	M/H	
<i>Strategy implementation</i>			
<i>Licencing</i>	Perf	L	
Other Audit Activities			
Credits Audit	Required		6
Bursary, Childcare and Hardship	Required		5
Funds Audit			
EMA Audit	Required		2
Management and Planning)			3
External audit / SFC)			
Attendance at A&R Committee)			
Follow-up reviews			2
Audit Needs Assessment			
Total			<u>50</u> =====

Key

Category: Gov – Governance; Perf – Performance; Fin – Financial

Priority: H – High; M – Medium; L – Low



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Audit and Risk Committee

DATE	27 November 2023
TITLE OF REPORT	Audit Workplan for the Committee
REFERENCE	11.0
AUTHOR AND CONTACT DETAILS	Elaine McKechnie (VP – Finance, Resources & Sustainability) Elaine.mckechnie@slc.ac.uk
PURPOSE:	To review progress against the workplan of the Audit and Risk Committee as presented in Aug 2023.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: <ul style="list-style-type: none"> • Review the workplan and ensure it is complete; • Confirm similar timeframes for scheduling of work for 2023/24, and • Instruct College management to arrange for the appropriate supporting documents to be available according to the timetable.
RISK	<ul style="list-style-type: none"> • That there is a failure of financial controls • That there is business interruption due to major disaster, IT failure etc • That there is a theft of, or damage to, Management Information System (incl. cyber-crime) • That there is a failure of Corporate Governance arrangements • That there is a reputational risk to the College.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • The Highest Quality Education and Support • Sustainable Behaviours
EQUALITIES	<ul style="list-style-type: none"> • There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The remit of the Committee is documented in the attachment. • The workplan is a suggested timetable for the year, incorporating formal requirements which the Committee is invited to consider. • It should be noted that there are still several items which have not yet been addressed in 2023 and the Committee should agree with College management to ensure that all items are covered in the workplan over the next 12 months.

Review of the College's compliance with the "Code of Good Governance for Scotland's Colleges".									2022/23
Review of the audit certification of student activity and student support funds (included in appendices of IA Annual Report)									2022/23

Technical Bulletin

2023/3

Technical developments and emerging risks from
July to September 2023



 AUDIT SCOTLAND

Prepared by Audit Scotland for appointed auditors and audited bodies in all sectors

27 September 2023

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1: Introduction

Purpose

The purpose of Technical Bulletins from Audit Scotland's Professional Support is to provide auditors appointed by the Auditor General for Scotland and Accounts Commission for Scotland with:

- information on the main technical developments in each sector during the quarter
- information on professional matters during the quarter that are expected to have applicability to the public sector
- summaries of responses to any requests from auditors for technical consultations with Professional Support.

Appointed auditors are required by the Code of Audit Practice to pay due regard to Technical Bulletins. The information on technical developments is aimed at highlighting the key points that Professional Support considers auditors in the Scottish public sector require generally to be aware of. It may still be necessary for auditors to read the source material if greater detail is required in the circumstances of a specific audited body. Source material can be accessed by using the hyperlinks.

Any specific actions that Professional Support recommends that auditors take are highlighted in **green**.

Technical Bulletins are also published on the Audit Scotland [website](#) and therefore are available for audited bodies and other stakeholders to access. However, hyperlinks to source material indicated with an asterisk (*) link to files on Audit Scotland's [SharePoint*](#) and are only accessible by auditors.

Highlighted items

Professional Support highlights in the following table a selection of the items in this Technical Bulletin that are of particular importance:

Highlighted items		
Treasury has issued guidance on preparing WGA returns [paragraph 1]	CIPFA/ LASAAC have issued an exposure draft of the accounting code for 2024/25 [paragraph 10]	CIPFA has issued draft guidance on applying IFRS16 leases to service concession arrangements [paragraph 24]
Professional Support has published Module 14 of TGN 2023/1 on the risks of misstatement specific to colleges [paragraph 28]	Professional Support has published TGN 2023/6(C) Model Independent Auditor's Reports for colleges [paragraph 31]	The SFC has issued the 2022/23 accounts direction [paragraph 35]
The SFC has issued guidance notes on completing the 2022/23 financial statements of colleges [paragraph 37]	The FRC has issued a consultation on a revised Ethical Standard [paragraph 39]	The FRC issued a thematic review of the Task Force on Climate-related Financial Disclosures [paragraph 56]

Consulting with Professional Support

Auditors should consult with Professional Support by sending an email to TechnicalQueries@audit-scotland.gov.uk.

2: All sectors

Guidance on 2022/23 WGA returns for preparers

1. [HM Treasury](#) has issued guidance on preparing the 2022/23 Whole of Government Accounts (WGA) returns for [local government](#) and for [central government](#) bodies. WGA is prepared by Treasury and consolidates the audited accounts of bodies in the UK that exercise functions of a public nature or are funded from public money. The process has been running significantly behind schedule over the last few years.

2. Paragraph 1.7.1 sets out the key dates for 2022/23 WGA as summarised in the following table:

Sector	Cycle	Return	Submission date
Central government	1	Unaudited	20 October 2023
	2	Audited	17 November 2023
Local Government	1	Unaudited	24 November 2023
	2	Audited	22 December 2023

3. Auditors are not expected by Professional Support to meet these dates if doing so would compromise audit quality.

4. Data is collected for the 2022/23 WGA by bodies inputting information directly to the Online System for Central Accounting and Reporting (OSCAR II). Bodies are exempt from the WGA process if their gross expenditure, gross income, gross assets, and gross liabilities are below £30 million for both 2021/22 and 2022/23.

5. A diagram at paragraph 4.2.2 of the guidance sets out the steps involved in the WGA submission process. The steps depend on whether the body is above the audit threshold. Section 1.7 advises that the threshold for audit is breached if any of total assets (excluding property, plant and equipment), total liabilities (less pension liabilities), total income or total expenditure is above £2 billion.

6. Annex A provides a summary of the proforma tabs used to input data. Chapter 7 provides more detailed guidance on inputting data into the tabs. Section 7.2 advises that the Audit Report is a view of all data submitted which can be shared with auditors. It may be appropriate to download the individual tabs instead, and also run the new primary financial statements report.

7. A key part of the WGA process is the elimination of transactions and balances between WGA bodies. Recording complete and accurate counter-

party identifier (CPID) information is the only way in which transactions and balances between WGA bodies can be identified and eliminated. Paragraph 6.3.4 explains how bodies can run a Matches Analysis Tool which allows them to see 'live' published data from other bodies. Central government bodies are required to formally agree transaction streams and balances that are above £5 million with central government counterparties.

8. A Technical Guidance Note (TGN) on the evaluation by auditors of the 2022/23 submissions will be provided by Professional Support.

Technical consultations with auditors

Professional Support responds to requests from auditors for technical consultations

9. The following table summarises requests from auditors for technical consultations with Professional Support in respect of issues arising from the audit of the 2022/23 annual accounts, along with the advice offered:

What are the accounting implications of the use of Reinforced Autoclaved Aerated Concrete in a body's buildings?

In December 2022, the UK government issued a notice regarding Reinforced Autoclaved Aerated Concrete (RAAC) with a guide for estates managers. RAAC was widely used in the construction of floors and roofs from the 1950s to early 1990s. However, recent investigations have identified that roof leaks could lead to the deterioration of RAAC planks.

The Scottish Government are working in partnership with the UK Government on research into the extent of the use of RAAC in public buildings. The Local Government Association advised its members to check as a matter of urgency whether any buildings in their estates have roofs, floors, cladding or walls made of Reinforced Autoclaved Aerated Concrete (RAAC). A number of Scottish councils have identified buildings which contain RAAC.

Bodies should be considering whether the use of RAAC in a building is an indication that the asset may be impaired.

3: Local government sector

Consultation on 2024/25 accounting code

10. [CIPFA/LASAAC Local Authority Code Board](#) has issued an exposure draft of the Code of Practice on Local Authority Accounting in the UK (the accounting code) for 2024/25. The [Invitation to Comment \(ITC\)](#) sets out:

- proposed revisions to the 2024/25 accounting code (Section A)
- the proposed approach to implementing IFRS 17 Insurance Contracts (Section B)
- proposals arising from CIPFA/LASAAC's strategic work plan (Section C)
- other financial reporting issues (Section D).

11. Responses to the consultation should be sent to cipfalasaac@cipfa.org by 17 October 2023.

Proposed revisions to the 2024/25 accounting code

12. The main proposed revisions to the 2024/25 accounting code relate to the implementation of IFRS 16 Leases. Implementation is mandatory in 2024/25 for any local authority that did not follow the recommendation to adopt in 2022/23 or 2023/24.

13. It is not expected that implementation will require any significant changes to the provisions set out in Appendix F to the 2023/24 accounting code. However, it is proposed to add paragraph 4.2.2.91 to reflect an amendment to IFRS 16 in respect of sale and leaseback. This will require the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

14. There is also the following proposal on applying IFRS 16 to service concession arrangement liabilities in respect of first time application:

- The main difference from IAS 17 in respect of lease liabilities relates to variable payments that depend on an index or a rate. Instead of being expensed, IFRS 16 requires these to be incorporated into the liability (and subsequently amortised), based on the most recent index or rate. This applies to the extent that variable payments in the unitary charge are allocated to the asset rather than as payment for services.

- The proposal is that remeasurement should be required on the date of initial application, rather than allowing remeasurement to be deferred until the next change in payments. This would mean that, while the opening balance is initially calculated on an IAS 17 basis on 1 April, the liability would then be subject to immediate further remeasurement to reflect the effect of the index or rate on payments, based on the position at 31 March in the previous year.

15. Questions 2 and 3 in the ITC request local authority views on their readiness for IFRS 16 implementation and any further support that the Chartered Institute of Public Finance and Accountancy (CIPFA) might be able to provide.

Proposed approach to implementing IFRS 17

16. In respect of IFRS 17, it is proposed that:

- mandatory implementation will be deferred to 2025/26, with early adoption allowed
- the standard should be treated the same as the extant IFRS 4, i.e. a brief reference included in Section A of the accounting code as a standard with limited application.

CIPFA/LASAAC's strategic work plan

17. CIPFA/LASAAC has updated its strategic work plan with a focus on improving the presentation of the annual accounts and ensuring that they clearly present their key messages. Some aspects of the plan are briefly summarised in the following paragraphs.

Overview of performance and summary financial information

18. Questions 11 to 15 ask for views on proposals to add a new section to the Narrative Report to give an overview of performance and summary financial information. This would be on a voluntary basis for 2024/25.

19. This proposal is based on a requirement of the Government Financial Reporting Manual (FReM) for a performance overview. The aim is to provide users with a short summary that provides them with sufficient information to understand the body, its purpose and objectives, the outcomes it wants to achieve, its performance against delivering those outcomes and/or objectives, and the impact and management of key risks. The specific requirements are set out at paragraphs 3.1.1.5 to 3.1.1.7.

20. The required summary financial information would reconcile to the information produced in the financial statements, include key financial elements of performance, and demonstrate at a high level the authority's financial position. The detailed requirements are set out at paragraph 3.1.1.8 but in summary include the following:

- A summary of service outturn per service in comparison to the budget and reconciled to the amounts charged to revenue in accordance with statutory provisions in the Expenditure and Funding Analysis

- An analysis of outturn against spend for the Housing Revenue Account.
- A summary of the financial position based on the Balance Sheet
- An analysis of an authority's usable reserves.
- An authority's capital expenditure for the current and preceding year, forecast for the following three years, and a short explanation of the capital programme.
- The capital financing requirement, borrowing as a proportion of a council's total income for the current and preceding year and forecast for the following three years, and an explanation of what the trends indicate in terms of capital financing.
- A summary of any significant commercial activities and their risks.

Changes to the structure/format of the code

21. CIPFA/LASAAC is seeking views on restructuring the accounting code at questions 16 to 21 in the ITC. The main issues are summarised in the following table:

Issues	Views requested on whether the....
Accessibility	structure and format of the accounting code allows its provisions to be easily understood and usable.
Approach to content of IFRS	detailed provisions of standards should no longer be presented (similar to the approach adopted by the FReM).
Adaptations and interpretations	adaptations and interpretations are clearly presented and easily identified
Structure of the Code	structure of the accounting code should follow the order in which the financial statements are presented by local authorities (as set out in the table at paragraph 68 of the ITC).
Statutory accounting provisions	specifications for statutory adjustments should be brought together in one place, such as alongside the provisions for the Movement in Reserves Statement.

Sustainability reporting

22. CIPFA/LASAAC is considering whether sustainability reporting requirements should be explicitly included in the accounting code. It is of the view that the requirements should follow international and UK public sector best practice, but considers that in several areas it is not yet well developed. Question 22 therefore asks stakeholders what they consider is the best approach to the introduction of sustainability reporting in local government.

Other financial reporting issues

23. A new section has been introduced to the ITC which features issues which impact on local authority financial reporting or other emerging issues. These include asking stakeholders for views on:

- where the requirements of the accounting code might be changed to ease the burden on the local audit and accounts preparation system
- whether any additional specifications are required in the accounting code on the net defined benefit pensions asset and calculation of an asset ceiling
- the impact of new IPSASs 45 to 48 on the accounting code to the extent they augment the interpretations for the local government context.

Draft guidance on applying IFRS 16 to service concession arrangements

24. CIPFA has issued [draft guidance](#) on applying the requirements of IFRS 16 to service concession arrangements. It sets out the aspects of accounting which are different as a result of the change from IAS 17 to IFRS 16, and provides illustrative examples.

25. Where local authorities implement IFRS 16 in 2022/23 they can opt out of applying the standard to service concession arrangements. However, where IFRS 16 is implemented for leases in 2023/24, it must also apply to service concession arrangements. This is summarised in the following table:

Financial year	Application to leases	Application to service concession arrangements
2022/23	Voluntary	Voluntary
2023/24	Voluntary	Mandatory if applied to leases
2024/24	Mandatory	Mandatory

26. Auditors should refer to this guidance where a local authority applies IFRS 16 to service concession arrangements.

Technical consultations with auditors

Professional Support responds to requests from auditors for technical consultations

27. The following tables summarise requests from auditors for technical consultations with Professional Support in respect of issues arising from the audit of the 2022/23 annual accounts of local government bodies, along with the advice offered:

Should bodies recognise a net defined benefit asset when the pension fund reports a surplus as at 31 March 2023?

Where bodies can access the economic benefit arising from the asset in terms of reduced contributions or a refund, they should recognise the net defined benefit as an asset. The net defined benefit asset recognised should be the surplus, adjusted for the effect of any asset ceiling. The surplus is:

- the fair value of plan assets, less
- the present value of the defined benefit obligation.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Bodies should engage with their actuaries to help identify the asset ceiling. The emerging view is that that bodies participating in LGPS will have a minimum funding requirement as contribution rates are set in advance. In their report on IAS 19 reporting (paragraph 31), PWC comment that if a surplus arises for a scheduled body, given that this body is expected to participate in the LGPS indefinitely, it would be expected that this surplus will lead to lower future contributions by that body. They also expect employers to consider contributions in respect of future service to be a minimum funding requirement under IFRIC 14 as they are obligated to pay them.

Where there is a minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions is the sum of the estimated future service cost in each period, determined using assumptions consistent with those used to determine the defined benefit obligation, less the estimated minimum funding requirement contributions that would be required for future service in those periods adjusted for any prepayment made. The IFRS Interpretations Committee, in a decision in July 2015, conclude that when an entity estimates the future minimum funding requirement contributions, it should:

- include amounts in the schedule of contributions for the fixed period specified by the schedule; and
- beyond that period, make an estimate that assumes a continuation of those factors establishing the minimum funding basis as determined by the pension trustees.

An estimate cannot be determined to be accurate or inaccurate, but it can be considered reasonable if:

- the method used in making the accounting estimate is appropriate
 - the underlying assumptions are sound
 - the body has considered and addressed the effect of estimation uncertainty
 - the amount is described clearly as being an estimate
-

Should bodies recognise a net defined benefit asset when the pension fund reports a surplus as at 31 March 2023?

- the nature and limitations of the estimating process are explained
- no errors have been made in selecting and applying an appropriate process for developing the estimate.

Where actuaries report that the present value of the minimum funding requirement contributions exceeds the future service cost, IFRIC 14 advises that no asset should be recognised. There is no requirement to recognise a liability for the difference.

4: College sector

TGN on risks of material misstatement in 2022/23

28. Professional Support has published Module 14 of TGNote 2023/1. The TGN is intended to inform auditors' judgement when identifying and assessing the risks of material misstatement in the 2022/23 annual report and accounts of central government bodies generally. Module 14 provides:

- guidance on applying the other modules to the audit of the 2022/23 annual report and accounts of colleges
- supplementary guidance on the risks of misstatements in areas specific to colleges

29. Module 14 is available with the rest of the TGN and supporting material to auditors on [SharePoint*](#) and is also freely available to download from the Audit Scotland [website](#).

30. Auditors are expected to pay due regard to Module 14 and use it as a primary reference source when performing 2022/23 audits of colleges. Auditors should advise Professional Support of any intended departures from the guidance.

Independent auditor's reports for college accounts in 2022/23

31. Professional Support has published TGN 2023/6(C) to provide auditors with model forms of Independent Auditor's Reports (IAR) which should be used for the 2022/23 annual accounts of colleges in Scotland.

32. Auditors are required by the Code of Audit Practice to prepare their IARs in accordance with the TGN. The TGN is available with supporting material to auditors on [SharePoint*](#) and is also freely available from the Audit Scotland [website](#).

33. The model forms of IARs set out in the appendices of the TGNs have been tailored to reflect relevant legislation and augmented by the reporting requirements of the Auditor General.

34. There are a number of changes to the model forms of IAR and to the application guidance in 2022/23. These are summarised in the following table:

Area	Change
Model IARs	The description of the financial reporting framework has been removed from the 'true and fair' element of the opinion on the financial statements.
	The period of appointment disclosure has been simplified.
	The explanation of the extent to which the audit is capable of detecting irregularities has been enhanced with a view to reducing any perceived need for extensive local tailoring.
Application guidance	The guidance on the period of appointment disclosure has been revised to reflect the amendment in standard wording.
	Auditors should consult with Professional Support on any tailoring of the standard wording of the explanation of the extent to which the audit is capable of detecting irregularities.
	A new Auditor Action has been added in respect of identifying the audited parts of the Remuneration Report.

2022/23 accounts direction

35. The Scottish Funding Council (SFC) has issued their [Accounts Direction for Scotland's Colleges 2022/23](#). The direction requires colleges to:

- comply with the SORP in preparing their financial statements
- include a Performance Report and Accountability Report in their annual report and accounts in accordance with the FReM.

36. Specific mandatory disclosure requirements for colleges are set out in Appendix 2 to the direction. The main changes are as follows:

- Paragraph 11 confirms that the 2016 version of the Code of Good Governance for Scotland's Colleges continues to apply for 2022/23. The revised version issued in September 2022 will be adopted in 2023/24.
- References in the Performance Report and Governance Statement to COVID-19 have been removed. Disclosures should reflect the impact of current geopolitical issues and exceptional inflationary pressures on the sector.

Guidance on 2022/23 financial statements

37. The SFC has issued [guidance notes](#) on completion of the 2022/23 financial statements which are designed to supplement the accounts direction. The guidance covers key disclosures in the financial statements, including model disclosure notes set out at Annexes A to F.

38. There are no significant changes from 2021/22.

5 Professional matters

Proposed revisions to Ethical Standard

39. The [Financial Reporting Council](#) (FRC) has issued a [consultation](#) on a revised Ethical Standard. The purpose of this revision is to:

- take account of changes to the International Ethics Standards Board for Accountants (IESBA) Code of Ethics;
- respond to issues identified through audit inspection
- provide greater clarity in respect of specific prohibitions and requirements
- allow consultation on whether to withdraw the Other Entities of Public Interest category.

40. The key changes being consulted on are outlined in the following paragraphs.

Breaches

41. There is a proposed requirement for firms to design controls which effectively identify reportable breaches.

42. The concept of 'inadvertent' breaches (i.e. those which do not necessarily call into question the firm's ability to give an opinion) has been proposed. Clarification has been provided to explain which breaches cannot be inadvertent including:

- a deliberate breach either by an individual or a firm
- If a breach occurred due to a firm's ineffective policies or procedures.

43. When a requirement is breached, the engagement partner and ethics partner would need to consider the situation and actions required from the perspective of an objective, reasonable and informed third party. The proposed revised standard highlights examples where individual breaches should be reported outwith the normal timetable.

44. Other proposals include:

- requiring engagement partners to report the details and significance of any breaches to those charged with governance of each entity
- requiring a firm, in its assessment of whether to accept or continue any engagement, to document any breaches of the standard and actions taken in response.

Identification of safeguards

45. Paragraph 1.46 proposes additional requirements and prohibitions that would apply to specific categories of entity. The consultation seeks views on whether such enhancements could be made to other areas of the standard.

Financial relationships

46. Paragraphs 2.3 and 2.4 have been revised to clarify requirements set by the standard and those set by statute regarding personal financial independence for engagement teams and other staff.

47. Paragraphs 2.5 to 2.10 provide further guidance on financial interests, for example those held by trustees. Paragraph 2.9 and 2.10 have been clarified to explain the actions to be taken where financial interests are not permitted to be held.

Long association with engagements

48. Clarification has been provided in paragraphs 3.22 and 3.23 to explain that:

- once an engagement partner has completed the maximum allowed period, they cannot act as engagement quality reviewer for that engagement for another five years
- where an engagement partner rotates off an engagement after five years, the option to extend for an additional two years is no longer available.

49. A table setting out the rotation periods for key audit partners has been included at paragraph 3.23. Guidance has been provided detailing the impact that significant gaps of service have when calculating rotation periods.

Fees

50. Section 4 proposes enhancements to the prohibitions in relation to fees. Calculations used to determine whether an audit firm is over reliant on fees have been amended to include fees from entities that are connected in substance.

Non-audit/additional services

51. Changes to section 5 on non-audit/additional services are being proposed to align more closely with changes to the IESBA Code including:

- information technology services to reflect restrictions on audit firms providing hosting services to audited entities [paragraphs 5.53-5.54]
- enhanced tax service prohibitions [paragraph 5.67]
- recruitment and remuneration services, where audit firms provide related services [paragraph 5.89]
- corporate finance services relating to the provision of advice to audited entities on debt and financial instruments
- internal audit to provide examples of activity that would be classed as internal audit services.

52. An example of non-audit services has been provided to aid clarity.

53. Documentation requirements in respect of non-audit/additional services have been enhanced to require inclusion of:

- the safeguards adopted, and the reasons why they are considered to be effective, in responding to the specific threats identified
- any significant judgements concerning the potential threats and proposed safeguards
- how the objective and reasonable third-party test has been applied.

54. The proposed effective date of the revised standard will be for financial periods commencing on or after 15 December 2024. Comments on the consultation paper should be sent to: AAT@frc.org.uk by 31 October 2023.

Thematic review of climate related disclosures

55. The FRC has issued a [thematic review](#) of the Task Force on Climate-related Financial Disclosures (TCFD) mandated in the annual accounts of premium listed companies.

56. The overall conclusion of the review was that the availability and quality of climate-related data is still evolving. The review identified good practice as well as opportunities for improvement.

57. The review focused on the following four key questions:

Key question	Observations	Expectations/required improvements
Has reporting of climate-related metrics and targets improved since last year?	<p>Entities' reporting of climate-related metrics has improved incrementally with greater consideration of cross-sector and sector-specific metrics.</p> <p>Due to the high volume of information to be presented, many entities are struggling to clearly present the material metrics and targets.</p> <p>The consistency with the TCFD framework including clearer statements about data that is not yet available improved.</p>	<p>The definition and reporting of entity-specific metrics and targets, beyond the headline 'net zero', should be disclosed.</p> <p>Better linkage is required between the climate-related metrics and targets and the risks and opportunities to which they relate.</p> <p>Explanation is required of year-on-year movements in metrics and performance against targets.</p> <p>Transparency is needed about internal carbon prices, where used.</p> <p>Better linkage is needed between climate-related targets in TCFD disclosures and other related targets disclosed.</p>

Key question	Observations	Expectations/required improvements
Are entities adequately disclosing their plans for transition to a lower carbon economy, including interim milestones and progress?	<p>Most entities have set net-zero or other climate-related targets, but the metrics used to track progress are unclear and explanations of performance are not always provided.</p> <p>It was unclear whether interim emission targets covered all business activities or how the entity planned to meet interim targets.</p>	<p>Disclosures should include the expected steps to meet targets, highlighting areas of judgement and uncertainties.</p> <p>A review should be undertaken of the Transition Plan Taskforce guidance and consideration given as to how best to articulate their targets and plans for transition.</p>
Are entities using consistent and comparable metrics?	Some commonality was identified but methodological differences due to entity-specific adjustments made direct comparisons challenging.	<p>TCFD cross-sector and industry-specific metrics should be used to aid comparability.</p> <p>Details of the methodology applied when calculating non-standard metrics should be provided to aid comparability.</p>
Are entities explaining how their targets have affected the financial statements?	<p>Most entities provided some explanation of how climate was considered in the financial statements. However, it was often difficult to determine the extent of the impact of targets on the financial statements, due to a lack of entity specific disclosures.</p> <p>The connectivity between information included in narrative reporting and financial statements disclosures was mixed.</p>	Where climate-related targets and transition plans could impact the financial statements, entities should explain the assessments undertaken and any impacts on the financial statements.

58. Through their reviews of company reporting, the FRC have included some areas that entities should consider when reporting on metrics and targets. This includes clarity, balance and avoiding undue focus on immaterial areas of the business.

New standards on disclosure of sustainability-related financial information

59. The [International Sustainability Standards Board](#) (ISSB) has issued two financial reporting standards setting out the overall requirements for disclosing sustainability-related financial information.

60. IFRS S1* requires entities to disclose information about sustainability-related risks and opportunities that could impact on the entity's cash flows, access to finance or cost of capital over the short, medium and long term. It requires an entity to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed.

61. Sustainability-related financial information should therefore include information about the entity's:

- governance processes, controls and procedures used to monitor and manage the risks and opportunities
- strategy and approach used to manage the risks and opportunities
- risk management processes used to identify, assess, prioritise and monitor risks and opportunities
- performance metrics and targets including progress towards any targets the entity has set or is required to meet by law or regulation.

62. IFRS S2* requires entities to disclose information about its climate-related risks and opportunities that is useful to users of the financial statements. The disclosures are summarised in the following table:

Area	Explanation
Governance	<p>Processes, controls and procedures an entity uses to monitor and manage climate-related risks and opportunities. This includes disclosures on:</p> <ul style="list-style-type: none"> • details of the governance body responsible for climate-related matters and, for example, how that body determines whether the skills and competencies are available or need to be developed in this area, how climate-related risks and opportunities are considered when making decisions, and how often it receives performance information. • management's role in the governance process including the controls and procedures used to support oversight of climate-related risks and opportunities and how these integrate with other internal functions.
Strategy	<p>Disclosures to explain the entity's strategy for managing climate-related risks and opportunities. This includes disclosure on:</p> <ul style="list-style-type: none"> • climate-related risks and opportunities that are expected to affect the entity's prospects and the effect of the risks and opportunities on the business model, decision making, strategy, and financial position • the resilience of the entity's strategy and business model to climate-related risks and opportunities.

Area	Explanation
Risk management	<p>Disclosure on the risk management arrangements and policies including how the entity identifies, assesses, prioritises, and monitors climate-related risks and opportunities and how these processes are integrated into the entity's overall risk management process. This includes disclosing information on:</p> <ul style="list-style-type: none"> • climate-related scenario analysis used to inform the identification of risks and opportunities • how the entity assesses the nature, likelihood, and magnitude of the effect of risks • prioritisation of climate-related risks relative to other risks • the process for monitoring risks.
Metrics and targets	<p>Performance information to allow users to understand progress made against climate-related targets set internally or required by law or regulations. Entities are required to disclose information on:</p> <ul style="list-style-type: none"> • cross-industry metrics eg greenhouse gases • industry-based metrics where applicable • qualitative and quantitative climate-related targets.

63. Applying these standards, with additional disclosure when necessary, is presumed to result in a fair presentation.

Technical Bulletin 2023/3

Technical developments and emerging risks from July to September 2023

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NET ZERO AND SUSTAINABILITY FRAMEWORK FOR ACTION



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

NOVEMBER 2022

We will support Scotland’s colleges and universities as global leaders in accelerating the climate emergency response and Scotland’s just transition. This should lead to reduced emissions, system change, and long-term climate resilience.

EXECUTIVE SUMMARY

This Framework for Action (“the Framework”) represents mainstreaming of net zero in SFC building on our progress so far. It establishes a long-term plan demonstrating our full commitment to responding to the climate emergency and reflecting improved corporate accountability and collective responsibility. The agency and urgency of our response is increasing in line with the escalating climate crisis. The Framework spotlights net zero leadership and delivery by colleges and universities and their future ambitions and plans. It reflects the importance of the relationship between SFC’s net zero actions and those of the tertiary education sector (“the sector”). It provides a shared vision of our evolving role and actions needed around which SFC staff and our stakeholders can coalesce.

The Framework supports the Scottish Government’s national climate and economic plans¹, implementation of the [SFC Review of Coherent Provision and Sustainability](#)², and our [Strategic Plan](#). It sets out those actions SFC will take in the next few years and provides a pathway to a long-term response. Key priorities embedded in the Framework for Action include gearing our funding towards net zero and climate positive outcomes, and net zero accountability for the funding we provide. Success would be evident in a permanent shift of SFC’s culture towards climate positive outcomes and playing our full part in assisting institutions to realise net zero plans.

1 Plans include the Scottish Government’s National Strategy for Economic Transformation, the Climate Change Plan, the Just Transition Planning Framework and the Climate Emergency Skills Action Plan (CESAP). Specific links to each document are referenced later.

2 The SFC Review makes several recommendations for system change including, “Galvanise current and future leaders across tertiary education, skills provision and research to work together to effect system change, building from our existing strengths, to tackle knotty long-term challenges and opportunities, and to develop the system for the future” and “Build capacity and a more systematic approach to the way we collectively plan coherent tertiary education and skills provision and investment, so that it responds better to current and future needs of pupils, students, employers and broader economic and social drivers, while holding in balance the policy imperatives of promoting fair access and equalities, and the journey to a net zero carbon future.”

Delivery of the Framework includes the following key outcomes:

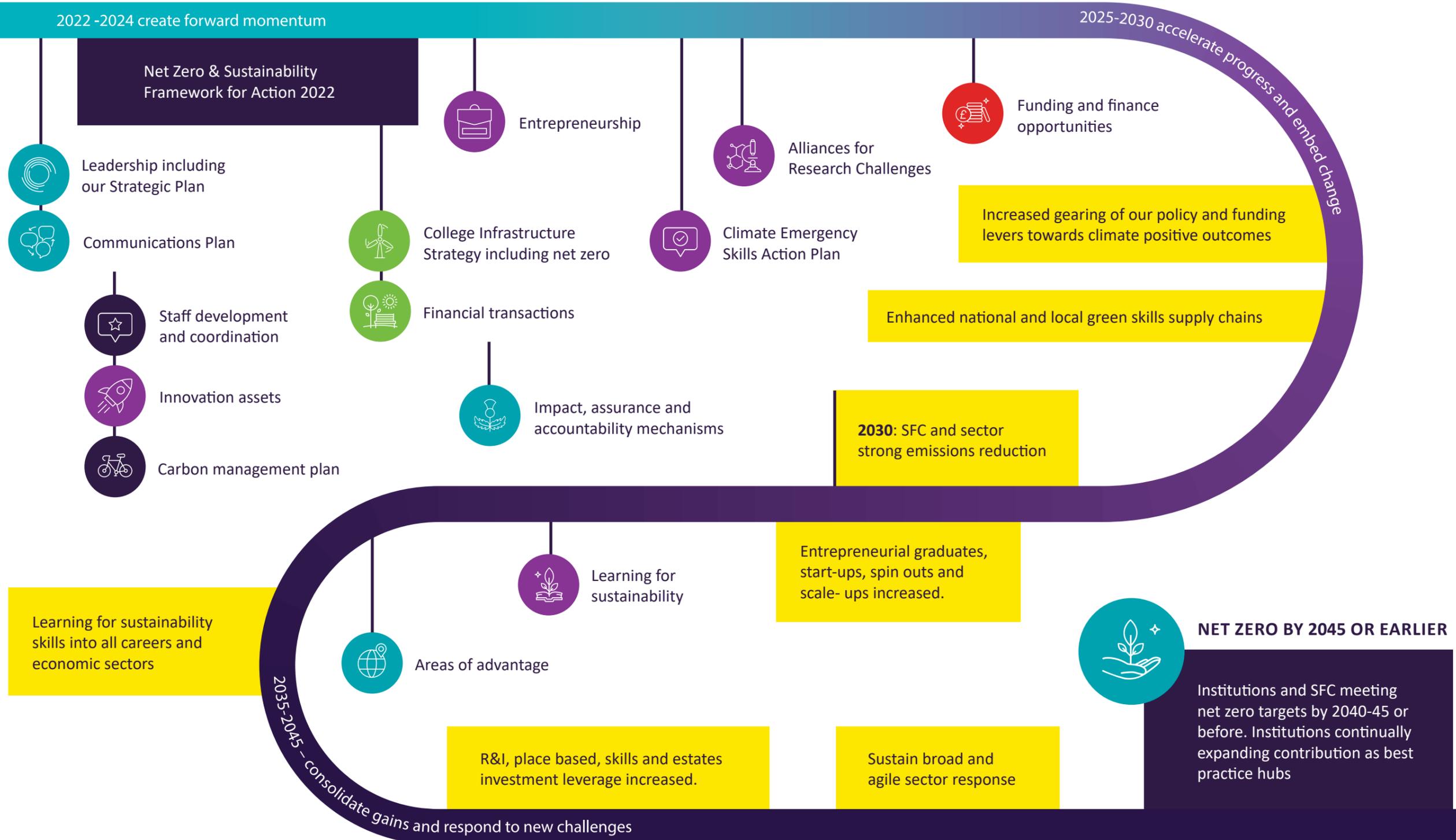
- The just transition including community health, wealth, and opportunity.
- Green growth including reskilling, upskilling and skills alignment.
- Place-based net zero transformation including infrastructure and education.

OVERVIEW OF ACTION POINTS



ACTION POINTS AND MILESTONES: THE ROUTE TO DELIVERING THE FRAMEWORK

Our Framework will be taken forward as a series of action points including projected interim milestones in yellow. We will assess progress and review action points regularly.



DETAILED LIST OF ACTION POINTS

1. DRIVING CORPORATE ACCOUNTABILITY



1. NET ZERO BY 2045 OR EARLIER

Reach net zero Greenhouse gas emissions by 2045 or earlier in line with our duties under statutory climate targets and become a leading public body in the climate response.



2. LEADERSHIP INCLUDING OUR STRATEGIC PLAN

Increase leadership, governance and mainstreaming of our climate response including staff engagement and fully embedding environmental sustainability in our SFC Strategic Plan 2022-2027.



3. COMMUNICATIONS PLAN

Update our communications plan strengthening our climate emergency, sustainability, and net zero response.



4. IMPACT, ASSURANCE AND ACCOUNTABILITY MECHANISMS

Embed measures under our impact framework and associated accountability and quality assurance mechanisms to strengthen the sector's climate emergency response.



5. AREAS OF ADVANTAGE

Develop areas of Scottish net zero and sustainability advantage e.g., renewable energy including net zero approaches, sustainable transport, natural capital, and the blue-green economy and continuously adapt our focus to emerging areas.

2: INNOVATION, EDUCATION, RESEARCH AND ENTREPRENEURSHIP



6. INNOVATION ASSETS

Focus Scotland's knowledge exchange and innovation assets on green growth and the just transition.



7. ENTREPRENEURSHIP

Take forward post-16 education measures under the Logan review (STER) including net zero entrepreneurship skills.



8. ALLIANCES FOR RESEARCH CHALLENGES

Support Alliances for Research Challenges including foregrounding net zero and sustainability challenges.



9. CLIMATE EMERGENCY SKILLS ACTION PLAN

Deliver SFC's actions under the Climate Emergency Skills Action Plan (CESAP) and work with other delivery partners on co-owned actions. Deliver SFC net zero skills initiatives and funds supporting upskilling, reskilling, quality assurance, skills alignment, and tertiary pathfinders.



10. LEARNING FOR SUSTAINABILITY

Encourage institutions to consider their plans on the availability of sustainability learning and access.



PHOTO: UNIVERSITY OF DUNDEE

3: FUNDING & FINANCE



11. FUNDING AND FINANCE OPPORTUNITIES

Embed net zero finance approaches through our funding. Investigate alternative capital funding models and approaches capable of meeting the wide-ranging investment needs of our institutions in pursuing net zero ambitions and plans.

4: ESTATES



12. COLLEGE INFRASTRUCTURE STRATEGY INCLUDING NET ZERO

Develop a greener, more digital estate through the College Infrastructure Strategy. Revise SFC's capital investment policy to prioritise net zero.



13. FINANCIAL TRANSACTIONS

Encourage the sector to engage in collaborative net zero place-making through SFC universities' Financial Transactions and other decarbonisation programmes.

5: SFC CARBON REDUCTION



14. STAFF DEVELOPMENT AND COORDINATION

Increase internal coordination and delivery of our climate emergency response including staff training and development.



15. CARBON MANAGEMENT PLAN

Continuously strengthen our annual statutory carbon reporting and carbon management plan in line with Scottish Government Guidance.

A photograph of two students, a young woman with long red hair and a young man with glasses, standing under a large stone archway. They are looking at a smartphone together. The woman is holding a coffee cup. The man is holding a red folder. In the background, there are stone buildings and a large tree under a clear blue sky.

CLIMATE EMERGENCY RESPONSE

INTRODUCTION

The world is on course to exceed two degrees of global warming with a median scenario of 3.2 degrees by 2100³. The social, environmental, and economic impacts of two degrees warming will be far worse than at 1.5 degrees. We are storing up extensive financial, human and ecosystem costs and impacts unless we take urgent action including cutting emissions at pace and preparing society for change.

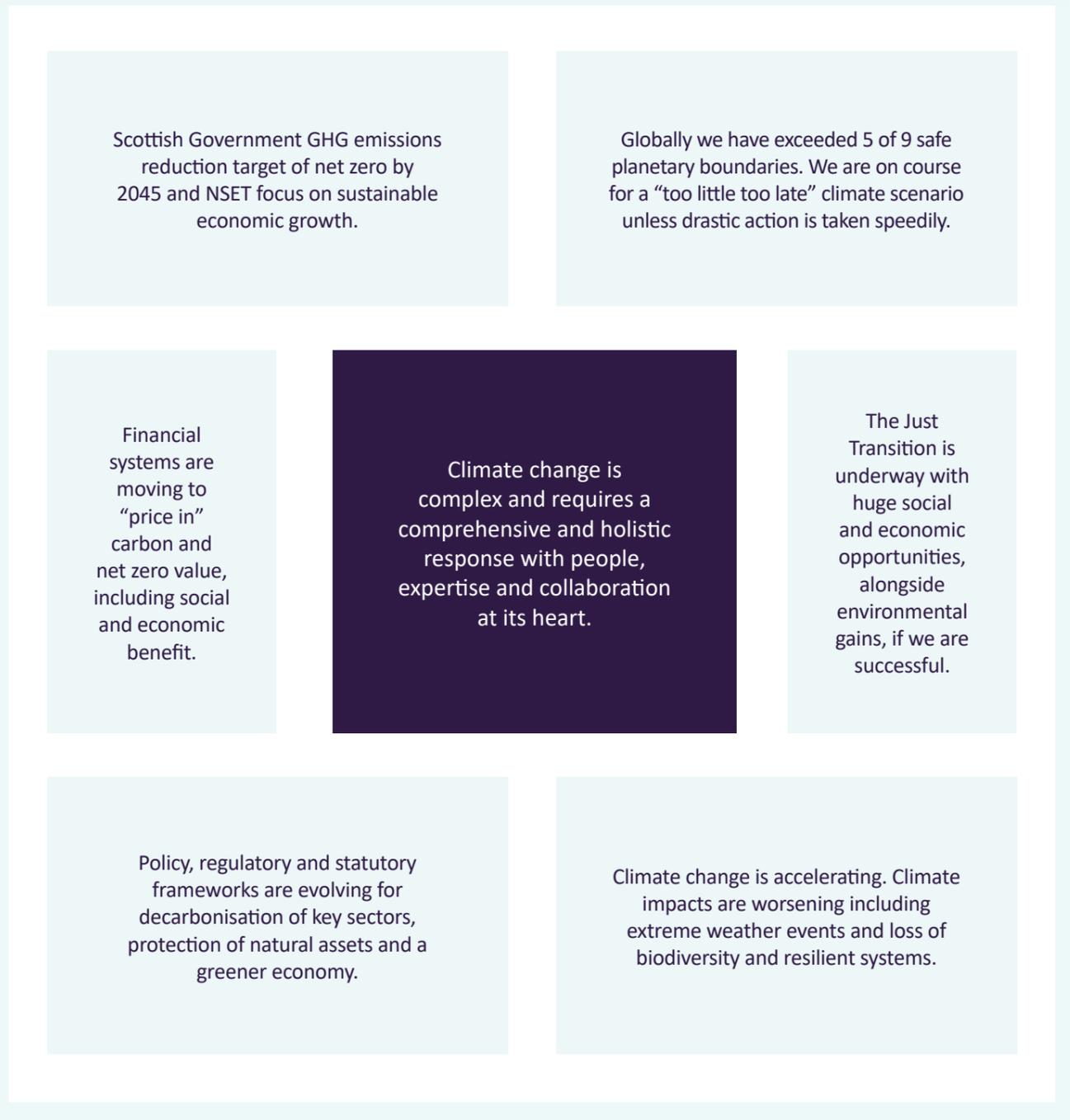
Governments and others are cutting emissions and securing climate opportunities⁴. [Scotland's Green Investment portfolio](#) illustrates several opportunities that are supported by our tertiary education and research excellence. Alignment of the tertiary education and research sector with net zero objectives is significantly enhancing the pace and quality of the transition. (See Strategic Fit pages 18-19 and Annex C for the policy context.)

³ [Sixth Assessment Report](#)

⁴ [The UK Government references 78 per cent economic growth in 1990-2019 at the same time as 44 per cent emissions cuts.](#)

The diagram below illustrates Scotland’s national climate crisis and emergency response within the current global climate crisis and emergency response.

Graphic: Scotland’s climate emergency response within the global response.



SFC’S CURRENT CLIMATE EMERGENCY RESPONSE

SFC’s role is integral to delivery of the Scottish Government’s net zero priorities and those of Scotland’s colleges⁵, universities⁶ (the sector) and its staff and students. Latest surveys show that 88% of students want their place of study to incorporate and promote sustainable development⁷. Previous and current SFC support demonstrates our commitment to net zero. This includes net zero transformation enabling support such as our sponsorship of the alliance for sustainability leadership in Education ([EAUC Scotland](#)), and the [Energy Skills Partnership](#) (See Annexes A&B).

Our [outcome agreements](#) with colleges and universities provide key incentivising context for institutions’ climate emergency responses. This includes whole organisational responses. We are looking ahead to new impact framework and associated accountability and quality assurance mechanisms (see pages 19-22 for SFC’s evolving response.) Some SFC funding streams currently have a specific focus on net zero e.g., [Financial Transactions](#). Others support net zero or green growth as thematic priorities e.g., our knowledge exchange and innovation funding.

Our underpinning core funding in a range of areas spanning teaching, skills, research and innovation and infrastructure enables institutions’ specific net zero strengths to develop. Institutions often deploy these strengths in interrelated programmes of teaching and research and as part of their distinctive net zero profiles. (See Annex B.)

The sector also drives and collaborates in key net zero fields, increasing national critical mass. A specific current highlight and priority for collaboration by institutions is evident through actions they are taking

⁵ [Colleges are integrating greater learning for sustainability in all taught areas. They are cutting emissions and embedding the climate response throughout their organisations.](#)

⁶ [At least eight universities are incorporating learning for sustainability across their courses. Universities are cutting emissions and embedding the climate response throughout their organisations.](#)

⁷ 88 per cent of 6000 surveyed students say they agree their place of study should actively incorporate and promote sustainable development - [SOS UK Sustainability Skills Survey](#).



PHOTO: NEWBATTLE ABBEY COLLEGE

in support of the [Climate Emergency Skills Action Plan](#) particularly in support of the energy transition. SFC is a public sector delivery partner for CESAP. (See pages 14-16 on the sector's response).

An overview of the current SFC and sector response is provided in the diagram below.

Graphic: SFC and the Scottish tertiary education sector climate emergency response.

SFC core funding for research and innovation maintains broad and deep capability in fields needed in national net zero challenges including science, mathematics, data and economics, social sciences, humanities and the arts.

Net zero is supported through SFC core funding contributions., and under specific funds as a priority theme. SFC funding leverages other public and private sector net zero funding.

Total FHE sector GHG emissions in 2020-2021 were 321,591 tCO₂e. SFC operational emissions in 2020-2021 were 53.6 tCO₂e.

SFC working with Government, the sector, delivery bodies, and key public sector partners supports the just transition, green growth and net zero place based transformation. This is delivering key priorities under our Strategic Framework 2019-2022 as it in turn delivers against the NPF, our Review, CESAP and SG Climate Change Plan 2020.

SFC core funding for university and college estates' decarbonisation supports national and local net zero place based transformation, resilience and infrastructure plans.

SFC board, committees, senior management, and staff committees lead and support our net zero accountability. Sector accountability and leadership is galvanised through net zero plans, strategies, leaders (Green Gowns awards) collaboration and funding.

SFC core teaching funding and delivery of the Young Person's Guarantee, NTTf, FWDF, CESAP and green skills support as well as support for young researchers and entrepreneurs sustains and attracts academic and business talent to benefit in and shape the just transition.

THE SECTOR'S LONG TERM CLIMATE EMERGENCY RESPONSE

The sector provides a huge range of solutions towards Scotland's just transition, green growth and net zero place-making across the country. Through the advancement of knowledge, learning and research it plays a key role in addressing how we live sustainably on our planet. A sustainable education sector in Scotland represents us as an inclusive, prosperous and sustainable nation, attracting international expertise and student talent, contributing to our cultural and economic growth whilst safeguarding our sustainability ambitions.

The sector's response is dynamic, providing key expertise central to navigating climate risks, shaping climate resilience, and creating opportunities:

- Infrastructure (including estates), technology demonstration and innovation
- Talent including talent attraction, development, and entrepreneurship
- Skills including a work force with skills fully aligned to deliver net zero transformation in every sector
- Research and innovation (including mobilising expertise and knowledge exchange for business and policy makers on key challenges)
- Economic and social renewal including national net zero growth opportunities and creating new green economic markets at a local and national level
- Net zero place-making including community wealth building and engagement
- Partnership working in those cities, regions and locations institutions are anchored in.

Our institutions connect as globally excellent hubs in networks of global excellence. This includes key fields needed for long term climate resilience. (See Annex E for glossary.) Some examples of areas that will be increasingly

important include hydrogen, natural capital, the oceans, carbon capture utilisation and storage and others. SFC has highlighted [Scotland's strengths in climate and natural resource-related research](#) as part of research supporting realisation of the Sustainable Development Goals.

The sector's ability to provide foresight and to respond to the complexities of climate change with holistic solutions at scale is vital. Government and business will continue to draw upon this capability in the evolving climate crisis including challenges we cannot envisage now. The sector's [breadth and depth](#) must be protected, sustained, and enhanced.

THE SECTOR'S DECARBONISATION JOURNEY

The sector's scientific and management expertise is key in meeting its own decarbonisation challenges including emissions that are harder to tackle. This expertise is also supporting other sectors with similar challenges. The latest [reports on emissions data in the sector](#) set out current progress.

We endorse the recent [Scottish University and College Sectors Supply Chain Climate & Ecological Emergency Strategy - 2022 to 2030](#) designed by Advanced Procurement for Universities and Colleges (APUC) to support a greener and more sustainable approach to procurement adopted by the entire Scottish sector. The potential for this to create positive supply chain change around concepts of value that fully "price in" the environmental cost of decisions should not be underestimated.

Recent work by Jisc (the digital services provider for the UK higher and further education sector) highlights how it will [reduce emissions](#) and [encourage institutions to work through suppliers](#) to reduce digital emissions.

All organisations face the challenge of reducing the last portion of hard-to-reduce emissions in order to reach net zero targets. In terms of residual emissions in net zero strategies, the [UK universities COP26 briefing](#) and the [carbon coalition](#) supported by EAUC advise institutions on the possible use of offsetting in net zero strategies as a last resort once all available

emissions reductions have been made. Universities are also interested in ideas such as insetting or concluding pre-purchase agreements in [Direct Air Capture initiatives](#).

Decarbonisation of heat is critical to achieving net zero but is challenging, not least due to the reliance on local and national action to decarbonise the supply. We support the sector's net zero estates strategies through our Financial Transactions programme for universities and the [College Infrastructure Strategy](#).

The College Infrastructure Strategy underpins estates as part of the Scottish Government's wider Infrastructure Investment Plan. Its strategic principles include enabling the decarbonisation and digitalisation agendas. This provides blended learning and emissions reductions opportunities as part of calibrating the learning offers of individual institutions.

Travel emissions on campuses also feature in the forward plans of institutions to reduce emissions. Emissions from international students are being considered with good practice examples at Edinburgh and St Andrews Universities.

THE SECTOR AS EXEMPLAR IN THE CURRENT CLIMATE EMERGENCY RESPONSE

As discussed in the previous sections on the sector's long-term response and its decarbonisation journey, the sector makes key contributions in a range of ways including research and innovation, education and skills, and estates and local partnership working. Taking each of these in turn and providing a current snapshot, Scotland's colleges and universities are already mobilising research and innovation in support of current national challenges from heat decarbonisation to sustainable transport, the circular economy to sustainable chemicals and materials, and enabling digital technologies to sustainable agriculture, aquaculture and protecting natural resources. We are [supporting ARCs](#) (alliances for research challenges.) There is also a strongly aligned skills agenda with these national net zero challenges. (See Annexes A&B.)

SFC is already funding greater net zero skills alignment in response to national challenges including under the Climate Emergency Skills Action Plan (CESAP), the [National Transition Training Fund](#), the [FWDF](#) and the [University Upskilling Fund](#). Our two tertiary regional pathfinders each contain a sustainability or net zero thread. Skills alignment supports the [National Strategy for Economic Transformation](#) focus on new market opportunities. (See Annexes A&B).

Institutions also act as key civic anchors and assets. For example, [North Ayrshire Council's Community Wealth Building Strategy](#) specifically mentions local further and higher education institutions as anchor institutions supporting the local economy. In cities including Edinburgh, Aberdeen and Glasgow institutions are providing key expertise in city climate adaptation plans. In several locations institutions are seeking to become or are already connected in local district heating or other local energy networks as key users of clean energy.

Institutions' contributions as civic anchors extend from their physical infrastructure to the ways in which they assist and apply their learning and research to create local community and business solutions.



OUR FRAMEWORK FOR ACTION

STRATEGIC FIT

The Scottish Government has set ambitious net zero targets in the [Climate Change \(Scotland\) Act 2009](#), and the [Climate Change \(Emissions Reduction Targets\) \(Scotland\) Act 2019](#). These are for net zero greenhouse gas emissions by 2045. The interim target of 75% by 2030 reflects the climate emergency decade. Actions under our Framework reflect these targets.

We understand the increasing emphasis for action by public bodies. We also remain fully aware of a closing window for climate action and increasing natural resource constraints. All these factors mean that an urgent response is necessary. (See Framework for Action action points and route map on pages 4-8.)

Delivery of the Framework includes the following outcomes in Scotland:

- The just transition including community health, wealth, and opportunity.
- Green growth including reskilling, upskilling and skills alignment.
- Place-based net zero transformation including infrastructure and education.

The [Scottish Government's Just Transition Framework](#) states that the just transition is both the outcome of a fairer, greener future for all and the process, in partnership with those impacted by the transition. As a key national funder of post 16 education, learning and research, SFC has a vital role to play in this process and outcome. The latest [Just Transition Commission report](#) highlights social infrastructure including education. Scottish institutions have been successful in the first Just Transition Fund funding round⁸.

Net zero is also a priority under current Scottish Government education reforms⁹. We are reflecting net zero and sustainability under our Strategic Plan 2022-27 in relation to learning and teaching, research and innovation, infrastructure and SFC as an organisation. Our priority focus is in building a responsive, coherent and sustainable post-16 education and research system.

Our investments assist the sector to realise benefits for people that meet both the Scottish Government's key just transition and NSET aims (see Table 1.)

⁸ [Year one projects - Just Transition Fund: year one projects](#)

⁹ [Post school education, research and skills development ecosystem - purpose and principles: scope and approach](#)

Table 1 - Scottish Government strategic priorities for the green recovery and the just transition

National Just Transition Outcomes	National Strategy for Economic Transformation
Citizens, communities and place	
Jobs, skills and education	
Fair distribution of costs and benefits	Entrepreneurial People and Culture
Business and Economy	Productive Businesses and Regions
Adaptation and resilience	New Market Opportunities
Environmental protection and restoration	Skilled Workforce
Decarbonisation and efficiencies	A Fairer and more Equal Society
Further equality and human rights implementation and preventing new inequalities from arising	

SFC is also a key delivery body under the [Scottish Government’s Climate Emergency Skills Action Plan](#) working in close partnership with Skills Development Scotland and the Scottish Government. CESAP focuses on new jobs relating to net zero and sustainability, jobs affected by the transition with the need for enhanced skills, and existing jobs that will be needed in greater numbers. Green jobs opportunities are available to those already in the labour market as well as new and future entrants. There is a substantial reskilling and upskilling agenda for the existing workforce and the need to mainstream new learning. At the same time there are additional constraints in the labour market and there is a degree of churn e.g., demographics and the pandemic (career leavers, changers and new entrants), Brexit (workforce shortages) or a shortage of those with the right skills to fill specific vacancies.

CESAP is being implemented through several subgroups focused on specific skills supply chains including Energy Transition, Low Carbon Transport, Decarbonising Domestic Heat (Energy Efficiency), High Value Manufacturing, Land-based skills, skills for the Circular economy and Education. Skills alignment and mapping of transition pathways is an area that is constantly evolving as the climate response evolves.

SFC’s role is to continue to support coherent provision, skills and qualification planning and alignment with institutions, employers and partners.

This includes our support for the Energy Skills Partnership.

SFC’S EVOLVING ROLE IN THE CLIMATE EMERGENCY

The Scottish Government’s [guidance for public bodies](#) is clear – public bodies must demonstrate how spending plans align with statutory climate targets. [Audit Scotland’s report](#) also highlights this. It states that, “Budgets and spend should align with climate change ambitions. This will require public bodies to review existing capital and revenue spend. Public bodies will also need to ensure all future funding and investment decisions are based on their contribution to climate change ambitions and an inclusive, net-zero carbon economy. Funding should be prioritised against climate outcomes.”

Net zero needs to be considered within everything we do. Our wider role in supporting the sector to lead and accelerate the climate response is the most important part of SFC’s climate response. Our influence and policy levers including the developing Assurance and Accountability Framework can help to drive and support a high level of ambition in the sector. The choices we make as a national funder must

recognise sector leadership and facilitate action and responsiveness in the wider tertiary education and research system. We will learn, best practice share, and evolve our response with other key public and private sector actors with existing expertise and shared challenges.

The Framework highlights the priority actions we will take in the short, medium and long term to incentivise the sector to reach its full potential. Going forward, our investments in research and innovation (R&I), education and skills, entrepreneurship and estates are vital for delivering net zero related benefits in these areas. Our influence extends from our initial investments in institutions through those interactions they have with businesses and policy makers, other external partners and local communities. This includes best value for public funding that balances value for money and net zero considerations, aiming to create multiple benefits at the time of the investment and during its lifespan and investing for the long term. It includes considering the potential for our stakeholders to leverage further external net zero funding and finance where we frame and deploy our investments wisely. It includes supporting institutions in realising their full potential in supporting the just transition.

We will be reviewing all engagement with the sector including funding guidance and partnerships to ensure that all SFC levers fully incentivise net zero. Key accountability and funding levers need to embed net zero as a default approach, as the new normal, moving away from older business as usual approaches.

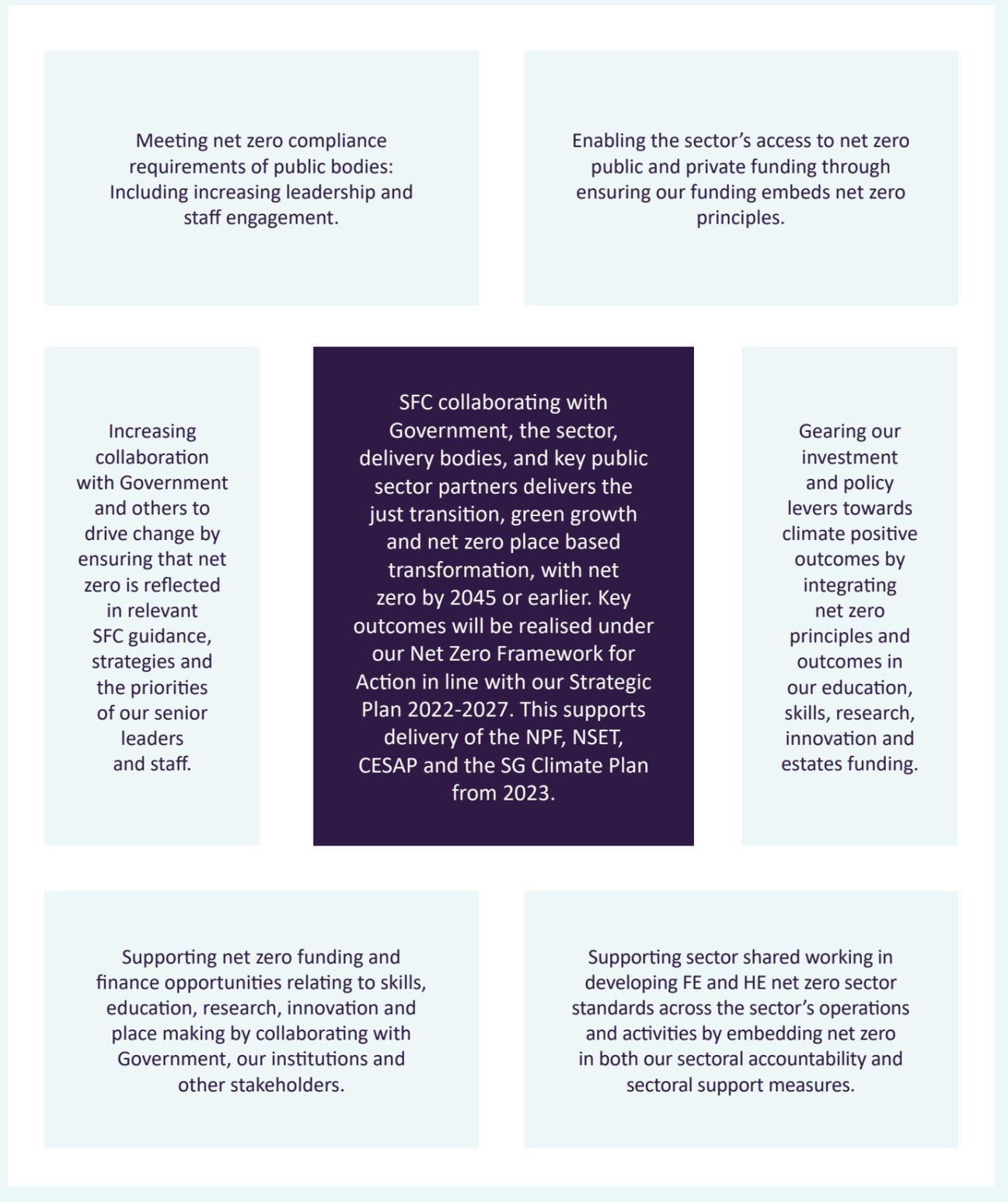
An important result of SFC net zero change should be to fully equip graduates and others with the skills, tools, and competences they need in the just transition. This includes supporting talent potential, change makers, and behaviour change. Delivery of net zero objectives runs through delivery of SFC strategic objectives on learning and research including attainment, excellence, innovation, life chances and career opportunities. It can create several other benefits e.g., improved mental and physical health, active travel and sustainable neighbourhoods.

Building on current progress outlined in the Graphic on page 13 – SFC and the tertiary education sector’s climate response, which we commit to maintaining, we further commit to evolve our role as shown in the diagram below.



PHOTO: UNIVERSITY OF GLASGOW

Graphic: SFC and the Scottish tertiary education sector climate emergency response.



AIMS AND THEMES

The three key aims of our Framework are to:

- Set out a clear, long-term pathway towards net zero, enabling a strong response by SFC, the sector and partners
- Ensure that our institutions realise their full potential in supporting Scotland's net zero just transition, and
- Reduce greenhouse gas (GHG) emissions in SFC operations and service delivery to achieve the goal of net zero by 2045 or earlier.

The five core themes under which we will organise our net zero actions are:



A full list of action points under the Framework for Action and the high-level route map to 2045 can be found on pages 4-8.

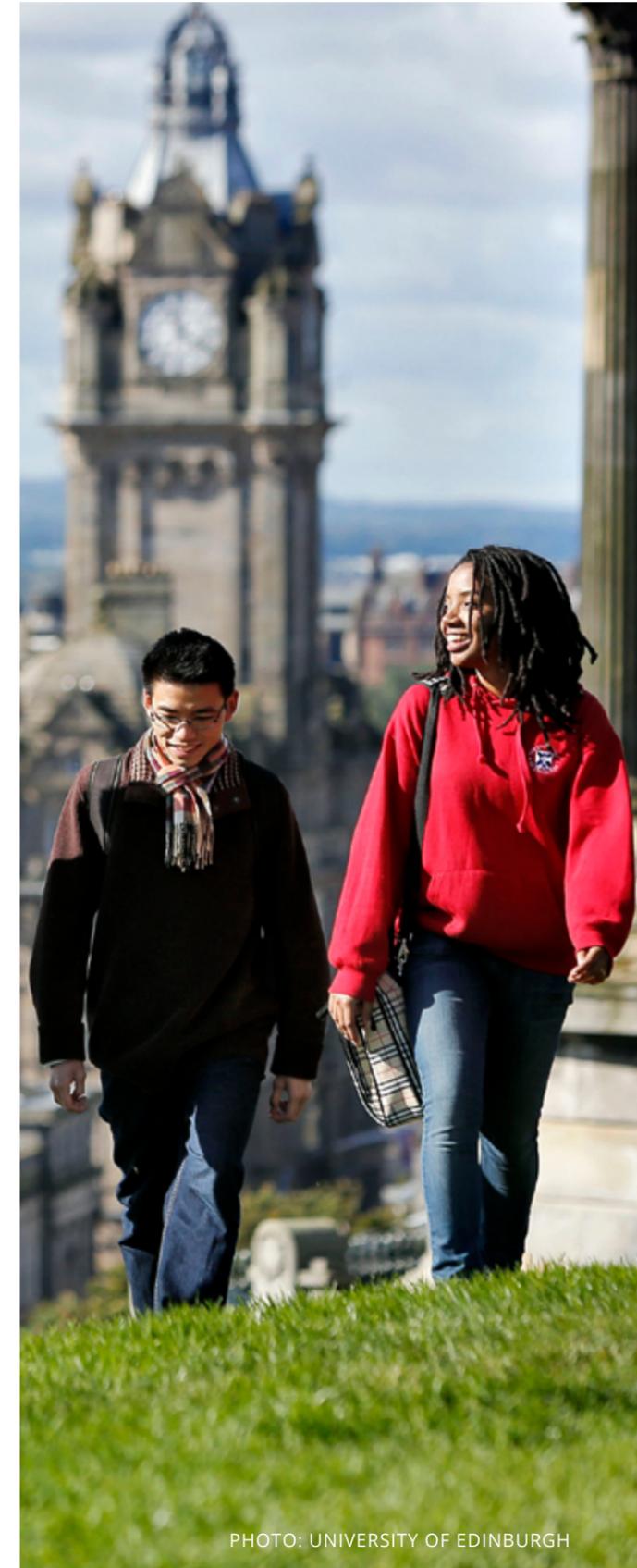


PHOTO: UNIVERSITY OF EDINBURGH

DELIVERING THE FRAMEWORK

IMPLEMENTATION

Our approach to delivering the Framework is outlined on pages 5 and 6. The route to delivery shown there sets out those key actions we will take in the next 2-4 years, on the way to 2030, and beyond. These should enhance long-term climate action by SFC and close the gap to net zero.

Our engagement with the sector and governments will be vital in delivering the Framework. We will harness the expertise of our board and committees in driving forward our net zero focus. Our engagement with the sector on net zero and sustainability goes far beyond engagement directly related to this Framework. It is woven through everyday engagement at all levels and functions of SFC. We will reflect the sector's needs and those of Government in using all the levers at our disposal to facilitate our net zero response.

SFC leadership and directorates are committed to operationalising net zero including delivering this Framework. The Net Zero and Sustainability Strategy & Delivery Group (NZ&SS&DG) is responsible for delivery of the Framework¹⁰. The Environmental & Sustainability Champions Group¹¹ is implementing our organisational carbon management plan. As we implement the Framework, we will increase joint working across directorates within SFC, in reflection of the kind of holistic thinking that the net zero response demands including e.g., the links between institutions, their student bodies, other partners, and institutions' contribution to net zero place-based development.

As we pick up the pace on driving net zero through our operations and activities, we will increase our alignment with the expected standards for public bodies. In launching the Framework, we will initiate five work streams outlined in table 2 below, immediately.

¹⁰ The Net Zero & Sustainability Strategy and Delivery Group is SFC's cross cutting policy group supporting and implementing our overall net zero strategy (across all our service delivery and our operations.)

¹¹ The Environmental & Sustainability Champions Group is an informal network of staff members who support SFC in achieving our environmental targets and goals.

Table 2 - Work streams to be commenced immediately, in order of priority impact		
Work stream	Theme and Action Points	Timeline
Embedding SFC net zero leadership and accountability	Themes 1 and 5 APs 1-5 and 14-15.	Completed by December 2023.
Delivering carbon literacy training to all SFC staff.	Themes 2 and 5 APs 2 and 14.	Delivered by March 2023.
Mainstreaming ESG funding principles and criteria through SFC funding and reporting	All Themes APs 1, 2, 4-6, 7 -13, 15.	Phase 1 (principles) completed by March 2024 or earlier. Phase 2 (criteria) by December 2025.
Enhancing resources available for college decarbonisation	Theme 3 APs 11 & 12	Initiated by March 2023.
Strengthening SFC procurement	Theme 5 AP15.	Completed by March 2023.

COLLABORATION

Partnership working is vital to coordinate and align activity, especially in times of increasing public financial constraint – we must intensify collaboration.

It will be important to ensure wise use of public investment where public funding leverages other policies and funding. For example, the sector is attracting funding from several [Scottish Government low carbon funds](#) such as Place-Based Investment Capital Grants, the Low Carbon Infrastructure Transition Programme, as well as [UKRI net zero research funding](#), and local investment by both the UK and Scottish Governments through city deals. There is also interest from the sector in the Scottish Government’s Just Transition Fund and its Emerging Energy Technologies Fund. The Scottish Government’s investment in under-22 free bus passes is a great example of investment that not only meets active travel aims but is enabling access to learning across the country by younger learners.

We will work with key stakeholders and delivery partners including Skills Development Scotland, the [Scottish Futures Trust](#), the EAUC, [SAUDE \(Association of University Directors of Estates\)](#), [SUF DG \(Scottish Universities Finance Directors Group\)](#), the sector’s boards and courts, academic experts, the [Colleges Development Network](#), the Energy Skills Partnership, [Universities Scotland](#), the [Sustainable Scotland Network](#), the [Quality Assurance Agency for Higher Education \(QAA\)](#), the [Joint Information Systems Committee \(JISC\)](#), [Zero Waste Scotland](#), [Adaptation Scotland](#), industry and industry bodies, and the enterprise agencies¹².

¹² [Scottish Enterprise](#); [Highlands and Islands Enterprise](#); [South of Scotland Enterprise](#).

MONITORING AND REPORTING PROGRESS WITH THE FRAMEWORK

We will have succeeded in delivering the Framework before 2045 if:

- SFC and the sector have mainstreamed a climate-positive culture which is fully reflected in our strategic aims and activities.
- Sector net zero and sustainability ambitions are realised or exceeded including investments, influence, and creating new market opportunities.
- Net zero targets are achieved including a just transition, co-benefits, and institutions’ financial sustainability.

We will provide annual progress reports to our board and senior leadership group. We will refresh the Framework every three to four years as our high-level long-term route map to net zero, including in the context of Scotland’s evolving national Climate Change Plan. Carbon management plan updating and carbon reporting take place on an annual cycle.

We will constantly challenge ourselves to go further in driving down emissions, adapting to climate impacts, and setting up SFC and the sector for climate-proofed success.



PHOTO: SCOTLAND’S RURAL COLLEGE

ANNEX A: ILLUSTRATIVE CASE STUDIES OF THE SECTOR AND SFC'S NET ZERO CONTRIBUTION

Examples of the sector's leading work in creating climate opportunities, including SFC support, are set out below. These cover our support for key enabling networks for the sector's transition. They also cover the ways that the sector is supporting the national transition in key areas such as green skills, green manufacturing or sustainable construction. Several of the examples illustrate key expertise hubs that are benefitting key local and national aspects of the transition including local Councils and the Scottish Government. All examples cover key aspects of SFC's and the sector's climate emergency response including:

- Enabling activity towards net zero whole-system transformation
- Net zero tertiary education and skills
- Net zero entrepreneurship, knowledge, research and innovation
- Net zero place-based transformation including estates.

CASE STUDIES ILLUSTRATING SFC SUPPORT



EAUC SCOTLAND receives core funding from SFC to support the sector in decarbonising in support of national targets with practical advice and guidance. This includes the right data, skills and knowledge to promote leadership and enable the sector's response. It also includes the role of staff and students in leading net zero transformation and decarbonisation within and beyond the sector including collaboration. EAUC supports topic networks including education for sustainable development, community engagement, student leaders, construction, energy, travel, carbon reporting and more.



BUILT ENVIRONMENT – SMARTER TRANSFORMATION (formerly Construction Scotland Innovation Centre) is one of the innovation centres supported by SFC for over a decade. BE-ST is a national fulcrum for the zero-carbon built environment, including a sustainable buildings innovation factory. BE-ST delivers heating retrofit skills under the National Transition Training Fund administered by SFC. BE-ST supports projects that could generate £1.4bn of revenue and £18.7m savings. An example of a BE-ST project is the [Edinburgh Home Demonstrator](#) with the City of Edinburgh Council including sustainable procurement, local supply chains and affordable warmth.

PHOTO: UNIVERSITY OF ST. ANDREWS



THE ENERGY SKILLS PARTNERSHIP has received long term core funding from SFC. It has supported Scotland's colleges in establishing several training networks. These contribute a steady flow of skills supporting green technology deployment in key fields. Skills training networks are supported by Scottish Government and agencies and cover wind, oil and gas, hydrogen, advanced manufacturing, marine and maritime, transport, construction, energy efficiency and micro generation. Funding supports new curricula, career pathways for learners and training to industry and staff within colleges. The networks can flex around emerging skills needs creating a responsive green skills system now and in the future.



THE NATIONAL MANUFACTURING INSTITUTE FOR SCOTLAND (NMIS) sustained by SFC and other investment is our national innovation and skills centre for advanced manufacturing. It supports net zero and circular economy outcomes. NMIS receives SFC funding towards an industry doctorate programme, retraining under the National Transition Training Fund, and £2.1m under SFC's Financial Transactions funding. The latter delivers an 800kW solar array with battery storage, 13 Electric Vehicle charging points and e-bike charging facilities onsite. NMIS is part of a local district heating network attracting Low Carbon Infrastructure Technology Programme funding from the [Scottish Government to Renfrewshire Council](#). One NMIS project partly supported by National Transition Training Funding administered by SFC is sustainable manufacturing business hub support in Orkney.

ANNEX B: OVERVIEW OF THE LEADING WORK OF INSTITUTIONS AND SFC IN CREATING AND ENHANCING CLIMATE OPPORTUNITIES

STRATEGIC ENABLING ACTIVITY	
SFC ENABLING ACTIVITY	SECTOR'S RESPONSE
<p>In 2021 the focus of our outcome agreements was on COP26. In 2022 we continue to highlight transformational leadership, whole institutional change and intra-institutional and wider collaboration.</p> <p>Our investments in EAUC Scotland, the green gowns awards, sponsoring the Building Back Better award this year and Fuel Change galvanise climate leadership in institutions.</p> <p>Our support for JISC (institutional digital infrastructure) supports strategic ICT efficiencies and blended learning.</p>	<p>COP 26: The sector issued key briefing papers and participated in the UK innovation showcase at the University of Strathclyde.</p> <p>The City of Glasgow College hosted events and activities in the COP26 Green Zone through the summit, on campus and online.</p> <p>EAUC: Provide real time advice and support on decarbonisation and environmental sustainability to institutions. (See Annex A.)</p> <p>JISC: Improve academic ICT by reducing its climate impact.</p> <p>APUC: Sector-wide sustainable procurement strategy.</p>

TERTIARY EDUCATION AND SKILLS	
SFC ENABLING ACTIVITY	SECTOR'S RESPONSE
<p>Our investments in skills and learning including CESAP, the Energy Skills Partnership, the Flexible Workforce Development Fund, the National Transition Training Fund, regional tertiary pathfinders and Graduate Apprenticeships support young people, upskilling and reskilling, and green supply chains in key challenge areas e.g., green heat.</p> <p>Our broad ranging investments contribute a high bandwidth and steady flow of climate-prepared talent to meet the evolving needs of the economy, from broad meta skills developed by graduates to graduates and postgraduates with specialist environmental and net zero skills and micro credentials for those already in work.</p> <p>Our College Innovation Fund is assisting colleges such as Borders College to pivot to green skills opportunities.</p>	<p>Energy Skills Partnership: Our core funding for the ESP enables workforce transition through college training networks in support of ScotWind, EVs and other net zero training. (See Annex A.)</p> <p>Reskilling and upskilling: Aberdeen University allocated almost 400 green skills online course places in 2021-2022 through SFC Upskilling and NTTFF funds. Demand for course places outstripped supply.</p> <p>Skills partnership working: RGU, the University of Aberdeen and NESCol are working under the National Energy Skills Accelerator. NESA has won £1 million under the Just Transition Fund. The North East benefits in an SFC regional tertiary skills pathfinder.</p> <p>Graduate skills: Universities are evolving meta skills for all graduates in all disciplines, to ensure that sustainability is a core element by reviewing curricula, graduate attributes, or course narratives.</p> <p>Learning for sustainability: University of St Andrews: students complete an online environmental sustainability module.</p> <p>EAUC and LfSS module for all college staff sustainability training.</p>



ENTREPRENEURSHIP, KNOWLEDGE, RESEARCH AND INNOVATION

SFC ENABLING ACTIVITY

We recently consulted on our [Knowledge Exchange and Innovation measures](#) including the [Entrepreneurial Campus](#) and [Alliances for Research Challenges \(ARCs\)](#).

Our support for over a decade for the [research pools](#), and our ongoing [core investments in research](#) provide the expertise needed to create new breakthroughs, sustain applied research and support our innovation assets.

Our support for core research strengths is critical in national [pathfinding](#) and [global learning](#) on net zero including policy and societal challenges from [food security and rural futures](#) to [hydrogen and transport](#), [industrial decarbonisation](#), appropriate [offsetting](#), [advanced manufacturing](#) and the [circular economy](#), the [blue economy](#) including [blue carbon](#).

We support research contributing to realisation of the Sustainable Development Goals including delivery of the [Global Challenges Research Fund](#). Citation impact for Scotland's research on SDG 13 (climate) is higher than that of key global comparator nations.

We support an academic culture that values entrepreneurialism including the [Converge Challenge](#).

Our long standing support for [Interface](#), [innovation vouchers](#), the [Innovation Centres](#) and our [University Innovation Fund](#) assist business collaboration with the publicly funded knowledge base, meeting decarbonisation and sustainability challenges in [several areas](#), including [sustainable construction](#) and [sustainable chemicals](#).

SECTOR'S RESPONSE

ARCs: We are developing [several net zero/sustainability ARCs](#).

Research: Heriot-Watt university has spun out a company creating recycled bricks, the K-briq made from 90 per cent recycled construction waste.

Research: SRUC research is playing a major role in global [cuts to methane emissions](#) vertical farming and food security, natural capital and biodiversity, and other areas.

R&I: Hydrogen R&I by key academic groups, the Energy Technology Partnership, the Scottish Research Partnership in Engineering, and the Net Zero Technology Centre sustained by SFC funding are supporting hydrogen use at scale.

Converge Challenge: Our support together with industry, led to a University of Edinburgh AI enabled waste-sorting bin.

[IBioIC](#): The industrial biotechnology innovation centre supports new sustainable bio-based processes, materials and products. Revive Eco supported by IBioIC, extracts chemicals from waste coffee grounds for reuse in other industries. IBioIC is vital to the green and blue economy, zero waste and the circular economy.

[Sustainable Aquaculture Innovation Centre](#): AquaGen Scotland with the University of Stirling and others identified salmon biomarkers for natural resistance to bacterial infection, enabling selective breeding, reducing pollutants in the environment.

Interface: Sunamp, a company developing world-leading thermal storage technologies began with an Innovation Voucher in partnership with the University of Edinburgh. Sunamp customers can save up to 50% in energy costs.



NET ZERO PLACE-BASED TRANSFORMATION

SFC ENABLING ACTIVITY

Strategic enabling and cluster building nationally and regionally - SFC investments in a number of areas including capital investment in estates, R&I and skills funding supports institutions in their local partnership working on net zero. Often institutions contribute two or three of these strengths within specific local partnership initiatives. Institutions in one part of the country may also be collaborating with local councils or others elsewhere.

SFC is a key partner building added value into net zero city deals, including our support towards [skills](#), education and R&I aspects. We and the institutions are actively working on place-based net zero transformation with Governments, UKRI, the Enterprise agencies, Local Authorities, the Scottish Futures Trust and others.

Our net zero and sustainability investments in university estates through our £32.8m [Financial Transactions programme](#) in FY 2021-22 and [college estates capital funding](#) support decarbonisation, adaptation and resilience.

Institutions including their physical estates are key anchors, community enablers and demonstration hubs in cities and regions wider net zero transformation. This includes green skills, sustainable energy schemes, food and travel initiatives and community [benefits](#) such as West Lothian College's horticulture students' contribution to a local foodbank. Such contributions deliver the just transition in skills but also other community cobenefits, in this case e.g., mitigating the cost-of-living crisis.

SECTOR'S RESPONSE

R&I, skills and place: Built Environment for Transformation and National Manufacturing Institute Scotland. (See Annex A.)

University of Edinburgh deploys green finance expertise under the [Scottish Government's Green Heat Finance Taskforce](#).

Edinburgh Climate Change Institute: is supporting the 2030 City of Edinburgh Council Climate Strategy. SFC funded a [study](#).

Tayside city deal: Our investment supports the Dundee & Angus College-led MSIP (Michelin Scotland Innovation Parc) Skills Academy (including Abertay, Dundee and St Andrews universities). Our hydrogen research funding supports the green transport cluster.

The Borderlands Inclusive Growth Deal: includes contributions by Borders college, Glasgow University's Crichton Campus, and Barony college part of Scotland's Rural College (SRUC). The SRUC supports the Dairy Innovation Centre in Dumfries decarbonizing dairy production systems (attracting UK Research & Innovation "Strength in Places" funding.) The South of Scotland benefits from an SFC regional skills pathfinder under our implementation of the CESAP.

Climate Neutral Innovation District in Glasgow supported by the University of Strathclyde includes renewable heat, transport and resilience. Our £30m investment in Strathclyde's Learning and Teaching Centre improves teaching facilities, and the district heating connection. The university participates with the University of Glasgow in [Climate Ready Clyde](#). GCU, Strathclyde and Glasgow universities participate in [Sustainable Glasgow](#).

Fife College, an exemplar under the [SG's net zero public sector buildings standards](#) could be replicated by the public sector.

NESCol are connected in a [local district heating network](#).

ANNEX C: STRATEGIC POLICY CONTEXT

Climate change and the policy response to it is a complex and vast area, encompassing every part of our lives, spanning the environment, society, institutions and the economy. Our Framework responds to several key policy frameworks:

- [The UN Sustainable Development Goals](#);
- [The Scottish Government’s National Performance Framework](#);
- [The Scottish Government’s Climate Change Plan Update 2020](#) and the accompanying [Climate Emergency Skills Action Plan](#);
- [The UK Government’s Net Zero Strategy: Build Back Greener](#);
- [The UK Climate Commission Climate Action Roadmap for FE Colleges](#);
- [The Scottish Government’s Programme for Government 2021-2022](#) and recent [Spending Reviews](#)¹³;
- [The Scottish Government’s Just Transition Planning Framework](#);
- [The Scottish Government’s National Strategy for Economic Transformation](#);
- [The Scottish Government’s Heat in Buildings Strategy](#);
- [The Scottish Government’s Infrastructure Investment Plan](#);
- [The Scottish Government’s Climate Change Adaptation Programme](#);
- [Audit Scotland’s Addressing Climate Change in Scotland \(public bodies\)](#);
- [HM Treasury’s Final Net Zero Review 2021](#) and [Green Book 2022](#);
- [Public Sector Leadership on the Global Climate Emergency](#);
- [Purpose and Principles for Post school education, research & skills](#).

SCOTTISH FUNDING COUNCIL STRATEGIC PLAN 2022-2027

We are reflecting net zero and sustainability across priorities under our Strategic Plan 2022-27 relating to learning and teaching, research and innovation, estates and SFC as an organisation. Our priority focus is in building a responsive, coherent, and sustainable post-16 education and research system. The next page provides a mapping of our Strategic Plan 2022-2027 and Net Zero & Sustainability Framework for Action objectives.

¹³ [Investing in Scotland’s Future: resource spending review framework](#); [Investing for jobs: Capital Spending Review 2021-2022 to 2025-2026](#); [Resource Spending Review](#).

ANNEX D: MAPPING THE FRAMEWORK TO OUR STRATEGIC PLAN OBJECTIVES

OBJECTIVE 3 - BUILDING A RESPONSIVE, COHERENT, SUSTAINABLE SYSTEM

Priority 3.1 - We will ensure institutions respond effectively to the climate emergency, embedding climate action and the just transition to net zero in our forward strategies, accountability frameworks and investments; and expecting colleges and universities to use their expertise and activities to deliver a prosperous, low-carbon future.



SFC STRATEGIC PLAN 2022-2027

One of the **themes** that underpins our work (related to several of the other themes e.g. place based and fair work themes) is, **“RESPONDING TO THE CLIMATE EMERGENCY”**.

The full text reads that this, *“involves taking collective responsibility to address the ambitious target to reduce carbon emissions and deliver a just transition to net-zero by 2045. Alongside our own organisational contribution, we will support the bodies we fund to drive change through student education, research and innovation for a greener Scotland, scientific advice to inform policy, and through estates strategies.”*



OBJECTIVE 1 - ENABLING PEOPLE TO LEARN AND FLOURISH

To invest in education that is accessible to learners from all backgrounds and throughout life; gives them a high-quality learning experience and supports them to succeed in their studies; provides opportunities to participate; and equips them to flourish in employment, further study and fulfilling lives.



OBJECTIVE 2 – GENERATING NEW IDEAS AND DIFFUSING KNOWLEDGE

To invest in excellent research and innovation that advances current knowledge; attracts and nurtures talent and entrepreneurship; mobilises collaboration and additional investment; enhances our international reputation; and delivers economic transformation and societal value.



OBJECTIVE 3 – BUILDING A RESPONSIVE, COHERENT, SUSTAINABLE SYSTEM

To create the conditions for a responsive, coherent system of tertiary education and skills, research and innovation that transforms social and economic prosperity and wellbeing, and environmental sustainability, at national and regional levels and through place-based investment; secures international attractiveness and influence; and supports institutions to thrive individually and together.



OBJECTIVE 4 – MAKING SFC AN EXCELLENT ORGANISATION

To be an excellent public body that delivers impact through leadership, partnership, insight and wise investment.

NET ZERO & SUSTAINABILITY FFA

● **AP 1.** Net zero by 2045 or earlier

● **AP 2.** Leadership including Strategic Plan

● **AP 3.** Communications Plan

● **AP 4.** Impact framework and associated accountability and quality assurance frameworks

● **AP 5.** Areas of advantage

● **AP 6.** Innovation assets

● **AP 7:** Entrepreneurship

● **AP 8.** Alliances for Research Challenges

● **AP 9.** Climate Emergency Skills Action Plan

● **AP 10.** Learning for Sustainability

● **AP 11.** Funding and finance opportunities

● **AP 12.** College Infrastructure Strategy

● **AP 13.** Financial transactions for net zero place making

● **AP 14.** Staff development and coordination

● **AP 15.** Carbon management plan

ANNEX E: GLOSSARY OF CLIMATE CHANGE RELATED TERMS

Adaptation (or resilience) is taking action to prepare for and adjust to both the current effects of climate change and the predicted increasing impacts in the future. (See also “mitigation” below.)

Carbon removal/sequestration – the process by which through either natural or industrial means carbon is removed from the atmosphere and can be stored safely. (See also “offsetting” below.)

Co-benefits describes the positive effects that a policy or action aimed at climate mitigation or adaptation might have on other objectives. Co-impacts of climate actions and policies which have positive effects on non-climate related objectives are termed co-benefits.

(Environmental) sustainability describes the responsibility of interacting with the planet to maintain natural resources and avoid jeopardising the ability for future generations to meet their needs.

Environmental Social Governance investment describes a set of investment principles or an investment Framework that fully integrates these three aspects within decision-making. Investors are concerned with financial returns and real-world positive impact that protects the value of their investment, reduces e.g., environmental risk and promotes social and environmental benefit. It is also known as responsible or impact investing.

Greenhouse gas (GHG)/greenhouse gas emissions are any gases in the atmosphere which absorb heat and keep the planet’s atmosphere warmer than it otherwise would be. GHGs encompass the six gases covered by the UNFCCC: carbon dioxide (CO₂); methane (CH₄); nitrous oxide (N₂O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF₆). (See also “mitigation” below.)

Green (economic) recovery/growth is a widely adopted name for environmental, regulatory, fiscal, and economic reforms to recover prosperity after the Covid-19 pandemic.

Just transition means ensuring fairness is integral to securing support for the scale and pace of societal and economic net zero transition required, including leaving no-one behind, nor creating disproportionate financial or inequalities burdens in the net zero transition.

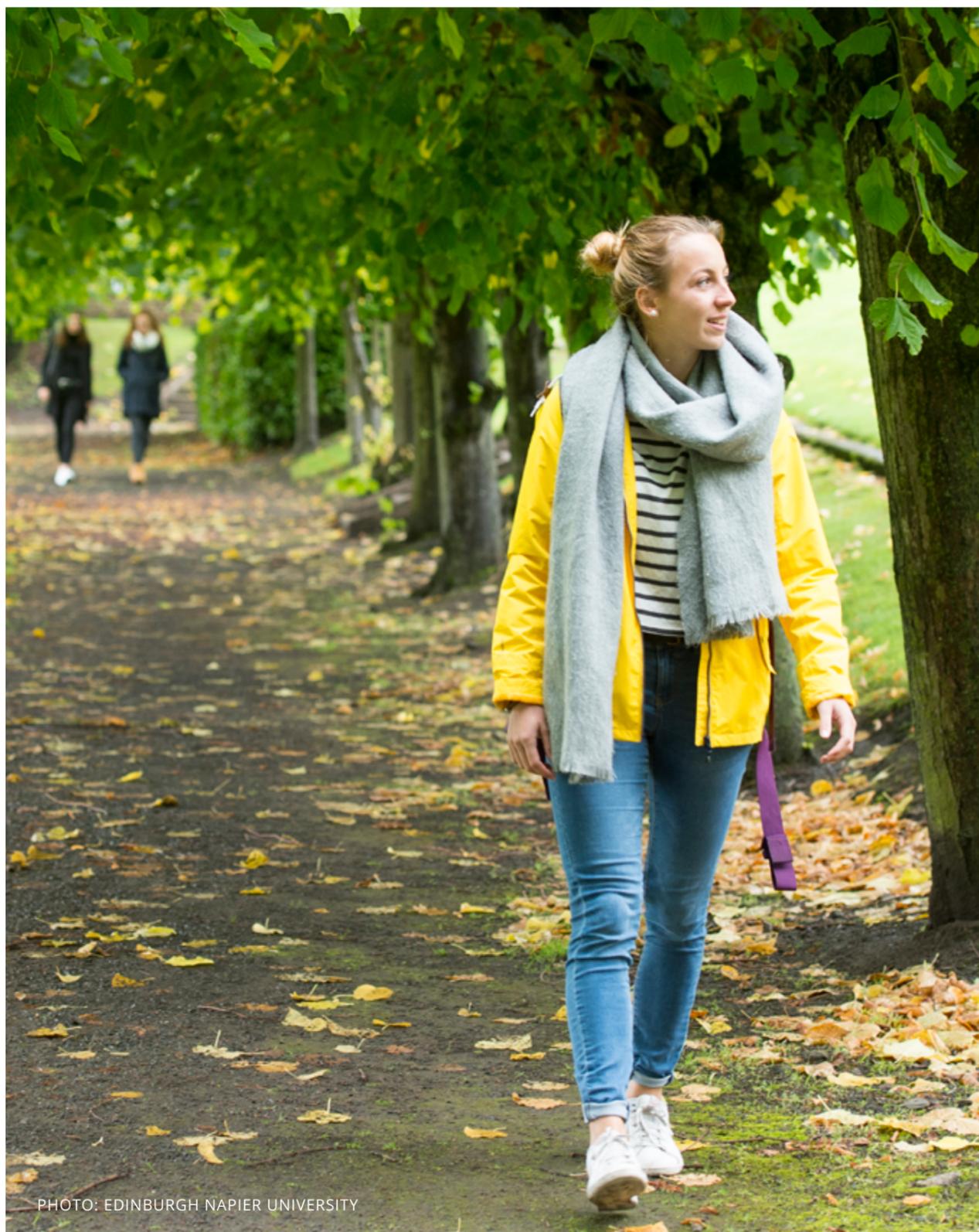


PHOTO: EDINBURGH NAPIER UNIVERSITY

Mitigation describes efforts to reduce or prevent emissions of greenhouse gases. It can mean using new technologies and renewable energies, making older equipment more energy efficient, or changing management practices or consumer behaviour.

Net zero (emissions) is when the GHG emissions released into the atmosphere by an organisation or country are balanced by removals over a specified period (e.g., by mitigation, or carbon removal/sequestration). (See “Science Based Targets” below)

Offsetting refers to activity offsite usually attained through natural or industrial sequestration to store or sequester GHG emissions in order to compensate for GHG emissions produced by an organisation. **Insetting** refers to the same process onsite.

Place-based net zero transformation/development/planning – planning using place-based principles promotes a shared understanding of place, and the need to take a more collaborative approach to a place’s services and assets to achieve better outcomes for people and communities.

Safe planetary boundaries (and doughnut economics) refer to recognised concepts of nine planetary resource boundaries, which if protected, humanity can continue to be sustained by, but, if depleted, put societal foundations at risk.

Science based targets refer to net zero pathways and targets that prioritise emissions reductions in line with the 1.5 degrees Paris Agreement and deprioritise offsetting.

Scope 1 emissions are emissions from operations that are owned or controlled by an organisation. Scope groups are defined in the latest Scottish Government Guidance.

Scope 2 emissions are those generated through purchased electricity, steam, heating or cooling consumed by an organisation.

Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of an organisation, including both upstream and downstream emissions.

Sustainable Development Goals are United Nations approved set of 17 global development goals to end poverty and other deprivations with improving health and education, reducing inequality and spurring economic growth – all while tackling climate change and preserving our oceans and forests. They were adopted by the United Nations in 2015 with a goal to reach them by 2030.

Upstream/downstream emissions: Upstream scope 3 emissions apply to suppliers of an organisation and include commuting and procurement. Downstream scope 3 emissions apply to investments and customers.

COVER PHOTOS:
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