

Audit Committee Meeting

Date of Meeting	Tuesday 28 May 2019
Paper Title	Internal Audit Report – Risk Management Workshop
Agenda Item	8.b
Paper Number	AC5-E
Responsible Officer	Robin Ashton, GCRB Executive Director
Recommended Status	Disclosable
Action	For information

1. Report Purpose

- 1.1. To consider the report of the Internal Auditor on a Risk Management Workshop.

2. Recommendations

- 2.1. The Committee is invited to **note** the report of the Internal Auditor on the Risk Management Workshop held to provide assurance to the Audit Committee that GCRB's arrangements for risk management are operating effectively.

3. Report

- 3.1. As part of the Internal Audit programme the Internal Auditor was asked to plan and deliver a tailored Risk Management Workshop to an invited selection of Board Members and senior managers from across the Glasgow Region.
- 3.2. The workshop was planned and delivered by the Head of Public Sector and Internal Audit Services at the Langside Campus of Glasgow Clyde College on 4 March 2019.
- 3.3. The workshop was attended by a number of GCRB Board members, including the Chair of Glasgow Clyde College and the Vice Principal Vice Principal Resources and College Development Glasgow Clyde as well as executive staff from GCRB.
- 3.4. The risk workshop provided assurance that:
- the approach to managing the risks for the Glasgow Region was working well;
 - current reporting mechanisms for sharing risks at institutional level are effective; and
 - responsibility for managing risk was effectively shared between the risks facing individual entities and the collective responsibilities facing the Glasgow Region
- 3.5. There are no recommendations arising from the risk workshop.

4. Risk Analysis

4.1. The report provides assurance that GCRB is taking action to effectively assess and manage risks.

5. Equalities Implications

5.1. There are no equalities implications as a direct result of this report.

6. Legal Implications

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

7. Resource Implications

7.1. The provision of internal audit is a necessary component of an organisation's overall governance arrangement and the resource required is borne within the operating budget of GCRB.

8. Strategic Plan Implications

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



Glasgow Colleges Regional Board

Risk Management Workshop Summary


Internal Audit Report No: 2019/02

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Now, for tomorrow

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Management Summary

Background

As part of the Internal Audit programme at Glasgow Colleges Regional Board (GCRB) for 2018/19 we were asked to plan and deliver a tailored Risk Management Workshop to an invited selection of Board Members and senior managers from across the Glasgow Region. The Annual Plan, agreed with management and the Audit Committee in December 2018, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Executive Director and the Audit Committee that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Following discussion at the Audit Committee meeting on 18 December 2018 it was agreed that the GCRB Executive should arrange a Risk Management Workshop to build on the previous Risk Identification Workshop which was held at the East End Campus of Glasgow Kelvin College on 2 June 2017.

Scope and Objectives

The agreed scope of our work was to focus on the work which is conducted within GCRB to assess the collective risks facing the Glasgow Region and the mechanisms deployed to conduct horizon scanning activity to ensure that emerging risks and opportunities are identified and effectively planned for.

The objectives of the workshop were to challenge the extent to which the current risk framework for the Glasgow Region allows risks to be effectively identified, managed and reported on by GCRB and the Regional Colleges.

This report summarises the work conducted to plan and deliver the Risk Workshop and the outcomes from the group discussions on the day.

Audit Approach

The workshop was planned and delivered by the Head of Public Sector and Internal Audit Services at the Langside Campus of Glasgow Clyde College on 4 March 2019. All GCRB Board Members were invited together with executive representatives from all of the assigned Colleges. The workshop was attended by a number of GCRB Board members, including the Chair of Glasgow Clyde College and the Vice Principal Resources and College Development Glasgow Clyde as well as executive staff from GCRB.

Audit Approach (Continued)

As part of the planning for the workshop it was agreed with the Executive Director and the Finance & Resources Director that the discussion around specific risks for GCRB and the Glasgow Region would be prefaced by a recap on the following areas:

- A definition of risk;
- The key elements of an effective risk management framework; and
- The relevant sections of the Scottish Public Finance Manual (SPFM) as they relate to risk management.

The first part of the workshop took the form of a group discussion on what the key risks were for the Glasgow Region as reflected on the four risk registers as at March 2019.

Analysis of the key risks within the Glasgow Colleges showed only four common areas:

1. Unfavourable changes in funding model
2. Failure to achieve target income levels
3. Failure to maintain good industrial relations
4. Failure of College systems (including IT systems)

The second part of the workshop took the form of a group discussion which challenged the way that risks are currently managed across the Glasgow Region. In particular the group considered the following questions:

- How should risks be differentiated between those which relate to the Glasgow Region and risks which are institution specific?
- Which of the current risks require a co-ordinated response to mitigate the risk and are there existing mechanisms to manage these effectively?
- What should the reporting requirements be for shared risks facing the Glasgow Region?
- What should the reporting requirements be for risks which are institution specific?

Summary of Outputs

As part of the workshop recap the group considered the following questions:

- a) What is working well?
- b) What changes could be made?
- c) What are the implications for the way risks are dealt with at institution level?
- d) What does this mean in terms of shared ownership and management of specific risks?
- e) How does reporting of risks have to change in order to provide adequate assurance to the various stakeholders?

The consensus reached on the day was that the approach to managing the risks for the Glasgow Region was working well with no significant changes required. In particular the option of creating a suite of standard Regional Risks, which would be incorporated within assigned college risks registers, was discounted. Therefore, there were no implications arising from the workshop on the way that regional risks are dealt with at institution level.

It was agreed that the current reporting mechanisms for sharing risks at institutional level are effective and that there is no requirement for changes to be made at College level in terms of the way that risks are identified, mitigated and reported.

A view was taken by those present that responsibility for managing risk was shared between the risks facing individual entities and the collective responsibilities facing the Glasgow Region and that the current arrangements allow both types of risk to be managed effectively.

Acknowledgment

We would like to take this opportunity to thank the staff at GCRB who helped us to plan the workshop and to thank all of the participants in the workshop who contributed so effectively to the discussions.

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