

Audit Committee Meeting

Date of Meeting	Friday 7 October 2016
Paper Title	Implementation of Internal Audit Recommendations
Agenda Item	12
Paper Number	AC1-H
Responsible Officer	Robin Ashton, GCRB Executive Director
Status	Disclosable
Action	For discussion

1. Report Purpose

- 1.1. Consider GCRB management progress made to complete actions made in response to recommendations made within GCRB Internal Audit work undertaken during 2015/16.

2. Recommendations

- 2.1. The Committee is invited to:

- **note** the GCRB management update on recommendations made within GCRB Internal Audit for 2015/16 attached as Annex 1;
- **review** and, subject to any changes, **endorse** for recommendation to the GCRB Board the updated GCRB Risk Management Policy and Procedure and Risk Management Guidance, attached as Annexes 2 and 3;
- **consider** and **agree** to recommend to the GCRB Board an approach to measuring risk tolerance;
- **review** and, subject to any changes, **endorse** for recommendation to the GCRB Board the updated GCRB Scheme of Delegation attached as Annex 4; and
- **agree** that GCRB management should bring forward a further report to the Committee's next meeting setting out how GCRB has addressed any outstanding recommendations contained within the 2015/16 internal audit reports.

3. Background

- 3.1. In 2015/16, the following areas for GCRB internal audit were identified:

- ROA development/monitoring of progress against ROA:
- GCRB risk management/oversight of assigned colleges risk management
- Financial performance monitoring (GCRB and assigned colleges)

- 3.2. For each of the related internal audit reports, recommendations were specified to address the areas of weakness, including action owners and planned completion dates.
- 3.1. Annex 1 provides an overview of all GCRB internal audit recommendations, with the final column providing a GCRB management update on actions taken in response to these recommendations.

4. **Management Update on Recommendations made within GCRB Internal Audit 2015/16**

- 4.1. Twelve recommendations were made by the internal auditor. Management updates to these are grouped below according to the audit focus.

Recommendations made in relation to risk management

- 4.2. Seven recommendations related to risk management. Of these six related to changes in the GCRB Risk Management Policy and Procedure and Risk Management Guidance. These changes have been made and Annex 2 and Annex 3 provide updated draft documents for review and endorsement (proposed changes highlighted).
- 4.3. The internal audit report of GCRB risk management had noted that on the 25 January 2016 Risk Register of the 12 risks set out 10 of these had net risk scores higher than their risk tolerance, meaning that risks are at levels higher than GCRB considers is tolerable, and would indicate a need to either, implement a greater level of controls in order to reduce the net risk scores or create contingency plans, increase risk tolerances, reconsider the net risk scores, or a mixture of these actions.
- 4.4. Recommendation 4 therefore asked GCRB to consider the implications of the risk scoring and ensure appropriate action is taken. The GCRB Board at its meeting on the 1st July, 2016, remitted the GCRB Audit Committee to consider this recommendation at its next meeting.
- 4.5. To support the Audit Committee in its considerations, within Annex 2 (Draft GCRB Risk Management Policy and Procedure), on page 5 there is an alternative setting out of risk tolerance using bandings of low, medium and high, which could potentially provide a solution to the issue highlighted by the internal auditor. In particular, use of named bandings would avoid confusion between the two separate scoring systems of net risk score and tolerance level. Further exemplifying this approach, Annex 4 presents an updated risk register using the alternative tolerance measures.
- 4.6. The Committee is asked to consider this potential method of categorising risk tolerance within its discussion of action to meet internal audit recommendation number 4.

Recommendations made in relation to monitoring by GCRB of college performance data

- 4.7. Of the remaining internal audit recommendations, two (number 8 and 10 in Annex 1) relate to GCRB monitoring arrangements for college student record and financial information. These are not yet implemented as arrangements for monitoring by GCRB will form part of a SFC/GCRB fully-operational fundable body status implementation plan which is currently being developed to be presented to the GCRB at its meeting of 31st October, 2016.

Recommendations made in relation to financial procedures

- 4.8.** Two finance-related internal audit recommendations (numbers 9 and 10) asked GCRB to amend the GCRB Financial Procedures Manual to reflect the current budgetary control processes in use, and to specify what authorisation City of Glasgow College must receive before processing GCRB payments. It is intended that updated Financial Procedures which address these points are presented to the next meeting of the GCRB Performance and Resources Committee on October 10, 2016 for review and endorsement.
- 4.9.** Recommendation 10 requested that GCRB include in its Scheme of Delegation that the GCRB Board Chair must sign off the Executive Director's expense claims. Annex 5 provides a Scheme of Delegation for comment. It is intended that subject to any amendment, the updated scheme is presented to the next meeting of the GCRB Board for approval.
- 4.10.** GCRB management will bring forward a further report to the Committee's next meeting setting out how GCRB has addressed any outstanding recommendations contained within the 2015/16 internal audit reports.

5. Risk Analysis

- 5.1.** The reports provide evidence that GCRB is responding to areas of weakness identified through internal audit and taking action to improve internal controls.

6. Legal Implications

- 6.1.** There are no specific legal implications.

7. Financial Implications

- 7.1.** The provision of internal audit is a necessary component of an organisation's overall governance arrangement with regard to both financial and other matters.

8. Regional Outcome Agreement Implications

- 8.1.** Through the Regional Outcome Agreement and associated requirements, GCRB has to have effective governance arrangements, of which internal audit is part.

Management Update on Recommendations made within GCRB Internal Audit 2015/16

Observation	Risk	Recommendation	Management Progress Update
<p>Risk Management Policy and Procedure We reviewed the Risk Management Policy and Procedure and under section seven, Responsibilities, noted:</p> <ul style="list-style-type: none"> The Board has advised they wished to be the key group which reviews the risk register but the Risk Management Policy and Procedure is written on the basis that the Audit Committee does this. The ‘Role of the Board’ and ‘Role of the Audit Committee’ sections therefore need to be updated to move the responsibilities from the Audit Committee (about advising the Board on the management of significant risks, seeking assurance over less significant risks, and reviewing risks at each main meeting) to the Board; and The Board responsibility for ‘monitoring the management of significant risks’ could be merged with ‘review risks at each main meeting’. 	<p>If responsibilities for Risk Management are not clearly set out the Risk Management framework may not be as robust as possible,</p>	<p>R1 Review the Risk Management Policy and Procedure and update to reflect the agreed Risk Management responsibilities of the Board and Audit committee.</p>	<p>Implemented: changes made within updated Risk Management Policy and Procedure (pages 6 & 7).</p>
<p>Risk Management Guidance We reviewed the Risk Management Guidance and noted a number of points. A number of minor points have been raised with the Interim Chief Officer for consideration. The most significant items noted are:</p> <p>Section Seven – Risk Management Action Plans</p> <ul style="list-style-type: none"> The Risk Management Guidance does not state that the Risk Management Action Plans should detail how the risks are being treated, including key mitigating activities; and The Risk Management Guidance does not state that, where appropriate, specific activities being undertaken should be written in a way to ensure these are SMART (Specific, Measurable, Achievable, Relevant and Time-bound). 	<p>If the Risk Management framework is not clearly set out within Risk Management documentation there may be inconsistency in how this is applied or interpreted, and the Risk Management framework may not be as robust as possible</p>	<p>R2 Review the Risk Management Guidance for the points noted within this report and amend it as considered appropriate.</p>	<p>Implemented: changes made within updated Risk Management Guidance (page 5).</p>

<p>Risk Escalation A key part of the risk management process is to ensure there is a clear process, and responsibility assigned, for formal risk escalation in the event that a) the likelihood or impact of a risk increases significant and further mitigating action is required, or b) a risk crystallises and contingency plans are required to be put in place. The Scottish Public Finance Manual sets out that there should be formal escalation processes in place.</p>	<p>If the likelihood or impact of risks increases significantly informal arrangements may not escalate risks appropriately to ensure they are mitigated as well as might be possible.</p>	<p>R3 Put in place a formal risk escalation process and document this within the Risk Management Policy and Procedure and / or Risk Management Guidance.</p>	<p>Implemented: changes made within updated Risk Management Policy and Procedure (page 8).</p>
<p>We noted that on the 25 January 2016 Risk Register of the 12 risks set out 10 of these had net risk scores higher than their risk tolerance, meaning that risks are at levels higher than GCRB considers is tolerable, and would indicate a need to:</p> <ul style="list-style-type: none"> • implement a greater level of controls in order to reduce the net risk scores or create contingency plans; or • increase risk tolerances; or • reconsider the net risk scores; • or a mixture of the above. 	<p>Risk levels are higher than the levels considered acceptable by the GCRB Board, and this may impact on GCRB's ability to deliver its strategic goals and statutory objectives.</p>	<p>R4 Consider the implications of the risk scoring and ensure appropriate action is taken.</p>	<p>Not yet implemented: To be considered at GCRB Audit Committee on 07.10.16</p>
<p>Risk Register Review</p> <p>b) Target score We noted the target risk score was the same as the risk tolerance in 11 of the 12 risks given. From discussion with the Interim Chief Officer it was noted that the two are essentially the same and that the target risk score should be removed</p>	<p>There is no benefit from having a risk tolerance and target.</p>	<p>R5 Remove the risk target and update the Risk Management Guidance to reflect this.</p>	<p>Implemented: changes made to Risk Management Guidance, Risk Register and Risk Management Action Plans.</p>

<p>b) Risk Movement: It was noted that the Board cover paper to the 25 January 2016 GCRB Board Risk Register highlighted where there were changes in likelihood or new risks, however it only provided the risk numbers and did not state what these risks were or have a short description outlining why these had changed.</p>	<p>It is inefficient for Board members to have to identify what risks have changed, and Board members may not be aware of why these have changed.</p>	<p>R6 Ensure the Risk Management paper to the Board sets out for all risks that have changed the risk descriptions and reason/s for the change.</p>	<p>Implemented: recommendation followed in GCRB Board papers for 1st July and 29th August, 2016.</p>
<p>Risk Register Completeness We reviewed the risk register for completeness against two other FE Colleges' risk registers, and also from our own consideration of key risks relating to GCRB, and we noted that the following items could be considered for including on the GCRB strategic risk register:</p> <ul style="list-style-type: none"> • Disruption to services and / or partnership working resulting from loss of a key staff member or over office space / IT equipment; and • The Regional Outcome Agreement is not appropriately aligned with local needs / poor market intelligence. <p>We also noted:</p> <ul style="list-style-type: none"> • Risk 12 relates to reputation risk but could be better reworded to deal with external public relations and media relations as well; and • Risk 5 covers 'breakdown in performance in the assigned colleges (including academic quality management arrangements)' but could also refer in the brackets to financial stability issues. 	<p>Not all risks may be adequately monitored and mitigated</p>	<p>R7 Consider whether the Risk Register should be amended for the items noted in this report.</p>	<p>Implemented: recommendations considered at GCRB Board meeting on 1st July, 2016 and updated risk register reviewed at GCRB Board meeting on 29th August, 2016.</p>

<p>We asked the Interim Chief Officer whether there were any processes to gain assurance that the information being submitted by the assigned colleges was accurate and were advised there were no such processes, with trust being placed on each college to ensure the figures were correct. We were advised by the Executive Director however that in the past information had been extracted directly from student registry systems and uploaded by each college into a portal where data was aggregated. We note that this was no longer in use but would be beneficial in providing some assurance over the figures submitted.</p>	<p>ROA progress data submitted may not be accurate, leading to insufficient time to undertake any corrective action to ROA targets and this could lead to ultimately ROA targets not being met</p>	<p>R8 The Executive Director should obtain information from each assigned college's student records system and analyse this to gain assurance that assigned colleges' ROA progress information submitted is reasonable.</p>	<p>Not yet implemented: Arrangements for monitoring by GCRB of college student record data to form part of SFC/GCRB fully-operational fundable body status implementation plan.</p>
<p>GCRB has a Financial Procedures Manual which includes 15 sections. Within section 13, 'Budgetary Control Procedures for Running Costs', the process for budget setting and monitoring is set out. This includes details of the annual budget timetable, responsibilities of the Executive Director and City of Glasgow College (CoGC) (which provides financial support to set the budget, process transactions and provide budget monitoring reports), the budget setting process, the staff budget, and budget monitoring and management checks. We reviewed these procedures and consider that they are adequate, however we noted that these were slightly different from what was being undertaken in practice.</p>	<p>If budgetary control procedures are not clearly set out this may lead to the budgetary control framework not being as robust as it might be</p>	<p>R9 Amend section 13 'Budgetary Control Procedures for Running Costs' of the GCRB Financial Procedures Manual to reflect the current budgetary control processes in use.</p>	<p>Not yet implemented: To be considered at GCRB Performance and Resources Committee on 10.10.16</p>
<p>Although the GCRB Financial Procedures Manual sets out the requirements of CoGC regarding processing transactions and budgetary control this is not a legally binding document on CoGC. We asked the Head of Finance at the CoGC, who process expenditure on behalf of GCRB, whether there was any formal service level agreement between GCRB and CoGC setting out the requirements of CoGC and what authorisation was required before processing GCRB expenditure, including expense claims of the Executive Director/Interim Chief Executive and we were advised that there is no formal agreement in place. The Interim Chief Officer advised that he did not claim any expenditure reimbursement through GCRB, with any such expenditure being borne by the SFC. He advised that in future he would expect the GCRB Board Chair to sign off the expense claims for the Executive</p>	<p>CoGC may pay amounts for GCRB which have not been appropriately reviewed or not been through a process appropriate segregation of duties (i.e. only checked and authorised by one person)</p>	<p>R10 Include in the Scheme of Delegation that the GCRB Board Chair must sign off the Executive Director's expense claims. In addition, formally agree with CoGC what authorisation they must receive before processing GCRB payments.</p>	<p>Not yet implemented: To be considered at GCRB Audit Committee on 07.10.16</p>

<p>Director. Section 7 of the Financial Procedures Manual requires that the person requesting GCRB expenditure has this authorised by another person, however how this will work in practice is not set out, given that there are only two staff in the GCRB executive.</p>			
<p>Assigned College Financial Performance Reporting Reporting on assigned colleges has developed during 2015/16, and as noted under Objective 4 above the P&RC and Sustainability Sub-Group have discussed their requirements for the level of detail in future reports. Further consideration is needed around what will be reported to each meeting during the annual cycle. It is acknowledged that as a minimum each P&RC meeting should receive a forecast outturn/actual versus budget report similar to that provided in March 2016. Other items for consideration include an annual summary of FFRs and a summary of actual outturns.</p>	<p>Without formally setting out what financial reports should go to each P&RC meeting there is a risk that financial monitoring reports provided to the P&RC are insufficient.</p>	<p>R11 The P&RC should agree what financial monitoring report/s they should receive in each of their annual cycle of four meetings. The format (both headings within the narrative section of the report, and the layout of the financial information) should also be agreed.</p>	<p>Not yet implemented: Arrangements for monitoring by GCRB of college financial data to form part of SFC/GCRB fully-operational fundable body status implementation plan. However, the format of the collated financial forecast return has been agreed.</p>
<p>FFR Assumptions We note that the 2015 FFRs prepared by the assigned colleges were prepared using different assumptions. To ensure that the P&RC can appropriately compare and analyse the FFR information it is important that there are the same key assumptions used and that these are clearly set out. If there are any different assumptions used then the impact of these should be set out.</p>	<p>Financial forecasts from assigned colleges may be misleading if they are not based on the same assumptions.</p>	<p>R12 Ensure that the same key assumptions are used by assigned colleges when preparing their FFR information. Key assumptions should be reported to the P&RC along with a high level explanation for why these assumptions were considered reasonable.</p>	<p>Not yet implemented: Discussions on standardising key assumptions currently being undertaken with GCRB and college Finance management.</p>

1 Introduction

- 1.1 This Risk Management Policy and Procedure form part of GCRB's internal control and corporate governance arrangements.

2 Purpose and Aims

- 2.1 The Policy and Procedure explains GCRB's underlying approach to risk management, and documents the roles and responsibilities of the Board and management, in developing a culture of risk management throughout GCRB.
- 2.2 The Policy and Procedure also outlines the key aspects of the risk management process, and identifies the main reporting procedures.

3 Scope

- 3.1 This applies to all GCRB activities, and at all levels within the organisation.

4 Policy Statement

4.1 Key Principles

The following key principles outline GCRB's approach to risk management and internal control:

- 4.1.1 The Board has responsibility for overseeing risk management within GCRB as a whole and regular monitoring of Risk is undertaken by the Board.
- 4.1.2 The GCRB adopts an open and receptive approach to risk identification and management
- 4.1.3 The management team supports, advises and implements policies and strategies approved by the Board
- 4.1.4 The GCRB makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks
- 4.1.5 The management team is responsible for ensuring good risk management practice
- 4.1.6 The management team takes into account the possibility of the differential impact of risks, and risk treatments, upon people who share protected characteristics¹.
- 4.1.7 Key risk indicators will be identified and closely monitored on a regular basis.
- 4.1.8 The GCRB would, in general, seek to treat risks with the potential of negative impact prudently. However the Board and the management team recognises the possibility of positive outcomes in the treatment of risks, and accordingly will be careful to evaluate each risk individually. "Risk appetite" will be determined by the Board with guidance from the management team. (See 7.1.1 below).

¹ <http://www.equalityhumanrights.com/advice-and-guidance/new-equality-act-guidance/protected-characteristics-definitions/>

5 Definitions

5.1 HM Treasury defines “Risk” thus:

“Risk is defined as [the] uncertainty of outcome, whether positive opportunity or negative threat, of actions and events. The risk has to be assessed in respect of the combination of the likelihood of something happening, and the impact which arises if it does actually happen”². Risk in the context of GCRB will focus upon those uncertain events, which would, if they occurred, result in a negative impact on the operation and objectives of GCRB.³ This is the definition of risk understood in all GCRB documents relating to Risk Management.

6 Risk tolerance

6.1 GCRB’s approach is to minimise its exposure to reputational, compliance and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of its mission and objectives. It recognises that its appetite for risk varies according to the activity undertaken, and that its acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established. GCRB’s appetite for risk across its activities is provided in the following statements, and is illustrated diagrammatically:

Tolerance type	Original Tolerance Description					
	Risk score					
	1	2	3	4	6	9
Reputation						
Compliance						
Financial						
Education and student experience						
Major change activities						
Environment and social responsibility						
People and culture						

Tolerance level	Low	Medium	High
Risk score	1-2	3-5	6-9
Reputation			
Compliance			
Financial			
Education and student experience			
Major change activities			
Environment and social responsibility			
People and culture			

² HM Treasury Orange Book

³ It should be noted, however, that the opportunity for a positive outcome should not be overlooked in the management of risks.

- 6.2 Reputation – It is regarded as critical that the GCRB preserves its high reputation. The GCRB therefore has low appetite for risk in the conduct of any of its activities that puts its reputation in jeopardy, could lead to undue adverse publicity, or could lead to loss of confidence by the Scottish and UK political establishment, and funders of its activities.
- 6.3 Compliance – GCRB places great importance on compliance, and has no appetite for any breaches in statute, regulation, professional standards, bribery or fraud.
- 6.4 Financial – GCRB aims to achieve long term financial viability and overall financial strength for both itself and the region. Any activity which has a risk score of 4 or greater where the financial impact is greater than 1% of total income exceeds GCRB's risk tolerance.
- 6.5 Education and Student Experience – GCRB hopes that students in the region will be stimulated to develop a lifelong thirst for knowledge and learning, and therefore encourages a pioneering and innovative approach to learning delivery. It recognises that this should involve an increased degree of risk in developing education and the student experience, and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood and that sensible measures to mitigate risk are established.
- 6.6 Major Change activities (e.g. projects and collaborations) – Major change activities are required periodically. GCRB expects such changes to be managed according to best practice in project and change management, and has low appetite for deviating from such standards.
- 6.7 Environment and Social Responsibility – GCRB wishes the region to make a significant, sustainable, and socially responsible contribution to Glasgow and Scotland through its education and operational activities. It recognises that this should involve an increased degree of risk and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood and that sensible measures to mitigate risk are established.
- 6.8 People and culture – GCRB will support the assigned colleges in their efforts to value, support, develop and utilise the full potential of staff across the region. GCRB places importance on a culture of equality and diversity, dignity and respect, collegiality, the development of staff, and the health and safety of staff, students and visitors. It has low appetite for any deviation generally recognised standards in these areas.

7 Responsibilities

7.1 Role of the Board

The Board has a fundamental role to play in the management of risk. Its role is to:

7.1.1 Set the tone and influence the culture of risk management within the GCRB. This includes:

- Determining whether GCRB is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue (i.e determining "risk tolerance" for each risk)
- Determining what types of risk are acceptable and which are not
- Setting the standards and expectations of members of staff with respect to conduct and probity

7.1.2 Approve major decisions affecting GCRB's risk profile or exposure.

- 7.1.3 Review risks at each main meeting of the Board and monitor the management of significant risks to reduce the likelihood of significant adverse outcomes.
- 7.1.4 Seek assurance that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- 7.1.5 Annually review GCRB's approach to risk management and approve changes or improvements to key elements of its processes and procedures.
- 7.1.6 Annually review the effectiveness of internal control of GCRB, based on information provided by the management team. Its approach is outlined in the Risk Management Procedure.

~~7.1.7 Advising the Board on the management of significant risks to reduce the likelihood of significant adverse outcomes.~~

~~7.1.8 Seeking assurance that the less significant risks are being actively managed, with the appropriate controls in place and working effectively, and advising the Board accordingly.~~

~~7.1.9 Review risks at each main meeting of the Committee.~~

7.2 Role of the Audit Committee

The role of the Audit Committee is to support the Board in the fulfilment of its responsibilities for risk management by:

- 7.2.1 Advising the Board on the appropriate tone and culture of risk management within the GCRB.
- 7.2.2 Advising the Board on major decisions affecting GCRB's risk profile or exposure.
- 7.2.3 Annually review GCRB's approach to risk management and approve changes or improvements to key elements of its processes and procedures.
- 7.2.4 Annually review the effectiveness of internal control of GCRB, based on information provided by the management team. Its approach is outlined in the Risk Management Procedure.

7.3 Role of the management team

The key roles of the management team are to:

- 7.3.1 Implement policies on risk management and internal control.
- 7.3.2 Identify and evaluate regularly the significant risks faced by GCRB for consideration by the Board.
- 7.3.3 Liaise with the assigned colleges to share information on the identification and management of risks, and to promote consistency in risk management across the region (to the extent that it is appropriate and relevant to do so).
- 7.3.4 Provide adequate information in a timely manner to the Board and its committees on the status of risks and controls.

7.3.5 Include a section on risk management implications on all formal reports the Board and its committees.

7.3.6 Undertake an annual review of effectiveness of the system of internal control and provide a report to the Board.

7.4 Role of internal audit

Internal audit will conduct an annual review of the internal control system.

8 Risk Identification, Review and Escalation Procedure

8.1 Progress towards meeting Regional Outcome Agreement objectives is monitored regularly. Risks are linked to strategic priorities as outlined in the Regional Outcome Agreement.

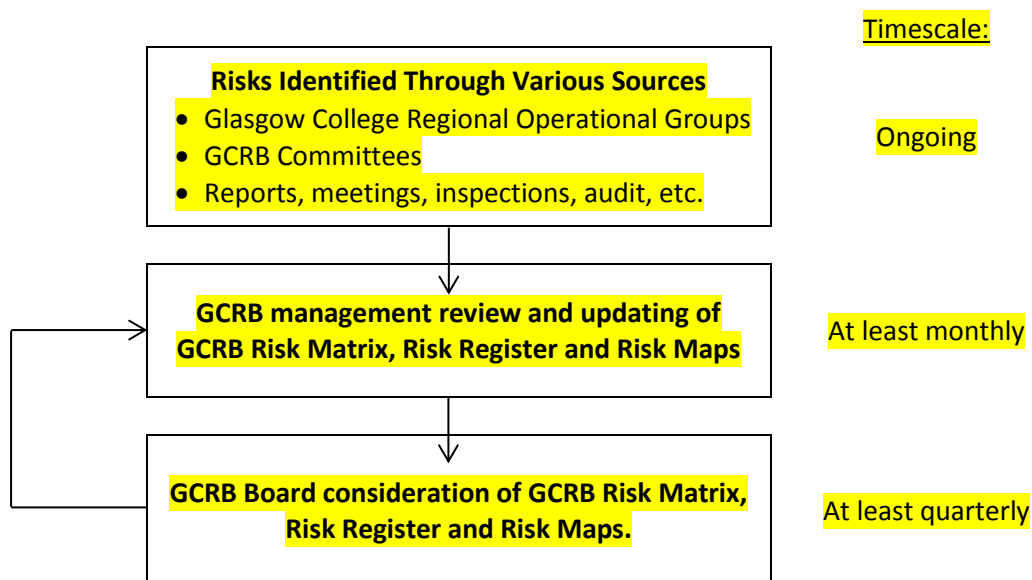
8.2 GCRB management will review and update the Risk Register and Risk Matrix at least monthly.

8.3 The Executive Director will ensure that the Risk Matrix and Risk Register are maintained. The Risk Register provides detail of the impact and likelihood of individual risks (“risk score”), how risks will be controlled and mitigated, who will manage (“own”) the risks, and an account of risk treatment actions. The Risk Register should indicate linkage of risks to the achievement of strategic priorities.

8.4 Guidance on Risk Management in general, and reviewing the Risk Register in particular, is provided in the Risk Management Guidance document, which should be read in conjunction with the Risk Management Policy and Procedure.

8.5 The Risk Matrix and Risk Register are approved by the Board with advice from the Audit Committee and guidance from the management team. The documents are formally reviewed at each main meeting of the Board (although emerging risks are added as required, and improvement actions and risk indicators are monitored regularly).

8.6 The flowchart below provides an overview of the risk identification, review and escalation procedure.



9 Document control and review

Approval Status	Draft		
Approved by			
Date Approved			
EQAI Status	Initial Screening Conducted?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
	Full EQIA Conducted?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
Proposed Review Date	October 2017		
Lead Officer(s)	Executive Director		
Board Committee	Audit Committee		

Introduction

The document should be read in conjunction with the Risk Policy and Procedure.

Managing Risk

The approach to identifying, prioritising, and managing risk should be open and receptive. It is also recognised that effective risk management at strategic and operational levels requires open participation. The purpose of risk management is to manage the barriers to achieving GCRB's objectives. The key to progress and innovation lies in being "risk aware" not necessarily "risk averse". So GCRB's Risk Policy and Procedure clearly recognises "the possibility of positive outcomes in the treatment of risk" and the need to "evaluate each risk individually".

The purpose of this document is to provide a concise guide to using the Risk Register, Risk Matrix and Risk Management Action Plans ("Risk MAPs").

Risk Categories

All identified risks have been grouped according to the outcomes as set out in the Regional Outcome Agreement.

The Risk Register shows risks grouped according to these outcomes, providing alignment of risk management with GCRB planning.

Risk Management Approach

Risk management is concerned with addressing uncertainty, and taking steps to manage a situation or potential situation. In so doing, the opportunity to best manage the risk is enhanced with the fullest possible understanding of the associated consequences and opportunities.

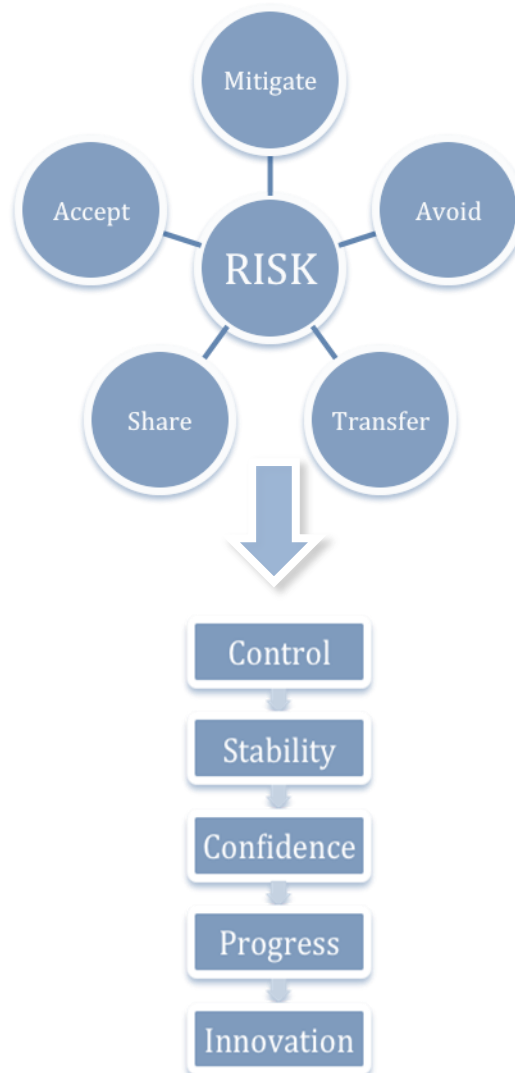
This approach is monitored by the Board, Audit Committee and management team, to increase confidence in the organisation's ability to cope with events or circumstances, which would potentially impact negatively on the operation and function of GCRB. The key treatment strategies for risks are mitigation - that is, to take steps to reduce the impact and/or likelihood of the risk - and avoidance of the risk altogether.

However, there are other risk management treatments; five in all:

- Mitigate: take actions to reduce the impact/and/or likelihood of the risk
- Avoid: adopt a different approach in order not to take the risk
- Transfer: take out insurance, warranty, or otherwise contract another party to take the risk (usually for a premium or fee)
- Share: similar to Transfer - come to an agreement with another party to spread the risk, e.g. with a partner organisation in collaboration

- Accept: accept the risk; then monitor, review and make contingency plans (e.g. risk of ‘flu pandemic). Whether or not it is appropriate to ‘accept’ a risk will be influenced by the relevant level of risk tolerance as defined in the Risk Policy and Procedure.

It should be emphasised that risk is not an excuse to be unimaginative – being aware of risk should not stifle innovation. But rather, the confidence which proper management of risk gives to an organisation should be the foundation for assured progress.



The Risk Matrix

The Risk Matrix provides a summary of the strategic risks arranged by risk score (likelihood times impact). The Matrix thereby provides a simple reference tool to highlight movement of risks between the high/low likelihood, and high/low impact axes, and to highlight new or deleted risks. The Matrix is compiled by the management team.

The Risk Register

The Risk Register provides a means to record details of all strategic risks with risk owners, a risk evaluation in terms of likelihood and impact, risk tolerance, and last review date. The Risk Register also indicates links to the Risk Management Action Plans for each risk.

Risk Management Action Plans




The Risk Owners are required to provide regular updates on progress with regards to risk actions and other changes, and highlight any proposed changes to risk likelihood or impact. This is done via the individual Risk Management Action Plans (Risk MAPs). The Risk MAPs provide a format for recording review dates, a full description of the risks and an update commentary. The Risk MAPs detail how the risks are being treated, including key mitigating activities written, where appropriate, as SMART (Specific, Measurable, Achievable, Relevant and Time-bound) actions. Changes to risk score if any, Gross Risk Score, and the Risk Tolerance should also be recorded on the Risk MAPs.




The management team is required to advise the Board and its Audit Committee of any emerging risks to GCRB, together with guidance on appropriate risk score and treatment actions.

Risk Score and Definitions

Risks are scored according to likelihood and impact, each scored 1, 2 or 3, low to high. Risk likelihood is largely self-explanatory, and category definitions are provided below.

Risk impact is defined below in terms of potential financial loss to GCRB. It is acknowledged that some risk consequences are easier to quantify by this measure than others.

Likelihood	
Category	Description
High (Score 3) 	Almost certain or very likely to occur
Medium (Score 2) 	Some probability it will occur, but still significant uncertainty
Low (Score 1) 	Improbable occurrence, not expected to happen; but possible.

Impact		
Category	Description	Estimated Financial Impact
High (Score 3) 	Failure to deliver outcome.	> 2.5% of total income
Medium (Score 2) 	Significant delay to, or risk of non-achievement of outcome.	1.0 – 2.5% of total income
Low (Score 1) 	Minor or negligible effect on outcome.	< 1.0% of total income

The Risk Score is obtained by multiplying impact by likelihood, e.g. impact of 2 x likelihood of 3 = Risk Score of 6. This may change as likelihood or impact is judged to have changed. Current risk scores are RAG rated

on the register: Score 9 = red, score 6 = amber, score 4 or less = green, indicating high, medium, or low scores.

Past versions of the Risk Register, including previous risk scores, are archived to maintain a record of risk management. **The Risk Tolerance Score, recorded on the Register, sets the GCRB's appetite for risk for this category of risk.** The Gross Risk Score, recorded on the Risk MAPs, indicates the risk score assuming no mitigation.

Closed Risks

Some risks are ongoing, although the description of these risks may vary over time as circumstances change. Other risks will have a defined timescale during which they require to be managed to a conclusion. In such cases the management team and Board will confirm closure of the risk, and remove it from the Risk Register and Matrix. The Board will consider the success of the Risk Management Plan for each closed risk.

Document control and review

Approval Status	Draft		
Approved by			
Date Approved			
EQAI Status	Initial Screening Conducted?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
	Full EQIA Conducted?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
Proposed Review Date	October 2017		
Lead Officer(s)	Executive Director		
Board Committee	Not applicable		

- 1 The scheme of delegation for the Glasgow Colleges’ Regional Board is set out in three parts below: the Board’s delegated authority to the Chair, to its Committees, and to the Executive Director. The mechanisms for reporting back to Board are outlined in each section.
- 2 All delegations must be exercised in accordance with the law and having regard to any lawful direction and or guidance subsequently issued by the Scottish Funding Council (SFC).
- 3 Where the Board has delegated responsibility it reserves the power to deal itself with the responsibility delegated, or to withdraw or amend the delegation. Exercise by a delegate of a delegated responsibility has effect as if it had been exercised by the Board itself.
- 4 Compliance with the terms of the Scheme of Delegation is mandatory upon delegates. Breaches may lead to withdrawal of delegations and/or imposition of sanctions.
- 5 Unless covered by this Scheme of Delegation, all other powers of the Board are reserved to the Board.

Part 1: Board’s delegated authority to the Chair

- 6 The Chair may generally act on behalf of the Board.
- 7 The Chair may both proactively and reactively make public statements concerning the objectives, strategies and activities of the Board. As far as possible, the Chair will endeavour to ensure that such statements are consistent with previous Board decisions and discussions.
- 8 Delegated authority relating to a particular issue will normally be approved by the Board in advance.
- 9 To incur, within previously agreed budgetary limits, expenditure to meet the expenses of the office of Chair of the Board and the provision of reasonable hospitality to representatives of other colleges, organisations or agencies.
- 10 To approve the Executive Director’s absence in accordance with the relevant GCRB policies.
- 11 To attend all meetings of committees of the Board as an observer (if not a full member of the committee).
- 12 To sign all approved minutes of the Board.
- 13 To undertake visits within the UK, within previously agreed budgetary limits, in the furtherance of the duties of the office of Chair of the Board.
- 14 To authorise the Executive Director to make visits outwith the UK on GCRB or GCRB-related business, subject to GCRB’s approved policies on business travel and expenses.
- 15 To sign off the Executive Director’s expense claims.
- 16 To conduct the Executive Director’s annual performance appraisal.
- 17 To represent GCRB on appropriate external committees.

- 18 From time to time it may be necessary for the Chair to take urgent action, in which case the procedure set out in the Board’s Regulations will apply [an urgent action procedure will be proposed to the Board’s end-October meeting].
- 19 The Chair may delegate authority to another Board member to exercise their authority as Chair during periods when the Chair is unavailable to conduct Board business.

Reporting mechanism

- 20 The Chair’s use of delegated authority under paragraphs 6 to 8 above will be reported verbally to Board meetings under the Chair’s Business standing item on the agenda.
- 21 The Chair’s use of delegated authority under paragraph 17 above will be reported in writing to Board meetings for homologation.

Part 2: Board’s delegated authority to its committees

- 22 Delegated authority for each committee is contained in the remit for each committee as agreed by the Board.
- 23 Generally committees are expected to take matters as far as appropriate before making recommendations to the Board. The Chair of the committee will normally have responsibility for judging when it is appropriate to bring recommendations to the Board: where items are routine they will stay with the committee until the final stage of decision-making; and where items are novel, unusual or potentially contentious, proposals should be considered by the Board at an earlier stage.

Reporting mechanism

- 24 Each set of committee minutes will come to the next scheduled Board meeting for noting.
- 25 The Board will receive regular briefing reports on the work of each committee.

Part 3: Scheme of delegation from the Board to the Executive Director

- 26 The functions listed here are delegated to the Executive Director, who may, in the exercise of their responsibilities and duties as Executive Director, delegate particular functions to other members of staff while retaining responsibility to the Board for the exercise of these functions.
- 27 Delegations to the Executive Director (and, by consequence, to other members of staff) are subject always to:
- compliance with all current legislation, regulation, direction and guidance to which GCRB is subject;
 - compliance with GCRB’s current policies, procedures, and financial regulations; and
 - appropriate provision having been made by the Board for financial outlays, and funding and other resources being available.

Financial delegations

- 28 Authority to commit funds, within agreed budgets, as follows:

Money	Decided by
Up to £20,000	Executive Director

£20,001 to £50,000	Executive Director and the Chair
Above £50,000	Board

- 29 Authority to vary budgets or initiate expenditure within limits specifically established by Board.
- 30 Unless specifically determined under paragraphs 28 and 29 above:
- i Revision of individual budgets for any one year up to a limit of £10,000 or 5%, whichever is the higher.
 - ii Acquisition and disposal of property and equipment, subject to the limits set out in paragraphs 28 and 29 above.
 - iii Varying planned monthly payments to assigned colleges within the total for the grant year.
 - iv For grant schemes covering more than one year, varying the timing of grant payments across years.
 - v Accepting ring-fenced offers of grant from Government, Scottish Funding Council and other public bodies and setting up the appropriate budgets, unless a circumstance arises in which the Executive Director considers such an offer might not be an appropriate exercise of the other organisation's powers, in which case it will be referred to the Board.
- 31 The Board may agree an annual budget for the Executive Director to spend at his/her discretion in pursuit of Board objectives. The use of funds from this budget will be based on the following principles:
- that the expenditure supports activities relating to the Board's aims and objectives; and
 - that the expenditure does not readily fit into any other of the budgets determined by the Board.

Other delegation

- 32 The Executive Director shall be responsible for the operational management of GCRB subject to policy and strategic direction by the Board. Without limiting that general delegation, but operating within the above financial limits, the Executive Director is authorised:
- i. to implement decisions taken by Board;
 - ii. with the Board Secretary, to keep proper records and minutes of the Board and associated committee proceedings;
 - iii. to make available, for inspection at GCRB and on GCRB's website, copies of the agenda, draft minutes and agreed minutes of any meeting of the Board or any committee and also of any report or other document considered by such a meeting, in accordance with GCRB's Freedom of Information Policy and Publication Schedule;
 - iv. to provide advice to the Scottish Funding Council or Scottish Government;.
 - v. to respond on behalf of the Board to consultative documents which may from time to time be sent to GCRB by the Scottish Government, SFC or other external agencies;

- vi. to be accountable for the operational effectiveness of GCRB management;
- vii. to appoint staff (consistent with the current organisational structure approved by the Board or relevant Board committee);
- viii. to review annually the performance of members of GCRB's management against predetermined targets;
- ix. to prepare the job descriptions and specifications of GCRB staff and review and modify these to meet the perceived needs of GCRB;
- x. to supervise, manage, deploy and support staff within GCRB;
- xi. to oversee the implementation of GCRB's procedures to ensure that all staff are in membership of Disclosure Scotland's Protection of Vulnerable Groups Scheme;
- xii. to determine his/her own pattern of annual leave within the conditions of service which apply, for the time being to his/her post, subject to details being provided for information and approval to the Chair of the Board;
- xiii. to maintain an effective risk management process;
- xiv. to undertake periodic risk assessments and to take out any necessary insurance to protect the interests of GCRB and the Board;
- xv. to manage the pay remit and salary negotiation process within the strategies endorsed by the Board or relevant Board committee;
- xvi. to authorise the absence of any member of staff of GCRB in accordance with the relevant GCRB policies;
- xvii. to authorise the appointment of staff of GCRB, within the agreed budget approved by the Board, in circumstances where the power to appoint has not been delegated to a Committee or is not reserved to the Board;
- xviii. to take disciplinary action against staff of GCRB up to and including dismissal subject to complying with the disciplinary procedures laid down by the Board;
- xix. to engage the services of outside persons, consultants, firms or organisations where it is necessary to carry out the functions of the Board, in cases where the authority to engage such services is not delegated to a Committee or is not reserved to the Board;
- xx. to arrange programmes of in-service training and professional development for both staff and members of the Board;
- xxi. to exercise any discretionary powers available in the implementation of contractual conditions of service in relation to all staff;
- xxii. to approve the secondment of staff of GCRB to external agencies where the total cost for the secondment is recoverable and to approve the appointment, where necessary, of a temporary replacement for the duration of the secondment;
- xxiii. to sanction the payment of overtime allowances in exceptional circumstances above the salary level at which the Board have determined the normal entitlement to overtime will

- cease;
- xxiv. to open Board bank accounts and making and altering the necessary arrangements for signatories for authorisation of payments;
 - xxv. to sign cheques in accordance with the provisions for cheque signatories;
 - xxvi. to make approvals required under the *Financial Memorandum* between the Board and the assigned colleges;
 - xxvii. to delegate authority to an assigned college principal to exercise the Executive Director's authority as Executive Director during periods when the Executive Director is unavailable to conduct GCRB business;
 - xxviii. to delegate elements of the Executive Director's authority to other members of GCRB staff, within a defined scheme of management delegation.
 - xxix. if he or she considers it would be in the interests of GCRB or Board to do so, to approve the provision of reasonable hospitality to representatives of other organisations, members of staff of GCRB, guests of or visitors to GCRB, or others;
 - xxx. to make visits and to authorise members of staff of GCRB to make visits as representatives of GCRB (visits involving travel outwith the UK shall require the agreement of the Chair);
 - xxxi. to take out membership of and to attend meetings of appropriate outside bodies and professional associations where it is compatible with the duties of the Executive Director and also in the interests of GCRB to so do;
 - xxxii. to authorise the issue of press releases for publication and broadcasting on behalf of GCRB;
 - xxxiii. to authorise the commercial publication of any document on behalf of GCRB;
 - xxxiv. to allocate and apportion accommodation within GCRB's premises;
 - xxxv. to grant use of GCRB accommodation to outside bodies or person for the purposes of holding meetings and functions on such terms and conditions as are reasonable in the circumstances;
 - xxxvi. to draw up specifications for, and to seek, tenders for the supply of goods and services to GCRB in accordance with GCRB's approved procurement procedures;
 - xxxvii. to open tenders for the supply of goods and services according to GCRB's relevant procedures;
 - xxxviii. to arrange for any necessary alterations or adaptations to GCRB property and to enter into contracts and to incur capital expenditure for any amounts within approved delegated limits and provided that the alteration or adaptation does not effect any material change in the character of GCRB, and subject to tender procedures;
 - xxxix. to apply to the appropriate authority for any necessary statutory consents;
 - xl. where it is competent and in the interests of GCRB to do so, to lodge with the appropriate authority, objections to the grant of any permission, licence, warrant etc;

- xli. to determine and control the standard of furniture, furnishings and equipment within GCRB;
- xlii. to grant any wayleave or servitude over heritable property of the Board on such terms as may be appropriate;
- xliii. after all necessary approvals have been obtained, to sign and enter into contracts for the supply of goods and services (whether bought, leased, hired or otherwise acquired) to GCRB on behalf of the Board, or to authorise another to enter such contracts, all within the approved delegated limits;
- xliv. when it is judged to be in the interests of the Board to do so, to terminate contracts or to authorise the termination of contracts except in cases where the contracts have been specifically approved by the Board;
- xlv. to check the financial standing of potential suppliers and clients;
- xlvi. to write off and dispose of equipment which is judged to be surplus to requirements, unserviceable or unrepairable up to the approved delegated limits;
- xlvii. to raise funds for and apply them to any of the activities which the Board have power to undertake and have approved;
- xlviii. to monitor and manage any budgets for which he/she is designated budget holder;
- xlix. to settle within delegated financial limits and without reference to the Board, claims made against the Board where there is no insurance and, whether or not a Court or Tribunal action has been raised, subject to any necessary approvals being obtained when Treasury Indemnity or other guidance from the SFC applies, such arrangements to be routinely reported for information to the Board;
- I. to make arrangements with insurance companies concerning the settlement of claims;
- li. on receipt of valid claims, to authorise the payment to members of the Board or members of the Board's committees such allowances and expenses as the Board may have determined after taking cognisance of guidance issued by the SFC;
- lii. to facilitate the management of GCRB within the framework determined by the Regional Outcome Agreement, the approved budget and any other policies determined by the Board;
- liii. to vire monies from expenditure heads within agreed budgets taking account of and complying with GCRB's financial regulations;
- liv. to sign all deeds and other documents binding the Board for all purposes;
- lv. to accept gifts of money, other property and services on behalf of GCRB and (in accordance with the Board's policy on the receipt of gifts): and to determine their application;
- lvi. to sign on behalf of the Board applications for grant assistance from European Structural Funds and other funding bodies;
- lvii. to give direction, in special circumstances which he/she shall determine, that any member of staff shall not exercise a delegated function;

lviii. to rescind, in the role of Executive Director, any delegation to any nominated officer.

Reporting mechanism

- 33 The Executive Director will report to the Board on a quarterly basis on the use of delegated authority under paragraphs 28, 30i, 30ii, and 31 above, for amounts greater than £10,000.

- 34 The Performance & Resources Committee will receive a financial report on GCRB's activities at each meeting. Minutes of the Performance & Resources Committee will be received by the Board for noting (in the same way as for other committees).

Risk Register: 29th August 2016


RISK DETAIL						CURRENT EVALUATION OF RISK (after treatment)				AIM and PROGR
Outcome	Risk Description	Tolerance types	Risk ID	Level	Risk Owner	Likeli- hood	Impact	Net Risk Score	Risk tolerance	Risk Move- ment
All	If potential applicants do not perceive there to be a value in applying to be board members, the quality of GCRB and college governance could be reduced	Reputation, Compliance	0001	1	Chair	1	1	1	Low (1-2)	0
All	If Scottish Government and SFC are unable to allocate adequate resources for the college sector and Glasgow respectively, it might not be possible to sign the Regional Outcome Agreement and its delivery will be put in jeopardy	Financial	0002	1	ED	2	2	4	Medium (3-5)	0
All	If SFC is not satisfied with how GCRB has responded to its requirements for fully-operational fundable body status, GCRB's ability to make a positive difference on the student experience in Glasgow might be constrained	Reputation, Compliance	0003	1	ED	1	3	3	Low (1-2)	0
High quality and efficient learning	If there is breakdown in performance in the assigned colleges (including academic quality management arrangements and financial sustainability), the Regional Outcome Agreement targets may not be achieved.	Education & student experience	0004	1	ED	2	2	4	Medium (3-5)	2
All	If key stakeholders lose confidence in GCRB, leverage of current and future partnership resources for delivery of the ROA will be impaired.	Reputation	0005	1	ED	1	2	2	Low (1-2)	0
All	If the assigned colleges lack confidence in the quality of GCRB's governance, effective collaboration across the region will be impaired and GCRB's ability to	Reputation	0006	1	Chair	2	3	6	Low (1-2)	0
All	If staff across the region lack confidence in regional co-ordination of key change activities, collaboration will be ineffective.	People and culture	0007	1	ED	2	3	6	Medium (3-5)	0

RISK DETAIL						CURRENT EVALUATION OF RISK (after treatment)				AIM and PROGR
Outcome	Risk Description	Tolerance types	Risk ID	Level	Risk Owner	Likelihood	Impact	Net Risk Score	Risk tolerance	Risk Movement
All	If there is a material shortfall in the quality of facilities, student success will be reduced	Major change activities	0008	1	ED	2	2	4	Low (1-2)	2
All	If there are insufficient non-advanced student support funds, students will be unable to take up places offered and activity targets will not be met.	Reputation, Education & student experience	0009	1	ED	1	2	2	Low (1-2)	0
All	If GCRB is unable to improve its reputation, its ability to ability to make a positive difference on the student experience in Glasgow might be constrained	Reputation	0010	1	ED	2	3	6	Low (1-2)	
All	The Regional Outcome Agreement is not appropriately aligned with local needs/ market intelligence and curriculum planning does not respond appropriately to regional needs.	Education & student experience	0011	1	ED	1	3	3	Medium (3-5)	0

Key:

Chair = Chair of GCRB

ED = Executive Director

 Proposed movement or change