

## Audit Committee Meeting

Date of Meeting	Tuesday 28 May 2019
Paper Title	Review of Assigned College Risk Registers
Agenda Item	12
Paper Number	AC5-J
Responsible Officer	Jim Godfrey, Finance & Resources Director
Status	Disclosable
Action	For information

### 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.
- The evaluation of certain key risks (particularly those relating to financial sustainability) by the colleges has increased.

### 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 to further develop, and enhance, GCRB's arrangements in respect of risk.

### 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 register of Glasgow Kelvin College was reviewed in March 2019. Whereas, the risk registers of City of Glasgow College and Glasgow Clyde College were reviewed by the Colleges in May 2019.

4.2. The format of this report includes the high and medium level risks identified by the colleges. These are shown in the Annex to this report. Within the Annex the high risks are shown in bold text against a darker background. Additionally, a small arrow is shown against each risk to indicate whether the college believes this risk is increasing, decreasing or remaining the same.

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

- Within City of Glasgow College the risks identified are generally consistent with previous reports. The risk register of City of Glasgow College was discussed by the Audit Committee of the college on 10 May 2019. The information supplied to GCRB is based upon the paper supplied to members in advance of the meeting and changes were considered. Any amendments to the risk register will be considered at the next (College) Board Meeting on 5 June 2019.
- Similarly the information provided by Glasgow Clyde College is based upon the report circulated in advance of the Audit Committee meeting. There are two amendments proposed:
  - a) To incorporate a new risk relating to the “Failure to reduce College cost base...”, and
  - b) Secondly to separate the risks associated with the “Failure to achieve surplus targets for commercial activity” from those relating to non-SFC income.
- Within Glasgow Kelvin College, the total number of high and medium risks has not changed. However, the college has evaluated that the risk score for many risks has increased (as indicated by the trend arrow in Annex A). The College position is that “The overall risk environment is perceived to be extremely challenging particularly in respect of Finance and HR related risks.” and “...the level of perceived strategic risks facing the College has increased in recent months and is particularly high at present.”
- Many of the key risks identified by the colleges are factors that might affect the college. None of the colleges have identified risks relating to performance e.g. the failure to deliver successful performance/outcomes.
- There are a number of risks that are common to all colleges e.g. government funding, industrial relations and cyber security. Such risks also feature on the regional risk register.

## **5. Equalities Implications**

- 5.1.** There are no equalities implications arising from this report.

## **6. Legal Implications**

- 6.1.** There are no legal implications arising from this report.











## **7. Resource Implications**

- 7.1.** 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.

## **8. Strategic Plan Implications**

- 8.1.** 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 10 May 2019	Glasgow Clyde College 22 May 2019	Glasgow Kelvin College 28 March 2019
<b>Failure of business continuity.</b> →		
Failure to agree a sustainable model and level of grant funding within Glasgow Region. →	Adverse funding changes. →	<b>Unfavourable change in the allocation of resources/student activity by the SFC or the Regional Board to the College.</b> ↗
		<b>Unfavourable change in the overall quantum of sector funding.</b> ↗
	<b>Failure to reduce College cost base on managed basis to meet requirements of the five year financial forecast.</b> ↗	<b>Failure to maintain financial sustainability.</b> ↗
		<b>Unfavourable change in the cost of pensions, salaries and NI costs for staff terms and conditions.</b> ↗
Failure to maximise income through diversification. →	<b>Failure to achieve surplus targets for commercial activity.</b> ↗	College fails to secure budgeted income. →
		Failure to have available cash to make payments as they fall due in the short and long term including ability to pay staff wages. ↗
Negative Impact of industrial action. →	<b>Negative impact on employee relations (e.g. national bargaining, industrial action, local consultation).</b> →	<b>Failure to develop and maintain good industrial relations.</b> ↗
		<b>Loss of key staff.</b> ↗
		<b>High absence rates make it impossible to provide appropriate quality of planned service.</b> ↗

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	Failure to meet all legislative and regulatory requirements and/or recommended guidance. 	The College may face litigation due to breaches of employment law and other legislation. 
<b>Failure of IT system security.</b> 	Failure of College operational processes/systems /ICT infrastructure (including risk of fraud). 	<b>College ICT systems suffer total or partial failure.</b> 
		<b>Inappropriate access is made to ICT systems or inappropriate use by authorised users.</b> 
		Failure to maintain and develop buildings to a sufficiently high standard for delivery of high quality learning and teaching. 
		Learners are not appropriately supported during their enrolment, the College fails to retain sufficient numbers or they fail to make sufficient progress. 
		Children, young people and vulnerable adults may be subject to abusive behaviour. 
		The College faces liabilities as a consequence of an indemnity, contract or claim it, or one of the legacy colleges, has granted. 
		Poor public relations image and perception of College. 