

**Glasgow Clyde College**

**Corporate Planning**

**Internal Audit Report No: 2017/06**

**Draft Issued: 12 May 2017**

**Final Issued: 24 May 2017**

**LEVEL OF ASSURANCE**

**Satisfactory**

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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:

<b>Good</b>	System meets control objectives.
<b>Satisfactory</b>	System meets control objectives with some weaknesses present.
<b>Requires improvement</b>	System has weaknesses that could prevent it achieving control objectives.
<b>Unacceptable</b>	System cannot meet control objectives.

### Action Grades

<b>Priority 1</b>	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit Committee.
<b>Priority 2</b>	Issue subjecting the College to significant risk and which should be addressed by management.
<b>Priority 3</b>	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

## 1. Overall Level of Assurance

**Satisfactory**

System meets control objectives with some weaknesses present.

## 2. Risk Assessment

This review focused on the controls in place to mitigate the following risk on Glasgow Clyde College's (the College's) Risk Register:

- Failure to achieve contracted overall teaching delivery targets for any key partner (SFC/SDS/ESF) (risk ranking: red);
- Failure to achieve surplus targets for non-SFC/ commercial activity (risk ranking: red); and
- Failure of College operational processes/ systems /ICT infrastructure (including risk of fraud) (risk ranking: red).

## 3. Background

As part of the Internal Audit programme at the College for 2016/17 we reviewed the systems and key internal controls in place in the College in relation to corporate planning. Our Audit Needs Assessment, completed in March 2016, 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, as part of the Glasgow Region, is covered by the Glasgow Regional Outcome Agreement (ROA), and related Glasgow Colleges' Regional Board (GCRB) documents, which give significant strategic direction for the College's curriculum and estates changes.

The Board is responsible for the educational character, management and financial health of the College, having particular concern for the development and pursuit of the medium to long-term aims and objectives. To this end, the Board is responsible for the approval of the College's strategic plan. The College undertook a comprehensive exercise in 2016 to review and revamp the existing strategic plan and the finalised four-year strategic plan, which is called the 'Development Plan 2016-2020', was launched to staff in August 2016.

Underpinning the Development Plan is a suite of 10 strategies: Access and Inclusion; Commercial; Digital (including ICT); Estates; Financial Sustainability; Learning and Teaching; Marketing; Partnership; People; and Procurement. Each of these is supported in their implementation through a Strategy Action Plan.

There is an annual planning cycle which requires each Faculty and Unit to complete a planning document; meet with the Executive Management Team to discuss their plans for the forthcoming year; and discuss resourcing requirements. There is a process for ICT, estates and room re-allocations requests to be made, appraised and approved.

### 3. Background (Continued)

Each Faculty and Unit is required to have an Operational Plan, setting out detailed tasks to be undertaken in 2016/17 with responsible staff or groups of staff assigned to each task.

### 4. Scope, Objectives and Overall Findings

The scope of this audit was to consider whether the College's planning process was working effectively, particularly in relation to the creation of the College Development Plan 2016-2020 and to examine the linkages between the Regional Outcome Agreement, the Development Plan, the underpinning strategies and the detailed Faculty and Unit Operational Plans.

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

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

Objective	Findings			Actions already planned	
	1	2	3		
<b>The specific objectives of the audit were to obtain reasonable assurance that:</b>	<b>No. of Agreed Actions</b>				
1. The corporate planning process was adequately planned and challenged for robustness.	<b>Good</b>	0	0	0	
2. Linkages between the Development Plan, the Regional Outcome Agreement and operational plans are clearly defined and communicated.	<b>Satisfactory</b>	0	0	1	✓
3. Operational plans are robust and include detailed prioritised action plans.	<b>Requires Improvement</b>	0	1	0	✓
4. The Development Plan, Regional Outcome Agreement and operational plans are being appropriately monitored and controlled, including through the use of key performance indicators.	<b>Requires Improvement</b>	0	1	0	✓
5. There is effective linkage between planning and budgeting at all levels.	<b>Satisfactory</b>	0	0	1	
<b>Overall Level of Assurance</b>	<b>Satisfactory</b>	<b>0</b>	<b>2</b>	<b>2</b>	System meets control objectives with some weaknesses present

## 5. Audit Approach

Through discussions with key staff we documented the planning process adopted by the College, covering the setting of aims and objectives; operational planning; budgeting; implementation; monitoring and control.

A sample of the operational plans were obtained and reviewed to ensure there were clear linkages to the Regional Outcome Agreement, the Development Plan and the key strategies relating to the core activities of the College.

## 6. Summary of Main Findings

### **Strengths**

- The creation of the Development Plan involved: consultation with staff and senior management; review and approval by the Board; and launching to staff at an all staff event;
- The College has 10 strategies to support the Development Plan and there are Strategy Action Plans that support implementation of these;
- There is a standard template for completion of Faculty and Unit Operational Plans that have links into the Development Plan and ROA; and
- There are processes in place to identify the resource requirements of planned activities and to consider, during the budgeting process, whether there are adequate resources to undertake these.

### **Weaknesses**

- The linkage between the Strategy Action Plans and Operational Plans has not been explicitly clarified;
- There is scope for improving the content of the Operational Plans to ensure that these are more robust, including ensuring all planned actions are SMART (Specific, Measurable, Achievable, Relevant and Time-bound) and key activities have been prioritised;
- There is currently no formal framework in place for independently monitoring progress made against the Strategy Action Plans and Operational Plans; and
- The information initially received to allow the Executive Management Team to prioritise and approve requests for ICT, Estates and room re-allocations was not always adequate for these purposes and therefore further information had to be requested.

## 7. Acknowledgements

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

## 8. Findings and Action Plan

### **Objective 1: The corporate planning process was adequately planned and challenged for robustness.**

The process for developing the Development Plan 2016-2020 was discussed and agreed by the Senior Management Team in late 2015. A Senior Management Team away day was held to discuss the question 'Who do we think we are?' and included brainstorming and consideration of the College priorities and strengths. Following this away day, there were various sessions held on different College campuses which gave staff the opportunity to provide feedback on the initial ideas and to give their own thoughts on what should be included in the Development Plan. Brian Hughes, the Vice Principal, Curriculum and External Relations at that time, researched other strategic plan formats and based on feedback from staff it was agreed that a more succinct, accessible and user-friendly strategic plan would be drawn up, and that this would be called a Development Plan, a term which staff could more easily relate to rather than using the term 'strategic' or 'corporate' plan.

Following the agreed process, various iterations of the Development Plan were prepared which staff and Senior Management Team members had the opportunity to provide feedback on. An update on progress and a timetable for the completion of the Development Plan was provided to the Board on 23 March 2016 and the Board reviewed and approved the final Development Plan on 22 June 2016.

Based on the process described above we consider that the planning process to create the Development Plan was adequately planned and challenged for robustness.

We reviewed the College's Development Plan against the strategic plans of other colleges and also against our good practice checklist and noted no areas for improvement.

**Objective 2: Linkages between the Development Plan, the Regional Outcome Agreement and operational plans are clearly defined and communicated.**

### **Linkages**

The preparation of the ROA took into account a number of important factors including: Scottish Government and SFC national priorities; the Glasgow Region Curriculum and Estates Plan 2015 – 2020; the views of stakeholders; and the needs of employers and people in the Glasgow region. As the process to prepare the ROA had already been undertaken this information was not revisited when preparing the Development Plan, which was considered reasonable.

There is no explicit formal link between the ROA and the Development Plan, however there are indirect linkages which demonstrate alignment and these informal linkages are considered reasonable.

The College Strategies and Strategy Action Plans are not formally cross-referred to the Development Plan, but as they all support the goals and objectives set out in the Development Plan there is an informal link and this is considered reasonable.

The Operational Plans are formally linked to both the ROA and Development Plan via the Operational Plan template.

### **Communication**

We note that there has been communication of the various planning documents as follows:

- Staff should be aware of the existence of the ROA given its importance and the ROA is referred to in the Development Plan. Key targets from the ROA should be embedded into other processes, such as curriculum planning within the College;
- the Development Plan was launched at an all staff event in August 2016 to raise awareness, and hard copies have been provided to managers. Staff can also access the Development Plan through the College website;
- The strategies are available on the intranet and staff who have responsibilities for items on the Strategy Action Plans will be aware of their responsibilities;
- Operational Plans should be made known to managers in each Faculty or Unit, and managers should advise their staff of any responsibilities they have for individual Operational Plan actions.

**Objective 2: Linkages between the Development Plan, the Regional Outcome Agreement and operational plans are clearly defined and communicated (continued).**

Observation	Risk	Recommendation	Management Response	
<p><b>Linkages</b> We noted that the link between items on the Strategy Action Plans and actions on Operational Plans is not clearly defined. There would be benefit in documenting whether actions to be delivered to implement Strategy Action Plan items should be included in Faculty and Unit Operational Plans, or whether these should be detailed solely within the Strategy Action Plans.</p>	<p>Managers may not be clear on the relationship between Strategy Action Plans and Operational Plans.</p>	<p><b>R1</b> Consider how the actions on the Strategy Action Plans should link with the Operational Plans and communicate the outcome of these considerations to all relevant staff.</p>	<p>SMT will review the linkages between the Strategy Action Plans and the Operational Plans to assess how operational plans actions are tied to the Strategy Action Plans.</p> <p><b>To be actioned by:</b> Vice Principal Resources and College Development</p> <p><b>No later than:</b> October 2017</p>	
			<p><b>Grade</b></p>	<p><b>3</b></p>



### Objective 3: Operational plans are robust and include detailed prioritised action plans.

#### Operational Plans

A standard Operational Plan template was developed which includes columns for: actions; links from actions to the ROA, Development Plan, Risk Register, KPIs and equality outcomes; responsible person/people/group/groups; due date; progress; and completion status. We reviewed this template and considered that it was in line with good practice for operational plans.

Faculty and Unit Operational Plans were populated by Assistant Principals and Unit Heads. Assistant Principals reviewed the Operational Plans prepared by Unit Heads, but we note that there was no similar independent review of Faculty Operational Plans (refer to **R3** under Objective 4 below). We noted that some Unit Operational Plans are still being developed, such as in ICT and Estates, however as work is still ongoing on these unit operational plans no recommendation has been raised.

There was no formal prioritisation of actions on the Operational Plans, however from our discussions with a range of managers we were advised that they were aware of priority actions and that their level of oversight and monitoring of progress was focused around these priorities. This relatively informal method of prioritisation was considered reasonable.

We obtained copies of a sample of Faculty and Unit Plans and reviewed these to ensure that they were sufficiently robust. From our review of these Operational Plans we noted that:

- Objectives were not always SMART (Specific, Measurable, Achievable, Relevant and Time-Bound). This included: some objectives which were not specific or measurable (such as stating 'increase' but not stating by how much); some which were not time-bound (such as having no target completion date or stating 'ongoing'); and some objectives that did not appear particularly relevant for that specific Faculty or Unit;
- Sometimes multiple staff, or multiple groups of staff, were assigned to an objective, whereas good practice is that one staff member (or staff level) is assigned responsibility (or where there is more than one person / level responsible then the respective areas of responsibility of each are set out) and that this is delegated downwards to the staff level or staff member who is best in the position to implement the objective rather than having all activities allocated to one manager;
- There was not always formal evidence of monitoring (refer to **R3** under Objective 4 below). We noted few Operational Plans made use of RAG (Red, Amber, Green) progress reporting, and some monitoring contained detailed progress notes whilst others did not. It would be useful to have RAG reporting and columns for quarterly (or more frequent) updates as well;
- Some Operational Plans contained a significant proportion of 'business as usual' activities, or contained items which the Faculty or Unit had involvement in but which another area was responsible for delivering. In some cases this was because staff felt that they should have an action against each Development Plan objective. Consideration should be given to only including very important or high risk 'business as usual' items in Operational Plans. This would allow a focus on actions to deliver Development Plan objectives which are more related to specific initiatives. This will assist managers to monitor progress against priority areas as there will be fewer areas to monitor;
- For larger activities, it was not straightforward to identify whether progress was being made in line with expectation as there were no milestones set out to compare progress against. In such cases, it may be useful for larger actions to have bullet points under them setting out proposed quarterly progress;

### Objective 3: Operational plans are robust and include detailed prioritised action plans (Continued)

#### Operational Plans (Continued)

- Most of the Operational Plans did not have links to KPIs, however we note that the KPIs on the balanced scorecard have still to be finalised (refer Objective 4);
- The Operational Plan template did not contain a section for describing when the Operational Plan should be reviewed (dates or frequency) and who is responsible for carrying out this review. In addition, the template does not contain any fields for staff to record the dates of reviews undertaken and who completed the review;
- The ICT Operational Plan contained a list of ICT projects and the format of this did not facilitate monitoring of performance. It may be advisable to change the format of the ICT Operational Plan to enable future monitoring to be undertaken more readily; and
- Consideration should be given to highlighting higher priority items in Operational Plans to allow more focussed monitoring going forward.

#### Strategy Action Plans

We reviewed the Strategy Action Plans and identified some similar weaknesses to those noted in relation to the Operational Plans (see above). In particular, the Partnerships Strategy Action Plan did not contain target implementation dates and for all Strategy Action Plans most actions were allocated to groups rather than individuals, and not all the latest versions of the Strategy Action Plans were available on the intranet (covered by **R3** in Objective 4 below).

Observation	Risk	Recommendation	Management Response
<p>As set out above there were some weaknesses noted in Operational Plans and Strategy Action Plans and we consider these could be made more robust by implementing the following:</p> <ul style="list-style-type: none"> <li>• Ensuring that all Operational Plans are reviewed by someone independent of the preparer to ensure that these have been fully and appropriately completed (including containing SMART objectives), prioritised ('business as usual' split out) and succinct;</li> <li>• Provide refresher training to staff on how to complete Operational Plans and write SMART objectives and where there is more than one staff member responsible then it should be clear as to what each staff member is responsible for;</li> <li>• Initiatives and priorities should be highlighted;</li> </ul> <p>(Continued on next page)</p>	<p>If Operational Plans are not fully completed or do not have SMART objectives this could lead to inadequate monitoring and slippage.</p>	<p><b>R2</b> Consider the points raised in this internal audit report and implement these as considered appropriate for the College.</p>	<p>As per response to recommendation above the College will review the Operational Plan process and part of this review will ensure that targets are both prioritised and SMART. Also, will consider option of training. Monitoring of targets will take place quarterly at SMT.</p>

**Objective 3: Operational plans are robust and include detailed prioritised action plans (Continued)**

Observation	Risk	Recommendation	Management Response	
<p>(Continued)</p> <ul style="list-style-type: none"> <li>• Separate actions relating to one Development Plan objective should be included on separate lines or as separate bullet points;</li> <li>• If managers wish to include ‘business as usual’ and ‘aide memoire’ type activities in their Operational Plans these should be included at the bottom of the Operational Plan;</li> <li>• Information to be provided to measure progress and performance should be detailed in the Operational Plans, along with where this performance information is to be stored (such as a hyperlink to the location);</li> <li>• Consideration should be given to whether a more formal monitoring of progress should be periodically documented on the Operational Plans, including whether to use a RAG (Red, Amber, Green) scoring system; and</li> <li>• For larger activities on the Operational Plans or Strategy Action Plans which don’t have their own project management progress tracking mechanisms consideration should be given to having brief bullet point (quarterly) milestones for these activities to facilitate progress monitoring during the year.</li> </ul>	See above	See above	<p><b>To be actioned by:</b> Vice Principal Resources and College Development and Vice Principal Curriculum and External Relations</p> <p><b>No later than:</b> October 2017</p>	
			<b>Grade</b>	<b>2</b>

**Objective 4: The Development Plan, Regional Outcome Agreement and operational plans are being appropriately monitored and controlled, including through the use of key performance indicators.**

The ROA is centrally monitored with information being required to be submitted to the GCRB on a regular basis, and the GCRB Performance and Resource Committee have a role in monitoring ROA performance. The Board receives a ROA self-evaluation report annually from management, the last of which was provided on 26 October 2016. If there are any significant matters regarding underperformance against ROA targets then this should be reported to the Board. Key performance indicators are included in the ROA and these are reported on, with most of these indicators being provided from the College's student records system.

A balanced scorecard has been prepared to provide information on a range of performance measures. This was reviewed at the Board's March 2017 meeting and it was agreed that the measures on this will be reviewed in more detail at a Board away day to be held later in 2017. As action is being undertaken in this area no recommendation has been raised.

The College has a Faculty and Unit self-evaluation process which feeds into the curriculum and corporate planning cycles.

Observation	Risk	Recommendation	Management Response	
<p>Progress against the Development Plan is measured through achievement of the Operational Plans and Strategy Action Plans.</p> <p>Operational Plan progress is to be reviewed by Assistant Principals and Unit Heads through regular one-to-one meetings with their staff and managers, and often through ongoing informal updates. The Operational Plans and Strategy Action Plans are not formally required to be reviewed by anyone other than the responsible managers, and progress against these is not reported to the Board.</p> <p>Copies of Operational Plans are held in different locations on the College's computer network (rather than centrally), with the Strategy Action Plans all being stored in one place on the intranet. We noted that the latest copies of the Strategy Action Plans were not all available on the intranet at the time of our audit.</p>	<p>There may be insufficient monitoring of progress against Operational Plans and Strategy Action Plan action points which could lead to slippage.</p>	<p><b>R3</b> An approach should be considered and agreed for reviewing Operational Plans and Strategy Action Plans, both initially when they are prepared (to ensure robustness) and also during the year (for independent monitoring of progress). To ensure that there can be independent monitoring the Operational Plans and Strategy Action Plans should all be stored in a central electronic location (on the network or on SharePoint).</p>	<p>See above management response for monitoring process. Central electronic storage location will be established.</p> <p><b>To be actioned by:</b> Vice Principal Resources and College Development</p> <p><b>No later than:</b> June 2017 for central storage / October 2017 for monitoring process at SMT.</p>	
			<b>Grade</b>	<b>2</b>

**Objective 5: There is effective linkage between planning and budgeting at all levels.**

The annual planning process commences with the requirement for Assistant Principals to complete a Planning Template, which includes sections for: an update on developments from the current year; a broad overview of current activities; priority developments for the next academic year; staffing issues; ICT resource requirements; Estates requirements; equipment / resource requirements; requirements for interfaces with other areas (Faculty↔Support, Faculty↔Faculty and Support↔Support); budget position (overview and pressures); and income generation opportunities. The Assistant Principals, together with relevant Unit Heads, then meet with the Executive Management Team, with a shared key objective to understand the priorities for the forthcoming year for each Unit or Faculty, and to identify the support that the College must provide in order to achieve those priorities.

An analysis of academic staff requirements is completed based on the approved curriculum and the permanent and temporary staff requirements are identified and costed. Requests for additional support staff are made as part of the Planning Template and these are considered by the EMT, taking into account available funding, before a decision is made on whether to allocate resource to meet the request.

The budget setting process considers non-staffing costs and costs from projects and also developmental initiatives that academic or support staff may wish to undertake.

There is an annual process whereby staff can submit bids for a share of earmarked ICT and Estates funds. In 2016/17 a spreadsheet was issued to each Unit and Faculty and staff were required to populate this spreadsheet with any ICT, Estates and room re-allocation requests. The responses from each Unit and Faculty were centrally collated and the Executive Management Team then prioritised these responses before approving or rejecting them. For Estates requests, there was a further step whereby provisionally accepted requests were costed prior to final decisions being made based on the available capital budget.

**Objective 5: There is effective linkage between planning and budgeting at all levels (Continued).**

Observation	Risk	Recommendation	Management Response		
<p>We noted that not all the Estates, ICT and room re-allocation requests initially had sufficient information provided to enable the Executive Management Team to make an informed decision and therefore further information had to be requested. For larger requests, it may be useful for a short business case form to be completed giving justification for the identified need, details of the benefits, and consideration of options, costs and risks relating to the request.</p>	<p>Estates, ICT and room re-allocation requests may not be appropriately prioritised or appraised if there is insufficient information provided regarding these.</p>	<p><b>R4</b> Review the information required for Estates, ICT and room re-allocation requests. This may include: providing a spreadsheet for smaller requests with an exemplar at the top to give guidance to those filling it out as to the level of detail to be provided; and the requirement for more detailed business cases for requests with a value above a pre-agreed threshold.</p>	<p>Exemplar line will be completed on spreadsheet. Do not agree with the part of the recommendation on producing a business case document as the proposals can be complex and can involve more than one area hence the spreadsheet is a starter and requests really need fully discussed.</p> <p><b>Auditor comment –</b> management response accepted on the basis that this has been considered.</p> <p><b>To be actioned by:</b> VP Resources and College Development</p> <p><b>No later than:</b> November 2017 for exemplar for next planning process.</p> <table border="1" data-bbox="1742 1252 2163 1356"> <tr> <td data-bbox="1742 1252 1955 1356"><b>Grade</b></td> <td data-bbox="1955 1252 2163 1356"><b>3</b></td> </tr> </table>	<b>Grade</b>	<b>3</b>
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