

Audit and Assurance Committee Meeting

Date of Meeting	Tuesday 17 January 2023
Paper Title	Internal Audit Report – Influencing ROA Development
Agenda Item	7
Paper Number	AAC2-C
Responsible Officer	Jim Godfrey, Finance & Resources Director
Status	Disclosable
Action	For Noting and Comment

1. Executive Summary

- 1.1.** The internal audit report on influencing development of the regional outcome agreement (ROA) has been prepared by Henderson Loggie and is provided to the committee for consideration.

2. Recommendations

- 2.1.** The committee is invited to:

- **consider** the internal audit report on the influencing ROA development and **comment** as appropriate.
- **note** that the level of assurance is 'satisfactory' and there is one recommendation arising from this review.

3. Report

- 3.1.** The Internal Auditor has provided a report on influencing ROA development using the scope of works approved by this committee at its meeting in March 2022.
- 3.2.** The attached report shows the key findings and the level of assurance, which the internal auditor has stated is 'satisfactory'. There is one recommendation arising from this review.

4. Risk and Compliance Analysis

- 4.1.** The work of the Internal Auditor is informed by an assessment of risk. The approach to audit planning reflects an overall assessment of the relevant risks that apply to GCRB. This ensures that the audit focuses on the areas of highest risk.
- 4.2.** There are no legal implications as a result of this report.

5. Financial and Resource Analysis

- 5.1.** The internal audit programme 2021-22 is based upon a requirement of 18 days per annum. This report was scheduled to utilise 5 days of the 2021-22 allocation. The cost per day is based upon the price previously tendered by Henderson Loggie.

6. Equalities Implications

- 6.1.** There are no equalities implications as a direct result of this report.

7. Learner Implications

- 7.1.** Through the conditions of grant associated with the Regional Outcome Agreement, GCRB is required to conduct its affairs in accordance with the expected standards of good governance, which includes independent scrutiny and audit.

LEVEL OF ASSURANCE

Satisfactory

Glasgow College's Regional Board

Influencing ROA Development

Internal Audit report No: 2022/07

Draft issued: 9 January 2023

Final issued: 9 January 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 Assurance 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
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Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Glasgow Colleges Regional Board ('the GCRB') Strategic Risk Register:

- GCRB is unable to respond proactively to internal and external change including regional and national reviews and systemic change (net risk score – 6);
- GCRB does not develop/maintain effective working relationships with key external stakeholders (net risk score – 4);
- Opportunities to deliver regional strategy are missed/not resourced appropriately (net risk score – 2);
- Fewer learners achieve positive outcomes (net risk score – 6); and
- Ineffective collaboration between all partners in the Glasgow college region reduces our collective impact (net risk score – 4).

Background

As part of the Internal Audit programme at the GCRB for 2021/22 we carried out a review of the mechanisms put in place to ensure effective engagement with stakeholders in developing the Glasgow Region Outcome Agreement. This is an area where risk can arise and where Internal Audit can assist in providing assurances to the Executive Director and the Audit and Assurance Committee that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.



Scope, Objectives and Overall Findings

Our review focused on the processes put in place to ensure effective engagement with stakeholders in developing the Glasgow Region Outcome Agreement.

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

Objective	Findings		
	1	2	3
The objective of our audit was to obtain reasonable assurance that	No. of Agreed Actions		
1. planned outcomes have been aligned with SFC strategic priorities in a way which allows stakeholders readily understand how they will contribute to the achievement of GCRB's action to achieve these national goals	Good	-	-
2. themes have been identified for the Glasgow Region which will provide a framework for strategy and policy development by stakeholders to deliver on regional priorities	Good	-	-
3. feedback received from stakeholders has allowed an effective evaluation of the impact of key decisions to be considered from an equalities perspective	Satisfactory	-	1
4. the allocation of available revenue and capital funding has been discussed with relevant stakeholders and is underpinned by a robust evaluation of need	Good	-	-
5. engagement with stakeholders has been effective in ensuring the development of suitable output and outcome measures and targets which will allow the impact of the ROA to be measured and reported in a meaningful way.	Good	-	-
Overall Level of Assurance	Satisfactory	-	1
		System meets control objectives with some weaknesses present	

Audit Approach

Through discussions with the GCRB Executive Director and Finance and Resources Director, and review of supporting information, we have reviewed the engagement with stakeholders in developing the Glasgow Region Outcome Agreement against the objectives outlined above.



Summary of Main Findings

Strengths

- We confirmed that the Glasgow Region Outcome Agreements (ROAs) for 2021/22 and 2022/23 were developed through ongoing dialogue with the GCRB Board and direction reference to the relevant SFC guidance. The planned outcomes set out in the ROAs link directly to the GCRB Strategy and to the ministerial statement;
- The ROAs describe five focus statements which set out the key priorities, both regionally and nationally, which connect into the wider themes emerging from Scottish Government, SFC and bodies such as Skills Development Scotland;
- The themes developed have remained constant over the last few years and have been developed in consultation with the GCRB Board. The themes were developed prior to the publication of the current GCRB Strategy;
- One of the key aims of the themes is to develop an explicit linkage between Colleges and Communities, with community an important thread which runs through the strategic planning framework for the Glasgow region;
- We confirmed that ongoing evaluation of the impact of decision making is informed by reporting on a wide range of characteristics. This includes the highlighting of trend messages, such as the loss of SIMD10 students;
- In recent years there has been an enhanced focus around enterprise and entrepreneurship and also a greater consideration of mental health issues. This has been driven by strategic discussion at the GCRB Board, including input provided by the three Student Presidents;
- The development of targets for reporting to the GCRB Board, SFC and Scottish Government is underpinned by an evaluation of data for each of the performance metrics which shows where activity is expanding or contracting. The focus in recent years has been around outcomes on attainment and progression; and
- In order to bring the KPIs alive, individual case studies have been incorporated into the ROAs for both 2021/22 and 2022/23.

Weaknesses

- GCRB management have recognised the need for greater stakeholder engagement in developing future iterations of the ROA to ensure that the document is more outward facing and to ensure more explicit linkage with the Regional Strategy and improved stakeholder buy-in.

Acknowledgments

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



Main Findings and Action Plan

Objective 1 - Planned outcomes have been aligned with SFC strategic priorities in a way which allows stakeholders readily understand how they will contribute to the achievement of GCRB's action to achieve these national goals

The ROA document is designed to provide high level priorities regarding the Board direction of travel and is produced by the GCRB Executive Director.

We confirmed that the Glasgow Region Outcome Agreements (ROAs) for 2021/22 and 2022/23 were developed through ongoing dialogue with the GCRB Board and direction reference to the relevant Scottish Funding Council (SFC) guidance. The planned outcomes set out in the ROAs link directly to the GCRB Strategy and to the ministerial statement.

The ROAs describe five focus statements which set out the key priorities, both regionally and nationally, which connect into the wider themes emerging from Scottish Government, SFC and bodies such as Skills Development Scotland. This also ensures linkages to be established with key national goals around the Young Person's Guarantee; Apprenticeships; Short Courses; Agile Curriculum Spaces; and transitional activity through partnerships with schools and universities.

The connection to key national goals also ensures recognition of priorities around digital transformation and environmental sustainability. The key priorities are set out within mini case studies for Glasgow.



Influencing ROA Development

Objective 2 - Themes have been identified for the Glasgow Region which will provide a framework for strategy and policy development by stakeholders to deliver on regional priorities

The themes developed have remained constant over the last few years and have been developed in consultation with the GCRB Board. The themes were developed prior to the publication of the current GCRB Strategy.

Our review of the 2022/23 ROA identified the following themes:

- A stronger, fairer, greener economy
- Tackling child poverty
- Addressing climate change
- Building strong, responsive public services: Reform; to deliver:
 - A system-wide focus on economic recovery and wider regeneration;
 - Ensure widened access to college education as an effective learning opportunity for everyone;
 - Delivering a focus on skills development, working in conjunction with Scottish Funding Council (SFC) and Skills Development Scotland (SDS) to provide effectively aligned skills provision;
 - Supporting innovation and creativity by deepening links and partnerships with employers, while developing effective pilots which explore the delivery of meta-skills across SCQF levels to develop learners who are better equipped for a complex future;
 - Supporting a learner journey of effective, seamless and coherent transitions through the education eco-system, from secondary education in Glasgow into tertiary education and employment;
 - Support and facilitate greater pan-regional planning and activity to enhance economic and social recovery, promote greater regional partnership work across internal and external stakeholders to deliver an enhanced role in economic recovery and wider regeneration;
 - Leading the way on digital transformation, including the progression of the Digital Ambition for Scotland's Colleges to support learners to access the most effective, high quality learning environments, both physically and digitally; and
 - Progressing the regional and national focus on the environment and sustainability in line with Scottish colleges' *Statement of Commitment on the Climate Emergency*¹ and *Climate Action Road Map for FE Colleges*.

One of the key aims of the themes is to develop an explicit linkage between Colleges and Communities, with community an important thread which runs through the strategic planning framework for the Glasgow region. We were advised that the level of interaction with Glasgow City Council and Skills Development Scotland reduced during the Covid-19 pandemic but that effective engagement with both bodies will be an integral part of the 2023 to 2026 Regional Strategy.

A similar template and development process to 2021/22 was deployed in compiling the 2022/23 ROA, with the ROA submitted in advance of the Scottish Funding Council deadline in December 2022.



Influencing ROA Development

Objective 3 - Feedback received from stakeholders has allowed an effective evaluation of the impact of key decisions to be considered from an equalities perspective

We confirmed that ongoing evaluation of the impact of decision making is informed by reporting on a wide range of characteristics. This includes the highlighting of trend messages, such as the loss of SIMD10 students.

Work is undertaken, in partnership with the Colleges, to examine the data and to discuss the most appropriate way to direct resources. This includes funding for the Programme of Action, which forms an integral part of the ROA.

The ROA allows strategic involvement in making decisions on sustainable outcomes on equalities and for communities. If a trend was identified then this could be developed into a targeted project, as part of the Programme of Action, to meet identified need.

In recent years there has been an enhanced focus around enterprise and entrepreneurship and also a greater consideration of mental health issues. This has been driven by strategic discussion at the GCBR Board, including input provided by the three Student Presidents. So for example the support provided to the White Ribbon campaign was an initiative which arose from these discussions.

Ongoing dialogue between the GCRB Executive Director and the Student Presidents ensures discussion around Board agendas and also allows discussion around priorities from a student perspective. These discussions have been useful in influencing the language and tone used around specific priorities and decisions taken.



Influencing ROA Development

Objective 3 – Feedback received from stakeholders has allowed an effective evaluation of the impact of key decisions to be considered from an equalities perspective (Continued)

Observation	Risk	Recommendation	Management Response	
<p>GCRB management have recognised the need for greater stakeholder engagement in developing future iterations of the ROA to ensure that the document is more outward facing and to ensure more explicit linkage with the Regional Strategy and improved stakeholder buy-in.</p>	<p>There is a risk that stakeholders will not be sufficiently engaged in the development of the ROA to view this as a key document in directing their own activity.</p>	<p>R1 – A Stakeholder Communication Plan should be developed, as an integral part of the planning process for future iterations of the ROA, to ensure effective and comprehensive engagement with key stakeholders moving forward.</p>	<p>It is expected that the ROA 23/24 will take a similar format to the 22/23 iteration, and this will be shared with a wider cohort of stakeholders which includes not just the Glasgow colleges and the GCRB board but other key external partners. This will be undertaken in conjunction with stakeholder mapping and strategic development work which is already underway. A more extensive stakeholder development approach is proposed for 24/25 in line with the current timescale for SFC's introduction of a new model of outcome agreement aligned more fully to impacts and regional strategic intent.</p> <p>To be actioned by: Executive Director</p> <p>No later than: 30 September 2023 for 23/24 document</p>	
			<p>Grade</p>	<p>3</p>



Influencing ROA Development

Objective 4 - The allocation of available revenue and capital funding has been discussed with relevant stakeholders and is underpinned by a robust evaluation of need

The revenue funding model deployed for 2022/23 will be the same as 2021/22. The position is that individual Colleges spend the funding allocated in line with SFC expectations, and as a result the reporting line around deployment of funding is between the SFC and individual Colleges.

There is a recognition amongst GCRB management that the connection between funding and the ROA is not as strong as it was in 2014, but no alternative model has been forthcoming nationally. So for example there are currently no consequences arising from a failure to meet the targets attached to the KPIs set out in the ROA, except for a failure to hit Credits targets, which have financial consequences.

The option to attach implications to specific targets was available to GCRB but this option has not been exercised in either 2021/22 or 2022/23. This is embedded within the financial powers available to the GCRB Board but to date these powers have not been deployed as part of the ROA, the GCRB Strategy, or through the funding model.



Influencing ROA Development

Objective 5 - The engagement with stakeholders has been effective in ensuring the development of suitable output and outcome measures and targets which will allow the impact of the ROA to be measured and reported in a meaningful way.

The development of targets for reporting to the GCRB Board, SFC and Scottish Government is underpinned by an evaluation of data for each of the performance metrics which shows where activity is expanding or contracting. The focus in recent years has been around outcomes on attainment and progression.

There has also been a specific emphasis placed upon students in certain characteristic areas, such as looked after and accommodated/care experienced students and those in demographic SIMD10. The validity of these measures, and the extent to which they provide meaningful information to inform decision making, is the subject of ongoing discussion with stakeholders.

In developing the ROA there has been a specific focus around the learner and their individual community, recognising that the use of KPIs to monitor progress can only provide a limited level of upward assurance regarding the impact of decisions on key target groups.

In order to bring the KPIs alive, individual case studies have been incorporated into the ROAs for both 2021/22 and 2022/23. In addition, the self-evaluation against the 2021/22 ROA, which was submitted to the SFC in December 2022, also reflects as much detail as possible in terms of the activity delivered and the impact this has made on performance against target. This includes student satisfaction data, recognising that there have been low response rates in specific parts of some Colleges.



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