# Board of Management

# Audit & Assurance Committee

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| **Date of Meeting** | **12 September 2023** |
| **Paper No.** | **AAC1-O** |
| **Agenda Item** | **5.8** |
| **Subject of Paper** | **Strategic Risk Review** |
| **FOISA Status** | **Disclosable** |
| **Primary Contact** | **Drew McGowan**<br>**College Secretary** |
| **Date of production** | **31 August 2023** |
| **Action** | **For Discussion and Decision** |

## 1. Recommendations

1.1. To discuss and approve the Strategic Risk Register for risks reported to the Committee, recommending any changes to the Board of Management for final approval.

1.2. To note the Risk Management Action Plans for risks reported to the Committee.

## 2. Purpose

2.1. To provide the Audit & Assurance Committee with an update on the most recent quarterly review of the College's strategic risks for those reported to the Committee. The Strategic Risk Register and the Management Action Plans (MAPs) are enclosed.

## 3. Consultation

3.1. All strategic risk owners were consulted during the latest quarterly review.

## 4. Key Insights

4.1. Risk management is a key component of the College's internal control and governance arrangements and, as such, is an important responsibility of the Board of Management, the Executive Leadership Team (ELT) and the Senior Management Team (SMT). Final approval of the Strategic Risk register is reserved to the Board and the Audit & Assurance Committee has oversight over the College's risk management approach.

4.2. ELT and SMT members are invited to review the risks they own on a quarterly basis. This is to ensure that the College, our Board and its committees, remain aware of any changes in the risk environment and that our risk management plans remain up-to-date and effective. Committees review the risks that are within their remit and recommend any changes to the Board for final approval.

4.3. The Strategic Risk Register and the MAPs are enclosed for the Committee's consideration and approval of members. 6 strategic risks are reported to the Committee. 1 change to risk scores are proposed in this review:

| No. | Risk Title | Current Score | Proposed Score |
|---|---|---|---|
| SR15 | Failure of corporate governance | 🟡 10 (5 x 2) | 🟢 5 (5 x 1) |

4.4. Following the Committee's meeting in June 2023, where the internal audit report on the Financial Memorandum breach was discussed, the Principal wrote to the Scottish Funding Council to inform them of the outcome of the audit. He confirmed that three breaches had been identified and that four of the five recommendations were already in progress, with the fifth being to notify the SFC. The Principal also requested retrospective approval and the SFC responded in August 2023 to confirm that this had been granted. Following consideration of the progress report on the recommendations, members are asked to consider reducing the SR15 risk from 10 to 5.

4.5. The College's strategic risk reporting has been streamlined over the summer in preparation for the new academic year. The Strategic Risk Register has been refreshed and the MAPs have been condensed from a total of 104 pages to 13. This remains a work in progress and feedback is welcome.

## 5. Impact and Implications

5.1. The effective management, control and mitigation of risks are essential to the College's institutional and financial sustainability, compliance, reputation and future growth.

## Appendices:

**Appendix 1:** Strategic Risk Register

**Appendix 2:** Risk Management Action Plans

## Strategic Risk Register: August 2023

| | The Risk | | Assessment | | | Changes | | Board |
|---|---|---|---|---|---|---|---|---|
| ID | Risk Title | Owner | Impact | Prob. | Net Score | Trend | Updated | Committee |
| SR1 | Failure to support successful student outcomes | VPSE | 5 | 1 | 5 | ↔ | Aug '23 | Learning |
| SR2 | Failure to establish an optimal pedagogical model | VPSE | 5 | 1 | 5 | ↔ | Aug '23 | Learning |
| SR3 | Failure to achieve good student outcome/progression levels | VPSE | 5 | 1 | 5 | ↘ | Aug '23 | Learning |
| SR4 | Failure of the College's duty of care to students | VPSE | 5 | 2 | 10 | ↔ | Aug '23 | Learning |
| SR5 | Failure to realise planned benefits of Regionalisation | Pr DPr | 3 | 3 | 9 | ↔ | Aug '23 | Conveners' |
| SR6 | Negative impact upon the College's reputation | VPCDI | 4 | 3 | 12 | ↔ | Aug '23 | Development |
| SR7 | Failure to achieve improved business development with stakeholders | VPCDI | 5 | 4 | 20 | ↔ | Aug '23 | Development |
| SR8 | Failure to manage strategic risks associated with CGI Ltd | VPCDI | 5 | 2 | 10 | ↔ | Aug '23 | Development |
| SR9 | Failure to manage performance and achieve improved performance | DE | 5 | 2 | 10 | ↔ | Aug '23 | Audit |
| SR10 | Failure to attract, engage, and retain suitable staff | VPPCS | 4 | 4 | 16 | ↔ | Aug '23 | People |
| SR11 | Failure to achieve taught degree awarding powers | DPr | 4 | 4 | 16 | ↔ | Aug '23 | Learning |
| SR12 | Negative impact of statutory compliance failure | CS | 5 | 2 | 10 | ↔ | Aug '23 | Audit |
| SR13 | Failure of compliance with Environmental Social and Governance (ESG) duties | DPr CS | 5 | 1 | 5 | ↔ | Aug '23 | Audit |
| SR14 | Failure of compliance with the General Data Protection Regulations (GDPR) | DPr | 4 | 2 | 8 | ↔ | Aug '23 | Audit |
| SR15 | Failure of corporate governance | Pr CS | 5 | 1 | 5 | ↘ | Aug '23 | Audit |
| SR16 | Failure of business continuity | CS | 4 | 3 | 12 | ↔ | Aug '23 | Audit |
| SR17 | Negative impact of industrial action | VPPCS | 4 | 4 | 16 | ↔ | Aug '23 | People |
| SR18 | Failure of IT system security | DIT | 5 | 2 | 10 | ↔ | Aug '23 | People |
| SR19 | Failure to achieve operating surplus | CFO | 5 | 5 | 25 | ↔ | Aug '23 | Finance |
| SR20 | Failure to maximise income via diversification | CFO VPCDI | 5 | 4 | 20 | ↔ | Aug '23 | Finance |
| SR21 | Failure to obtain funds from the City of Glasgow College Foundation | CFO | 4 | 3 | 12 | ↔ | Aug '23 | Finance |
| SR22 | Negative impact of Brexit | CFO DCS | 3 | 3 | 9 | ↔ | Aug '23 | Finance |
| SR23 | Failure to secure a sustainable model/level of Regional funding | CFO | 4 | 3 | 12 | ↔ | Aug '23 | Finance |
| SR24 | Failure to secure sufficient capital investment | CFO | 3 | 4 | 12 | ↔ | Aug '23 | Finance |
| SR25 | Failure to manage acute threats relating to the Coronavirus outbreak | Pr DPr | 4 | 2 | 8 | ↘ | Aug '23 | Conveners' |
| SR26 | Failure to prepare and respond to emerging public health incidents and crises | DPr | 5 | 2 | 10 | ↗ | Aug '23 | Conveners' |

## Impact and Probability Criteria

| Score | Impact | Probability |
|---|---|---|
| 1 | **Insignificant:** the risk has minimal to no effect on the College's operations, objectives, reputation, stakeholders or financial sustainability. | **Highly Unlikely:** the likelihood of the risk occurring is minimal. It would be estimated that the risk has a 1-5% chance of happening. |
| 2 | **Minor:** the risk may cause slight disruption or impact on the College's operations, objectives, reputation, stakeholders or financial sustainability. | **Unlikely:** the likelihood of the risk occurring is unlikely but still possible. It would be estimated that the risk has a 6-25% chance of happening. |
| 3 | **Moderate:** the risk has a noticeable impact or disruption, affecting the College's operations, objectives, reputation, stakeholders or financial sustainability. | **Possible:** the likelihood of the risk occurring is reasonable. It would be estimated that the risk has a 26-50% chance of happening. |
| 4 | **Major:** the risk has a substantial impact on the College's operations, objectives, reputation, stakeholders or financial sustainability. | **Likely:** the likelihood of the risk occurring is probable. It would be estimated that the risk has a 51-75% chance of happening. |
| 5 | **Critical:** the risk is a severe threat to the College's operations, objectives, reputation, stakeholders or financial sustainability. | **Almost Certain:** the likelihood of the risk occurring is highly likely. It would be estimated that the risk has more than a 75% chance of happening. |

## Key

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| **Pr** | Principal & CEO |
| **DPr** | Depute Principal & COO |
| **CFO** | Chief Financial Officer |
| **VPSE** | Vice Principal Student Experience |
| **VPCDI** | Vice Principal Corporate Development |
| **VPPCS** | Vice Principal People & Corporate Services |
| **CS** | College Secretary |
| **DE** | Director of Excellence |
| **DCS** | Director of Corporate Support |
| **DSE** | Director of Student Experience |
| **DIT** | Director of IT |

↗ New risk or existing risk score has increased since the previous review.

↘ Risk score has decreased since the previous review.

↔ Risk score has not changed since the previous review.

## Risk Matrix



**Low (1-5)** Acceptable level of risk subject to periodic review

**Medium (6-12)** Moderate level of risk subject to regular monitoring and mitigating actions and plans being in place

**High (15-20)** Unacceptable level of risk requiring immediate actions and plans to prevent or mitigate

**Critical (25)** Critical level of risk requiring urgent attention and actions to prevent or mitigate

# Risk Management Action Plans

| | | | The Risk | | Appetite | Tolerance | Net Score | | | | Gross Score | | | Changes | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ID | Risk Title | Owner | Risk/Treatment Description | Developments/Commentary | Appetite | Tolerance | Impact | Prob. | Score | Target | Impact | Prob. | Score | Trend | Updated | History |
| SR9 | Failure to manage performance and achieve improved performance | DE | There is a risk that the College may fail to manage performance effectively, resulting in subpar achievements and the inability to sustain high performance levels across all areas of service delivery.<br><br>To address this risk, the College will implement a revised performance and enhancement process, incorporating Curriculum Planning. Operational Plans, aligned with Balanced Scorecards, will be developed and agreed upon as part of an annual planning framework. Faculty improvement plans will be supported to prioritize addressing underperformance with specific actions. Additionally, robust quality arrangements will be established for both credit-rated activities and overseas centers to ensure overall performance improvement and sustainability. | Aug '23: The Board can be reassurred by the College's recent performance in external audits, for example Education Scotland and retaining both its BSI and Customer Service Excellence certification, and student satisfaction levels are high. There are, though, new challenges to address.<br>The most material of these is the likely impact of industrial action on resulting and the completion of student outcomes, which may impact on our end of year performance reporting to the SFC as well as leaver destination outcomes in future years. This year also sees continued, albeit reducing levels of high withdrawal, including early withdrawal with the continued loss of SFC funding.<br>We also note the need to complete approval for the continuation of MCA registered training programnmes. | Low | Low | 5 | 2 | 10 | 5 | 5 | 4 | 20 | ↔ | Aug '23 | Aug '23: Edited for transfer to new MAP.<br><br>Jan '23: Risks merged and score set to 10. |
| SR12 | Negative impact of statutory compliance failure | CS | There is a risk of negative consequences resulting from failures to comply with statutory legislation and regulations, potentially leading to a negative impact on staff/students, legal action, reputational damage, and financial implications.<br><br>To treat this risk, the College expects robust policies, procedures and training to be in place to support staff meet the College's statutory obligations, with key staff (e.g. health and safety, HR, finance, procurement, DPO and senior managers) able to advise as appropriate. The College's risk management approach, Assurance Framework, three lines of defence, Compliance Auditor role and regular internal audits are also measures that are in place to treat this risk. | April '23: Fire Safety Officer vacancy filled. | Low | Low | 5 | 2 | 10 | 5 | 5 | 5 | 25 | ↔ | Aug '23 | Aug '23: Edited for transfer to new MAP. |

| ID | Risk Title | Owner | Risk/Treatment Description | Developments/Commentary | Appetite | Tolerance | Impact | Prob. | Score | Target | Impact | Prob. | Score | Trend | Updated | History |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SR13 | Failure of compliance with Environmental Social and Governance (ESG) duties | DPr CS | There is a risk that the College may not comply with ESG principles, encompassing carbon reduction, inclusivity and ethical governance. This could result in financial penalties, legal action, reputational damage, and loss of stakeholder trust, impacting staff, students, and the environment.<br><br>To treat this risk, ESG principles are reflected in the College's Strategic Plan and are also linked to the existing compliance (SR12) and corporate governance (SR15) entries on the Strategic Risk Register. The College's commitment to environmental sustainability is also outlined in the Sustainability Strategy, which includes aims to reduce emissions of all greenhouse gasses by 75% by 2030 and cut carbon emissions by 60% against 1990 baseline data by AY 2023/24. | Aug '23: The College is actively expanding its scope 3 emissions measurement, aiming to finalize a baseline by 2024/25. The estimated 2015/16 baseline of 5909tCO2e decreased to 3939tCO2e by 2020-21 but rose to 4881tCO2e in 2021-22 due to expanded scope 3 measurement. Establishing a 1990 baseline remains challenging due to 4 legacy colleges having 15 buildings over 9 sites at that time. From 2015/16 to 2020-21, emissions were reduced by 33%. To reach the net-zero 2040 target, comprehensive measurement of scope 1, 2, and 3 emissions is crucial. The College is confident that working backwards through interim targets, that these have been achieved taking into consideration achievements to date. | Low | Low | 5 | 1 | 5 | 5 | 5 | 5 | 25 | ↔ | Aug '23 | Aug '23: Edited for transfer to new MAP.<br><br>Jan '23: New risk added and score set to 5. |
| SR14 | Failure of compliance with the General Data Protection Regulations (GDPR) | DPr | There is a risk that the College may fail to comply with GDPR, which was introduced in May 2018. Non-compliance could result in substantial fines, increased potential for private claims from individuals, and reputational damage among external stakeholders, staff, and students.<br><br>To treat this risk, the College initiated a comprehensive implementation project and a tailored training programme for staff to raise awareness of responsibilities and ensure compliance. Thorntons have also been appointed to provide the College's Data Protection Officer (DPO). The DPO manages the day-to-day data protection function and progresses work on the College's compliance against the ICO framework and data protection legislation. | Aug '23: The DPO continues to work with Directorates and Faculties to progresscompilation of  RoPAs (Records of Processing Activity) in each area of the College.  Morgan O'Neill will be undertaking a further push to complete this work and ensure the College is compliant with the requirements of the GDPR and associated legislation.<br><br>Jan '23: Since the last update progress has been made in respect of data mapping and record keeping and training and awareness. | Low | Low | 4 | 2 | 8 | 5 | 5 | 5 | 25 | ↔ | Aug '23 | Aug '23: Edited for transfer to new MAP.<br><br>May '21: Score decreased from 12 to 8. |

| ID | Risk Title | Owner | Risk/Treatment Description | Developments/Commentary | Appetite | Tolerance | Impact | Prob. | Score | Target | Impact | Prob. | Score | Trend | Updated | History |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SR15 | Failure of corporate governance | Pr CS | There is a risk of a corporate governance failure due to potential breaches of the Standing Orders, Scheme of Delegation, Code of Conduct, Code of Good Governance, Financial Memorandum and other relevant legislation, regulations and duties. This can result from lapses policy and procedure compliance and breakdowns in relationships within the Board and with the ELT/SMT.<br><br>To treat this risk, the College will maintain and monitor sound governance procedures. CS in place to support and advise the Board, overseeing regular meetings of the Board and its committees, annual Board self-evaluation, triennial external review and Board Development Plan. Other measures include the Audit & Assurance Committee, the role of Senior Independent Member and | Aug '23: The SFC confirmed to the College that retrospective approval has been granted.<br><br>June '23: Internal audit report considered by the Audit & Assurance Committee with Principal and VPCDI. All recommendations accepted. Principal wrote to the SFC to notify of all breaches to Financial Memorandum and to seek retrospective approval.<br><br>April '23: The SFC notified the College of a recent non-competitive procurement breach. The Principal informed relevant committees and internal auditors, who will investigate and report. Henderson Loggie will coordinate with the Audit Convener and present findings. | Low | Low | 5 | 1 | 5 | 5 | 5 | 5 | 25 | ↘ | Aug '23 | Aug '23: Edited for transfer to new MAP.<br><br>April '23: Score increased from 5 to 10. |
| SR16 | Failure of business continuity | CS | There is a risk of a failure of business continuity at the College as a result of potential disruption or breakdown in the essential operations and functions due to unexpected events or crises. This includes, but is not limited to, natural disasters, technological failures, cyberattacks, supply chain disruptions, or public health emergencies.<br><br>To mitigate this risk, the College has an Incident Management Plan and 16 Business Recovery Plans in place to ensure the College's readiness to effectively respond to unforeseen events and maintain its operations with minimal disruption. | Aug '23: The College is currently considering the testing of our business continuity and recovery preparedness, in addition to business-as-usual activity and administration.<br><br>June '22: Internal audit report on business continuity graded 'good', the highest level attainable. | Low | Low | 4 | 3 | 12 | 4 | 5 | 5 | 25 | ↔ | Aug '23 | Aug '23: Edited for transfer to new MAP. |