

Audit Committee Meeting

Date of Meeting	Tuesday 5 December 2017
Paper Title	Internal Audit Report – Corporate Planning
Agenda Item	11
Paper Number	AC2-G
Responsible Officer	Robin Ashton, GCRB Executive Director
Status	Disclosable
Action	For noting

1. Report Purpose

- 1.1. A review has been undertaken by Henderson Loggie of Corporate Planning and the report is provided to the Audit Committee for consideration.

2. Recommendations

- 2.1. The Committee is invited to **note** this report and the recommendations.

3. Report

- 3.1. The Review of Corporate Planning was identified in the Internal Audit Plan of work for 2016-17.
- 3.2. The outline scope of the work was, “...to consider whether GCRB’s planning process was working effectively, with a specific focus on the development of the Strategic Plan and the linkages between the Strategic Plan and the Regional Outcome Agreement (ROA) and other relevant GCRB and Assigned College plans.”
- 3.3. The work undertaken by Henderson Loggie has been conducted with the support of GCRB. The report and recommendations are welcomed.

4. Risk Analysis

- 4.1. This review focused on the controls in place to mitigate GCRB Risk 001: Poor environment scanning, and scenario planning, results in a failure to respond proactively to macro-level changes.
- 4.2. The overall objective of the audit was to obtain reasonable assurance that GCRB’s planning process accords with good practice.

5. Legal Implications

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

6. Financial Implications

6.1. There are no specific financial implications arising from the report. The work undertaken by the Internal Auditor is a key element of the programme of work for 2016-17.

7. Strategic Implications

7.1. This report provides the GCRB Board with an overall level of assurance that its arrangements for strategic planning are categorised by the Internal Auditor as good, with no significant weaknesses noted during their review.

Glasgow Colleges' Regional Board

Corporate Planning

Internal Audit Report No: 2017/05

Draft Issued: 21 November 2017

Final Issued: 22 November 2017

LEVEL OF ASSURANCE

Good

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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	Issues which require the consideration of the Board or one of its committees.
Priority 2	Significant matters that the Executive Director can resolve.
Priority 3	Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

1. Overall Level of Assurance

Good	System meets control objectives.
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2. Risk Assessment

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

- Poor environment scanning, and scenario planning, results in a failure to respond proactively to macro-level changes (net risk score: 2).

3. Background

As part of the Internal Audit programme at GCRB for 2016/17 we carried out a high-level review of the corporate planning framework. The Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board and the Executive Director that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Strategic Planning

The GCRB Strategic Plan 2017-2022 ('the Strategic Plan') was prepared during 2016 and early 2017. The process to prepare the Strategic Plan included:

- The Executive Director held discussions with Assigned College Chairs and Principals suggesting a process to develop the Strategic Plan and obtaining their feedback on this;
- A paper setting out the proposed actions and timetable to develop the Strategic Plan went to the 29 August 2016 Board meeting. This included plans for: holding a stakeholder event; using a steering group involving a range of stakeholders; review of stakeholder documents; ways for stakeholders to provide feedback; and final approval of the Strategic Plan by the Board;
- A stakeholder event, 'Glasgow's Big Asks', was held on 8 November 2016;
- The Executive Director developed a draft foundation of a strategic plan based on the stakeholder event and a review of key stakeholder documents;
- Steering Group meetings were held on 16 February 2017 and 4 May 2017 to gather feedback on draft plans and to receive any guidance on how to take this forward. After each of these meetings the draft Strategic Plan was amended;
- The Executive Director held separate meetings with trade union representatives and Assigned College Students' Association Presidents during April 2017 to get their input. He also spoke to other key stakeholders to obtain their informal feedback on the contents of the draft Strategic Plan;
- The Strategic Plan was reviewed and approved by the Board on 22 May 2017.
- The Strategic Plan was formally launched by the Minister for Further Education, Higher Education and Science on 30 October 2017, with a range of key stakeholders present.

3. Background (Continued)

Operational Planning

A proposal which set out resourcing of GCRB initiatives was presented to the Board in early 2017 and the Board agreed that a collaborative workforce approach, using staff from Assigned Colleges for one day a week, was appropriate.

Staff from Assigned Colleges were appointed to five Regional Lead roles for 2017-2019 covering:

- CPD;
- student experience;
- Developing Scotland's Young Workforce;
- curriculum and quality; and
- student data.

At the 4 September 2017 Board meeting a proposed structure for regional operational planning was set out which highlighted:

- reliance on existing Assigned College structures for meeting the seven strategic learning priorities in the Strategic Plan; and
- delivery of the four added value drivers, and 10 associated collaborative strategic ambitions, to be assigned to the Regional Leads for taking forward.

The Executive Director subsequently met with Regional Leads, and the Regional Leads met with staff in the Assigned Colleges, and based on these discussions ambitions were set for their first year. These ambitions were presented to the Board on 30 October 2017.

The Regional Leads have been provided with an operational planning template by the Executive Director. At the time of audit fieldwork work to complete these templates was ongoing, in order to produce more detailed operational plans, which describe how the year one ambitions will be delivered.

Reporting and monitoring processes for tracking progress against a) Regional Lead year one ambitions and b) the Assigned College outputs for the seven strategic learning priorities, were being developed at the time of our fieldwork. However, we have been advised that the planned route for reporting progress against the ambitions and priorities described above will be to the GCRB Board or to Board committees.

4. Scope, Objectives and Overall Findings

The scope of this audit was to consider whether GCRB's planning process was working effectively, with a specific focus on the development of the Strategic Plan and the linkages between the Strategic Plan and the Regional Outcome Agreement (ROA) and other relevant GCRB and Assigned College plans. The Strategic Plan was officially launched on 30 October 2017 and this audit reviewed the preparation and implementation phases to date.

The overall objective of the audit was to obtain reasonable assurance that GCRB's planning process accords with good practice.

The table on the following page notes each specific separate objective for this review and records the results:

4. Scope, Objectives and Overall Findings

Objective	Findings			Work In Progress	
	1	2	3		
The objectives of the audit were to gain reasonable assurance that:	No. of Agreed Actions				
1. The corporate planning process is adequately planned and challenged for robustness	Good	0	0	0	
2. Linkages between the Strategic Plan, the ROA and other GCRB and Assigned College plans are clearly defined and communicated	Satisfactory	0	0	0	✓
3. There is effective linkage between planning and budgeting at all levels	Satisfactory	0	0	0	✓
Overall Level of Assurance	Good	0	0	0	
System meets control objectives.					

5. Audit Approach

Through discussion with the Executive Director and Interim Finance & Resources Director, and review of documentation, we reviewed the planning process adopted by GCRB. Other GCRB and Assigned College plans were obtained and examined to determine whether there were clear linkages to the Strategic Plan and to the ROA. We also met with Board members from two of the Assigned Colleges, who were involved in the GCRB strategic planning process, to obtain their feedback on the planning process.

6. Summary of Main Findings

Strengths

- A robust process was used to develop the GCRB Strategic Plan, which included stakeholder and Board involvement and feedback; and
- The launch of the Strategic Plan was used to raise the profile of the Strategic Plan.

Weaknesses

- No significant weaknesses were noted during our review.

7. Acknowledgements

We would like to take this opportunity to thank the staff at the GCRB and the Board members from the Assigned Colleges who helped us during the course of our audit visit.

8. Detailed Findings

Objective 1: The corporate planning process is adequately planned and challenged for robustness

We reviewed the process utilised by GCRB to develop the Strategic Plan and compared this to good practice guidance, including:

- Planning the overall process;
- Involving stakeholders to provide input and feedback;
- The creation, operation and output from the Steering Group;
- Oversight of the strategic planning process by the Board; and
- Final review and approval by the Board.

From this review we have concluded that the corporate planning process was adequately planned and was subject to appropriate challenge for robustness. However, we did note the following improvement points which should be considered when preparing the next Strategic Plan:

- A formal communication plan, setting out how key stakeholders would be communicated with during the development of the Strategic Plan, should be prepared; and
- The Board should be provided with a draft strategic plan in near final form so that this can be discussed at a Board meeting. This would allow the Board to provide more detailed review and their feedback could then be included before their approval. We note that this did not occur for the development of the current Strategic Plan because of time constraints.

Objective 2: Linkages between the Strategic Plan, the ROA and other GCRB and Assigned College plans are clearly defined and communicated**Strategic Plan and the ROA**

We noted that although there are not explicit links between these documents, there are strong informal links. We noted that the development of the Strategic Plan may mean that future ROAs may have a stronger emphasis on specific areas identified as priorities within the Strategic Plan, and this should provide the opportunity for more explicit linkages between the Strategic Plan and the ROA.

Strategic Plan and GCRB Operating Plans

We reviewed the GCRB operational planning framework and noted that the relevant report was presented to the Board on 30 October 2017 and that this paper provided formal links with the Strategic Plan's four added value drivers and 10 supporting collaborative strategic ambitions. We noted that operational action plans are currently being prepared by Regional Leads which will set out how their year one ambitions, as described in the 30 October 2017 Board report, will be delivered.

Strategic Plan and the Assigned College Strategic plans

Given that the Assigned College strategic plans were prepared prior to the GCRB Strategic Plan, there are no formal links between these documents. However, we reviewed the Assigned College strategic plans and noted that there is alignment in a number of key areas between the GCRB Strategic Plan and Assigned College Strategic plans.

Strategic Plan and the College Operating Plans

We noted that there are currently no explicit links between the GCRB Strategic Plan and Assigned College operating plans. However, in future it is expected that the work being undertaken by the Regional Leads, which involves specific Assigned College staff, should ensure that relevant actions are included on Assigned College operating plans. We noted that in order to ensure delivery, the Regional Lead operating plans require to be developed in advance of the Assigned College operational plans. The Executive Director agreed that this will be undertaken in future years, but this was not viable for 2017/18 due to the timing of the implementation and embedding of the Regional Leads structure. As action is already planned regarding this issue no audit recommendation has been raised.

Communication

The official launch of the Strategic Plan, on 30 October 2017, included a large number of stakeholders, including the Minister for Further Education, Higher Education and Science and this launch event will raise awareness amongst key stakeholders, including management with Assigned Colleges, regarding the finalised Strategic Plan.

GCRB has prepared a draft high-level communication plan for operational use. It is planned that an email bulletin will be issued to Assigned College Board Members on a regular basis, and the first of these bulletins will contain specific information about the Strategic Plan. The GCRB website has been refreshed and now contain specific we content devoted to the Strategic Plan.

Objective 3: There is effective linkage between planning and budgeting at all levels

Revenue Budgets

Given that the Strategic Plan was approved in May 2017, there was insufficient time for there to be consideration of whether the financial model for 2017/18 (to allocate funding to Assigned Colleges) should be amended to reflect any of the priorities described within the Strategic Plan. We noted that the current curriculum delivery section in the ROA is based on the Curriculum and Estates Plan 2015-2020, which the current Strategic Plan is also based upon.

Capital Budgets

Capital funds are allocated to GCRB by the Scottish Funding Council. These are allocated to Assigned Colleges as follows:

- Part of the budget is allocated using a formula based on credits, largely to cover routine maintenance / lifecycle maintenance; and
- Part of the budget is allocated based on bids for capital projects from Assigned Colleges. The bids submitted were scored against weightings in five areas: 1) equitable services; 2) opportunities for learning; 3) sustainable institutions; 4) developing the region; and 5) measuring the benefits.

The 2017/18 Capital Funding Policy was approved at the 22 May 2017 Board meeting, which was the same meeting that the Strategic Plan was approved at. As a result, any priorities arising from the Strategic Plan were not specifically incorporated into the Capital Funding Policy. However, the GCRB Interim Director of Finance advised that evaluation weightings can be changed year on year based on strategic priorities. In addition, GCRB Estates and ICT strategies are being developed and will have an impact on the use of capital budgets in future years.