

Audit Committee Meeting

Date of Meeting	Tuesday 29 May 2018
Paper Title	Review of Assigned College Risk Registers
Agenda Item	21
Paper Number	AC4-Q
Responsible Officer	Jim Godfrey, Finance & Resources Director
Status	Disclosable
Action	For Noting

1. Report Purpose

1.1. This paper provides a review of the risk registers of the assigned colleges.

2. Recommendations

2.1. The Committee is invited to **note** that:

- The risk registers of the assigned colleges were considered by the Audit Committees of the colleges and have been reviewed by the Finance & Resources Director; and
- There has been a general reduction in the financial risks faced by the colleges as a result of the funding allocations for 2018/19.

3. Background

3.1. The management of risk is clearly an important issue for GCRB in respect of its systems of internal control. Extensive work has taken place in 2017 to further develop, and enhance, GCRB's arrangements in respect of risk.

3.2. The Internal Auditors undertook a review of Risk Management, which was reported to this Committee at its last meeting on 15 May 2017. One of the recommendations of this report was to "Put in place a mechanism for reviewing assigned colleges' risk registers and escalating up any risks or issues to GCRB."

4. Report

4.1. The three colleges send a copy of their most recent risk registers to the Finance & Resources Director on a regular basis. The risk registers of Glasgow Clyde College and City of Glasgow College were reviewed by the Colleges in May 2018. The latest risk register provided by Glasgow Kelvin College was reviewed by the Audit Committee of the College in March 2018.

4.2. The risk registers have been reviewed and the following observations made:

- Within City of Glasgow the risk associated with “Failure to achieve operating surplus...” is deemed to be reducing in terms of both impact and likelihood. As a result, the risk is no longer considered by the college to represent a high risk.
- At Glasgow Kelvin College the risk relating to “Unfavourable change in the allocation of resources/student activity by SFC or the Regional Board...” is considered to have reduced but still remains ‘high’. The same also applies to the risk of “Unfavourable change in the overall quantum of sector funding.”
- Within Glasgow Kelvin College the risk relating to “Failure to maintain and develop buidlings....(and) a reduction in regional capital and maintenance allocation” has reduced and as such this is no longer considered to be a ‘high’ risk. In a similar manner, the risk relating to the “Failure to have available cash to make payments as they fall due...” is considered to have reduced and no longer represents a ‘high’ risk.
- Within Glasgow Clyde College, the risks relating to “Failure to achieve surplus targets for non-SFC/Commercial income.” and “Failure to achieve contracted overall teaching delivery targets...” have reduced and, as such, are no longer ‘high risk’.
- Within Glasgow Clyde College, the risk relating to “Adverse Funding changes.” Has decreased for 2018/19 but increased for 2019/20

4.3. In summary, there is a general theme of a reducing financial risk facing the Glasgow colleges for 2018/19. This is due to the recent funding allocation and particularly the resources provided to meet the cost of national bargaining and capital monies for estates.

5. Legal Implications

5.1. There are no legal implications arising from this report.

6. Resource Implications

6.1. There are no direct financial implications as a result of this report. The quarterly review of college risk registers, and reporting to the Audit Committee, is undertaken by the Finance & Resources Director.

7. Strategic Plan 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 include establishing appropriate arrangements in relation to risk.

City of Glasgow College	Glasgow Clyde College	Glasgow Kelvin College
May 2018	May 2018	March 2018
Failure of Business Continuity.		
Failure to agree a sustainable model and level of grant funding within the Glasgow Region.	Adverse Funding Changes.	Unfavourable change in the allocation of resources/student activity by the SFC or the Regional Board to the College.
		Unfavourable change in the overall quantum of sector funding.
Failure to achieve operating surplus via control of costs and achievement of income targets.		Unfavourable change in the cost of pensions, salaries and NI costs for staff or staff terms and conditions.
		Failure to maintain Financial Sustainability.
		High absence rates make it impossible to provide appropriate quality of planned service. Lack of planning of staff cover within Curriculum.
	Negative impact on employee relations (e.g. national bargaining, industrial action, local consultation).	Failure to develop and maintain good industrial relations. Changes to National bargaining framework.
	Failure of College operational processes/ systems /ICT infrastructure (including risk of fraud).	College ICT Systems suffer total or partial failure.
		Inappropriate access is made to ICT systems or inappropriate use by authorised users.