CITY OF GLASGOW COLLEGE

Board of Management
Audit & Assurance Committee

Date of Meeting	**Tuesday 23 November 2021**
Paper No.	**AAC2-I**
Agenda Item	**5.5.4**
Subject of Paper	**Internal Audit Report – Business Engagement**
FOISA Status	**Disclosable**
Primary Contact	**Henderson Loggie**
Date of production	**November 2021**
Action	**For Discussion and Decision**

1.   Recommendations

The Committee is asked to consider and discuss the report and the management responses to the internal audit recommendations.

2. Purpose of report

The purpose of this review is to provide management and the Audit and Assurance Committee with assurance on key controls relating to the curriculum and financial plans in place for City of Glasgow College and their alignment with the regional plan for Glasgow and the college student number targets.

3. Key Insights

This internal audit of Business Engagement provides an outline of the objectives, scope, findings and graded recommendations as appropriate, together with management responses. This constitutes an action plan for improvement.

The Report includes a number of audit findings which are assessed and graded to denote the overall level of assurance that can be taken from the Report. The 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.

4. Impact and implications

Refer to internal audit report.

Appendix – Internal Audit Report – Business Engagement

City of Glasgow College

Business Engagement

Internal Audit report No: 2021/11

Draft issued: 15 November 2021

Final issued: 18 November 2021

Henderson
Loggie

Contents

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	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Assurance Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Management Summary

Overall Level of Assurance

Good	System meets control objectives.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the City of Glasgow College Strategic Risk Register as of 20 May 2021:

Risk Number 7 - Failure to achieve improved business development performance with stakeholders (Risk score 20, Red)

Risk Number 16 - Failure to maximise income via diversification (Risk score 20, Red)

Background

As part of the Internal Audit programme at City of Glasgow College (the College) for 2020/21, we carried out a review of Business Engagement. The Audit Needs Assessment completed in March 2017, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Management and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The College holds partnership working as one of its five values and has set priority to innovate partnership working and be a valued partner in the Glasgow city region. The college collaborates with approximately 1500 industrial partners to better match the skills of students with needs of employers, offering re-training opportunities for older learners and real work experience. This in turn supports the commercial income to the college. The following were noted as key workstreams:

Commercial Income and Industry Academy Model - promotes cross College activity, in collaboration with external partners, to create a focused, sector relevant skills and training curriculum. An opportunity to gain relevant, high quality work experience is a key objective of the Model. This is achieved in collaboration with Industry Partners through student placements, internships, volunteering, mentoring, and guest speaking. A range of vocational pathways are also available to students. The Industry Academy Model promotes flexible, vocational pathways ensuring a programme of education and training is available to all learners regardless of qualification and experience.

Flexible Workforce Development Fund (FWDF) - It is Year 5 of the FWDF, a Scottish Government initiative that enables employers to address priority skills and skill gaps in their organisation by accessing funding to create training programmes that meet their needs.   The FWDF is open to UK Apprenticeship Levy paying employers and Small and Medium Enterprises (SMEs) in Scotland. Apprenticeship Levy payers can access between £5,000 and £15,000 of training from the College. Non-levy paying SMEs can apply up to £5000. Applications for the fourth year of the programme finished in July 2021. Training commenced in August 2021 and to be completed by 31 March 2022.

The City Enterprises Business Development Team, led by the Director of Business and International Partnerships and Vice Principal of Corporate Development & Innovation, assist business by providing solutions for business education and training. The college offers a range of accredited professional courses and bespoke courses.

Scope, Objectives and Overall Findings

The scope of this audit was to review the College activity in relation to business engagement covering Industry Academies, the Industry Academy Model, and the wider engagement with industries by the Business Development Team, Flexible Workforce Development Fund, and the faculties. This was to follow on from the work carried out as part of our review of Business Development pre-reorganisation (Internal Audit Report 2018/04, issued May 2018).

The primary objective of this audit was to establish whether business engagement activities are achieving their objectives in terms of both the student experience and commercial income generation.

The table below notes each separate objective for this review and records the results:

Objective		Findings		
		1	**2**	**3**
The objective of our audit was to obtain reasonable assurance that		No. of Agreed Actions		
1. An effective strategic and operational planning process has been established for business engagement, linking into other key strategies of the College	**Good**	-	-	-
2. An appropriate management and support structure has been put in place to identify and promote opportunities for further growth in business engagement activities	**Good**	-	-	-
3. Key risks are identified and mitigated	**Satisfactory**	-	-	1
4. Management information, including financial information and student related key performance indicators against targets, is adequate and easily accessible to all relevant staff	**Good**	-	-	-
5. There is regular review of activities by the Board of Management and its committees.	**Good**	-	-	-
Overall Level of Assurance	**Good**	-	-	1
		System meets control objectives.		

Audit Approach

From discussion with the Vice Principal Corporate Development, Director of Business & International Partnerships, Head of Business Development & International, a sample of Associate Deans, Faculty Directors and Curriculum Heads and other relevant managers and staff, and review of relevant documents, we established the key processes and controls in place within the above areas and consider their adequacy.

The report also complements our work completed on **Partnership Working (Internal Audit Report 2021/10).**

Summary of Main Findings

Strengths
- The College is committed to partnership working and supporting the Glasgow Region, its economy and delivering courses that meet the needs of Glasgow communities, including schools as well as adult learners, employers, and residents.
- There is regular review of activities by the Board of Management and its committees. There is a dedicated Board Sub-Committee, the Development Committee, that has responsibilities to review of the College's commercial and international activities ensuring alignment with the College's Strategic Plan.
- A Corporate Development Strategy 2021-2030 is established and approved by the Development Committee that comprises a set of Aims and Objectives, in the
- context of the Strategy Purpose, Benefits, and Key Drivers for partnership working – locally, nationally, and internationally.
- The Development Strategy is supported by a Business and International Operational Plan that was in draft at the time of our review. Inspection noted that it aligned to the Development Strategy and targets were under development. These will fit into new operational plans for faculties that were under development for 2022/23 financial year planning.
- Financial targets are set by Finance annually as part of the annual curriculum planning and budget planning process. This is based on details on the Student Recruitment Plan (SRP). Commercial income from commercial and international activity is reported to the Development Committee by the Vice Principal of Corporate Development & Innovation as a standing agenda item.
- Within the City Enterprises Business Development Team there are trackers used that feed into management dashboard reporting on the status of commercial activity and Flexible Working Development Fund (FWDF).
- There is appropriate management and support structure has been put in place to identify and promote opportunities for further growth in business engagement activities. The Business and International Operational Plan has set targets around areas of growth that will be tracked by the Director of Business & International Partnerships.
- There is a robust management structure within the City Enterprises Business Development Team for supporting faculties and clients when developing courses.
- Courses have a full scrutiny process established and consistently followed by the City Enterprises Business Development Team to ensure that they are income generating, due diligence is completed on clients to ensure they align to the values of the College and Corporate Strategy.
- Student experience feedback from commercial and FWDF course are made at the time of the course and reviewed as part of the faculty quality reviews and Business Development Team on lessons learned.

Enhancements

Our overall objective was to ascertain whether business engagement activities are achieving their objectives in terms of both the student experience and commercial income generation. At a granular level, income and student (and employer) feedback are essential for the College to understand its offering is fit for purpose and future fit. The new Development Strategy and supporting operational plan will formalise arrangements in a way that key outcomes and targets will be monitored more closely across the College.

While the audit did not identify any significant control weaknesses, arrangements would be further enhanced if the following areas could be addressed:

- There is no operational risk register for activity related to the Development Strategy 2021-2030, which would highlight the risks around achieving its aims and individual objectives.

Acknowledgment

We would like to take this opportunity to thank the staff at the College who helped us during our audit.

Main Findings and Action Plan

Objective 1 - An effective strategic and operational planning process has been established for business engagement, linking into other key strategies of the College

In May 2021, the Development Committee approved the Corporate Development Strategy 2021-2030 that comprises a set of Aims and Objectives, in the context of the Strategy Purpose, Benefits, and Key Drivers. The Development Strategy links to the College's Corporate Strategy and has seven aims as follows:

1. Enhance and expand the College brand promoting it as a Civic Anchor to all partners locally, nationally, and internationally. Positioning City as the No1 institution for professional & technical education and skills for students, staff & stakeholders,
2. Further develop our Global Partnership across a range of identified countries, regions and territories ensuring that City is recognised as Excellent, Inspirational & Innovative,
3. Implement a programme of innovation and applied research activity across the college that identifies and exploits opportunities for staff, students and income generating activity,
4. Promote an innovative, inclusive, and agile approach for Partnership working ensuring that City is a trusted
Civic Anchor institution providing professional and relevant training & qualifications for local, regional & national labour markets,
5. Assist Faculty developments to enhance the Award-Winning Industry Academy Model further developing a range of fit-for-purpose academies that underpin student activity and promote and encourage enterprise & entrepreneurship creating a pipeline of work-ready students,
6. Ensure that City is positioned as a credible, innovative, and trusted partner which is open to co-investment, co-funding and co-location infrastructure and partnership opportunities, ensuring that activity aligns with the Government's Green ambition, and
7. Create a college-owned subsidiary that complements the City of Glasgow College commercial activity, offering a diversification of products and services to the Marine sector and associated industries.

These aims are supported by 50 operational objectives around developing and enhancing partnership working across the College. The 50 objectives are referenced numbered and have been brought into the draft Business and International Operational Plan. This plan was under development at the time of our audit. It is to be managed by Director of Business and International Partnerships and owned by Vice Principal Corporate Development & Innovation, and review noted many annual targets for each objective have been identified.

The targets are set from 2021 onward. Future targets (2022/23 academic year onwards) will be aligned to the new performance and quality cycle work that is underway by the Director of Excellence. The current review of curriculum performance planning for 2022/23 will support faculty operational plan development that is to be introduced for the 2022/23 budget planning process.

Our walkthrough of arrangements with the City Enterprises Business Development Team (the "BD Team") and faculties noted there are opportunities for business engagement as follows:

Business Engagement

Objective 1 - An effective strategic and operational planning process has been established for business engagement, linking into other key strategies of the College (Continued)

- *Commercial - Certified Accreditation*: The college deliver internationally recognised qualifications across a wide range of subject areas. Their accreditation range from Certificate level through to Masters level. The College website details 18 accredited bodies who often audit the college to ensure arrangements are in line with their accreditation requirements.
- *Industry Academy Model:* The Model promotes cross College activity, in collaboration with external partners, to create a focused, sector relevant skills and training curriculum.
- *Flexible Workforce Development Fund (FWDF):* The FWDF has provided growth of income to the College. Many partners have entered relationships with the College through this route and then moved onto more specific partnerships with the College e.g., Tennent Breweries. Objectives are set at onset through the Application Form (noted above). It details the measures / productivity that will improve on the back of the training provided. Business Development Officers also develop a Training Plan with the business, and they agree Terms and Conditions that details the framework for which the training is to be provided. After the training is completed, there is a Programme Evaluation completed by the business partner that allows the assessment that the course achieved what it should have.

Business Engagement

Objective 2 – An appropriate management and support structure has been put in place to identify and promote opportunities for further growth in business engagement activities

The BD Team is led by the Director of Business & International Partnerships. The team assist business by providing solutions for business education and training. The college offers a range of accredited professional courses and bespoke courses.

The team have a dedicated page on the College website and there is an Enquiry Form link that allows business user to request information on:

- o Professional Courses,
- o Bespoke training, or
- o Access to upskilling and reskilling training via the Flexible Workforce Development Fund (FWDF).

The College will also work with Awarding Bodies and employers where there are changes in changes legislation to develop new courses. Example reviewed included the development of new courses, such as noted with National Examination Board in Occupational Safety and Health (NEBOSH) and IOSH approved certificate, and the Maritime regulator for the Certificate of Competence for Ships Cook.

There are dedicated leads for each workstreams:

- Director of Business & International Partnerships leads on international partnerships,
- Head of Business & International currently has focus on UK business development,
- FWDF Manager leads on FWDF, and
- Business Development Manager leads the Business Engagement team.

The BE team consist of five Business Development Officers (BDOs). There is a dedicated BDO assigned to key commercial partners as client liaison officers, such as CalMac or Sports Scotland. They will review the progress of commercial opportunities and ensure the needs of the client are met.

The BD Team lead on the relationship management with clients, particularly in relation to the FWDF. The team help the business address training gaps to meet the strategic aims of the business. The following support arrangements were reviewed:

- Commercial - the BD Team work directly with Deans and Associate Deans to prepare proposals and tender to commercial opportunities on Public Contract Scotland. An Activity Report on the commercial work is develop by a designated BDO. Once a week, the BDOs meet with Business Development Manager to review the progress of the activity and there is a tracker established that details work that is pending, active and secured. A report is also provided to the All-Managers DT Team meeting.
- FWDF – Brochures for courses are agreed with Faculties are published each year. The college allocates a BDO to every applicant to guide them through each step of the process (see Appendix 1). All activity is tracked on the FWDF Tracker, a spreadsheet used to track the status of activity with Levy Payers and SMEs. The review of the tracker noted arrangements were up to date.
- Industry Academy Model - The College has Industry Academy Models established for maritime, procurement, hair and beauty, and hospitality. Under the new Development Strategy 2021-2030, there are to be targets for all Faculty Deans to develop the industry model within their area of specialism in order to promote other areas of growth.

Business Engagement

Objective 2 – An appropriate management and support structure has been put in place to identify and promote opportunities for further growth in business engagement activities. (Continued)

All commercial and FWDF partnerships are tracked on the BD Team's register, HubSpot.

To further opportunities, the College management attend key networking events, such as with Glasgow Chamber of Commerce and recently on the COP26 summit. The BD Team also work the marketing department to promote opportunities content on the College's social media platforms. Before the COVID-19 pandemic, the team also held Breakfast Information Sessions on the FWDF opportunities with employers.

To support the process of business engagements and opportunities, the BD Team have developed a Business Development Opportunity Process flowchart that will support decision making by the team, and or faculty. It is available of the staff intranet.

Our discussions with Faculty management noted that support by the BD Team can be inconsistent. This is mainly due to officers being included in faculty team meetings. A recommendation was raised as part of our **Partnership Working Internal Audit (Report Number 2021/10/ R2)** for Faculties to invite BD Team representation to team meetings. This will allow for greater support and efficiency on decision making for the faculty. It will also support any option appraisal around future development of the industry model which is an where lessons learned from current arrangements can be shared across faculties. Otherwise, our walkthrough of support and arrangements within the BD Team was noted to be reasonable.

Business Engagement

Objective 3 – Key risks are identified and mitigated

Risks to the BD Team achieving their operational plan are not tracked through a formal risk register. Instead, activity on the FWDF Tracker and HubSpot are reviewed by the BD Team leads through the All-Managers Meetings.

As noted earlier, management have a Development Strategy 2021-2030 now in place that is supported by an Operational Plan. However, we were unable to identify specific risks associated with the successful delivery of this strategy.

Observation	Risk	Recommendation	Management Response
There is no risk register for activity related to the Development Strategy 2021-2030, that would highlight the risks around achieving its aims and individual objectives, mitigating controls, additional actions, and assurance work underway by management. Without a risk register, there is risk that interdependencies across activity within departments and faculties are not readily identified to allow effective mitigating action planning. Currently, specific business development risks are identified within the College's Strategic Risk Register that are reviewed by the Development Committee and Audit & Assurance Committee. Individual risks within business proposals/ tenders and specific FWDF Activity Reports.	Threats to delivery of the Development Strategy and achievement of targets may not be identified, and therefore opportunities to manage identified risks effectively may be missed.	**R1 –** Management should develop an operational risk register for the Development Strategy that identifies the individual risks to the Strategy being achieved. Mitigating controls, owners, and mitigating action plans. This should be linked to the Operational Plan and key performance indicators. A process for frequent review at the BD Team All-Managers Meeting should be established and, where necessary, reviewed by the Faculties and Development Committee. As an operational risk register, it should feed into the College's wider risk management process, where risks above risk appetite are escalated in line with the operational risk management framework.	We will develop an operational risk register aligned to the Key Objectives of the Corporate Development Strategy and aligning to the Operational Plan and KPIs for relevant areas. A Monthly Manager Meeting will be established in calendar and a Risk Register will be included as a standing item. **To be actioned by:** Vice Principal Corporate Development and Innovation **No later than:** 31 January 2022

			Grade	**3**

Business Engagement

Objective 4 – Management information, including financial information and student related key performance indicators against targets, is adequate and easily accessible to all relevant staff

Financial targets are set by Finance annually as part of the annual curriculum planning and budget planning process. This is based on details on the Student Recruitment Plan (SRP) that was reviewed by us through the review on Curriculum Planning (See **Report Number 2021/09**). The SRP details student numbers for all commercial and funded courses. Typically, student targets are rolled forward and growth objectives are not factored into objective setting.

As the BD Team activity is growth led targets are monitored on the Activity Spreadsheet, it is not easy to directly match income to targets under the current costing model on individual business engagement activity.

However, as noted in Objective 1, the Business & Operational Plan has been developed that has set annual targets for College over the medium term and that will feed into the annual performance review cycle. There is opportunity for management to develop this further to build in income forecasts based on the targets noted for monitoring purposes. Review of reports

Otherwise, financial outcomes for Commercial and International Student income are reported to the ELT and Development Committee by the Vice Principal of Corporate Development & Innovation as a standing agenda item. Commercial income actuals against targets are tracked per faculty. There is also reporting on Commercial Proposals and Tenders and secured income for projects for Academic Session 2021/22 compared against previous years. There are no targets defined for proposals and tenders.

The FWDF Manager has developed dashboard reports to run off schedules on how much FWDF SFC allocation has been used and to whom. This is also reported to the Development Committee.

The Development Strategy 2021-2030 sets an objective and targets around the increase Proposal/Tender conversion rates. Targets for proposal / tender conversations per faculty are set at 35% conversation.

Business Engagement

Objective 5 – There is regular review of activities by the Board of Management and its committees.

As noted earlier there is regularly reporting on the progress on commercial income and activity to the Development Committee who report to the Board of Management.

On an operational level, the BD Team report via the Director of Business & International to the SMT and ELT.

Within faculties, opportunities and income are monitored via Faculty management meetings and the Faculty Board, as well as via one-to-one meetings with Faculty Deans and the Principal.

Our review of arrangements were deemed reasonable.

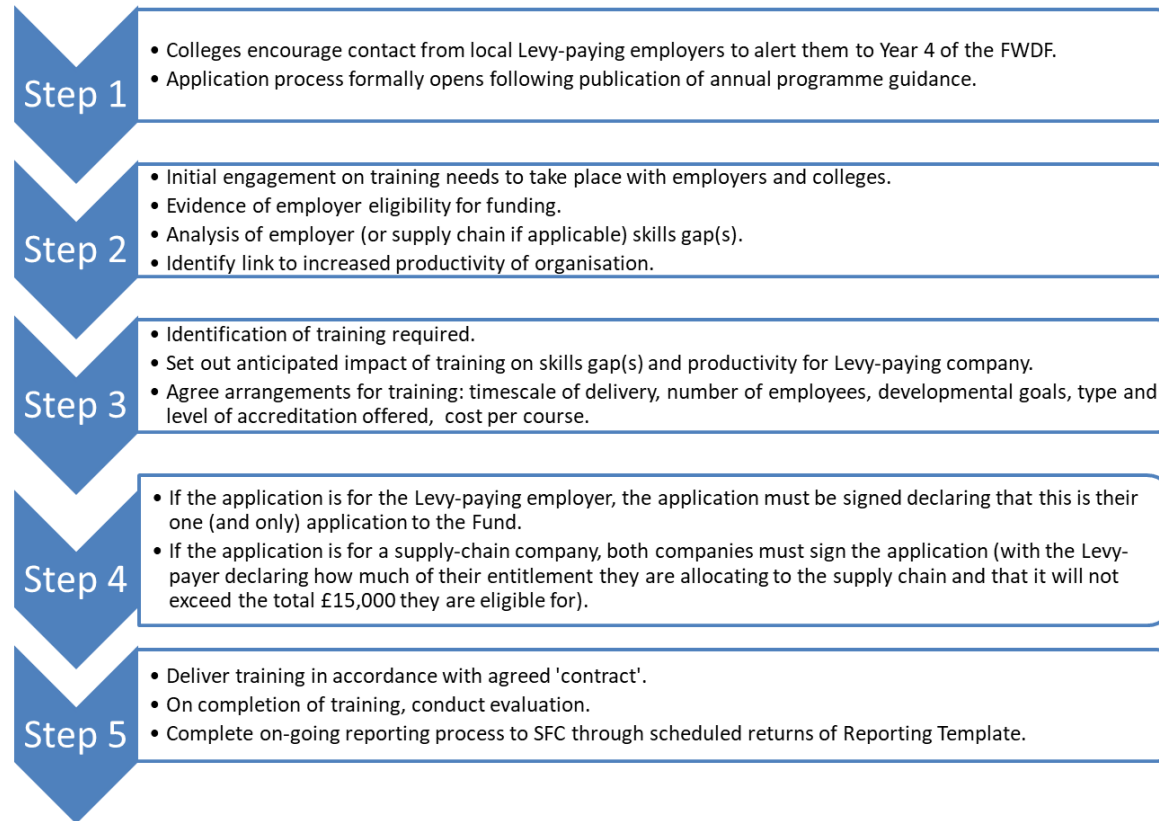## Appendix 1 – Flexible Working Development Fund Support Process

Step 1
- Colleges encourage contact from local Levy-paying employers to alert them to Year 4 of the FWDF.
- Application process formally opens following publication of annual programme guidance.

Step 2
- Initial engagement on training needs to take place with employers and colleges.
- Evidence of employer eligibility for funding.
- Analysis of employer (or supply chain if applicable) skills gap(s).
- Identify link to increased productivity of organisation.

Step 3
- Identification of training required.
- Set out anticipated impact of training on skills gap(s) and productivity for Levy-paying company.
- Agree arrangements for training: timescale of delivery, number of employees, developmental goals, type and level of accreditation offered, cost per course.

Step 4
- If the application is for the Levy-paying employer, the application must be signed declaring that this is their one (and only) application to the Fund.
- If the application is for a supply-chain company, both companies must sign the application (with the Levy-payer declaring how much of their entitlement they are allocating to the supply chain and that it will not exceed the total £15,000 they are eligible for).

Step 5
- Deliver training in accordance with agreed 'contract'.
- On completion of training, conduct evaluation.
- Complete on-going reporting process to SFC through scheduled returns of Reporting Template.

Figure 1: The College's Schematic of the Flexible Working Development Fund (FWDF) workflow and supporting business enquiries.

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