

**NOTES OF THE ELEVENTH MEETING OF THE AUDIT COMMITTEE
HELD ON 28 SEPTEMBER 2016, 2.30PM, THE BOARDROOM, LANGSIDE
CAMPUS**

PRESENT:

Michael Yuille	Committee Chair
David Watt	Independent Board Member
Keith Rosser	Independent Board Member
Clare Walker	Support Staff Board Member

IN ATTENDANCE:

Eleanor Harris	Depute Principal
Janet Thomson	Vice Principal Resources & College Development
Tracy Elliott	Assistant Principal - Finance & Infrastructure
Ross McLauchlan	Wylie and Bisset
Scott Gillon	Wylie and Bisset
Stuart Inglis	Henderson Loggie
Amparo Fortuny	Student Board Member
Gillian Murray	Clerk to the Board (Minute Taker)

16.31 WELCOME AND APOLOGIES

M Yuille welcomed everyone to the meeting. Apologies were noted from M Ditrichova. A Fortuny was in attendance as an observer.

16.32 DECLARATIONS OF INTEREST

No declarations of interest were received other than S Inglis noting that Henderson Loggie are internal auditors of the Glasgow Colleges Regional Board.

16.33 MINUTES OF MEETING HELD ON 6 JULY 2016

The Minutes were accepted as a true record of events.

16.34 MATTERS ARISING – ACTION GRID

Updates were given on all of the matters arising. All matters had been completed with the exception of the following:-

16.22 – Matters Arising - Risk to be added as a standing agenda item on the monthly management meetings. J Thomson advised that Risk had not been added as a separate Agenda item. Instead,

all papers now contain a 'Risk Analysis' section to ensure that risk is always being considered.

16.28 – Board Policies – the draft fraud and corruption policy was to be split into a policy and a procedure and circulated to the Committee members. J Thomson advised that this would be circulated by email following this meeting of the Committee. The Committee agreed to consider the policy by email and, if agreed, approve its recommendation to the board.

JT

16.35 RISK APPETITE

J Thomson was invited to speak to the report issued with the Agenda.

The College is in the process of considering risk appetite. This is being looked at in the context of the HM Treasury methodology as was discussed at the March meeting of this Committee. The College has now applied the methodology and produced its own assessment of the College's appetite to risk. J Thomson took the Committee through the Risk Appetite noting the various categories and the level of risk applied to each. The College four risk activity areas and assessed its risk appetite to each as follows:-

Strategic and Operational Delivery - Open
Reputation and Credibility - Cautious
Financial/VFM - Cautious
Compliance/Legal/Regulatory – Cautious

Whilst the level of risk in each category varied the overall risk appetite was assessed by the College Senior Management team as 'Cautious'. J Thomson provided some of the background as to how each level had been arrived at and provided some insight as to the Senior Management Team's discussions in making their overall assessment.

Discussions took place around the need to remain flexible in the approach to risk and the Committee agreed that the risk appetite should be reviewed on an annual basis to allow changes in circumstances and therefore risk appetite to be reflected in the overall College risk appetite. M Yuille welcomed this blended approach to risk with each risk activity area being looked at individually.

The Committee acknowledged that the College Risk Appetite was the Risk Appetite of the Board and therefore it would be the Board who ultimately decides on the assessed level of risk. Whatever the Board decides may have an impact on internal audit, for example, if a more cautious approach is taken to risk then further controls may need to be put in place. The Committee agreed that it would be

beneficial for the Board to have a narrative statement on the College risk appetite to be signed off by the board with the methodology underpinning it annexed to the statement.

Having discussed the report, the Committee agreed that a paper should go to the Board recommending the Risk Appetite, providing it with the underlying methodology and setting out a timescale for review.

JT

16.36 RISK REGISTER

16.37 DEPARTMENTAL LEVEL REGISTER

J Thomson was invited to speak to the two reports issued with the Agenda.

J Thomson explained that the Risk Register (now to be known as the Strategic Risk Register) had been updated since the Committee last met. The various changes were outlined to the Committee with reasons given for the changes.

J Thomson introduced the new Departmental Level Risk Register which is in its early stages of development. The Committee had sight of the departmental risk register template. It was explained that the template uses the risks from the College Strategic Risk Register and highlights which areas of the College are responsible for each of these therefore indicating that those risk areas need to be addressed in the relevant departmental risk registers. It was also explained that the template provides a series of standard risks to be considered by all those completing departmental risk registers and includes a column for linking the departmental risk registers to the overall College Strategic Risk Register. The Committee had sight of an example departmental risk register for Finance and Infrastructure.

The Committee discussed the College Strategic Risk Register. Committee members expressed the views that there were too many risks on the Strategic Risk Register which made it difficult to identify the key risks to the College, and that there was a lack of a risk associated with the key business of the College, that being the provision of education. Committee members also pointed out that some of the risks were not in fact risks but were instead consequences of a risk, for example, the failure to achieve financial sustainability is a consequence rather than a risk itself. M Yuille suggested that the risks should be linked with the strategic objectives of the College.

The Committee discussed the Departmental Risk Register. D Watt was of the view that the Strategic Risk Register should largely cover external risks whilst the Departmental Risk Register should mainly cover internal risks and management should have actions in place

to mitigate for those risks. Some discussion took place regarding managing risk at departmental level with the example of students failing to receive their bursary funds due to them having been absent being discussed. Committee members were of the view that not all strategic risks should be mirrored on the departmental risk register and some strategic risks should come off of the strategic register and be put on to the relevant departmental risk register.

D Watt also recommended that the mitigating actions be given more consideration as some of them were simply a duty to report which did not amount to a mitigating action.

Committee members asked for details of the system which is in place for escalating risks. T Elliott advised that a draft potential escalation procedure had been circulated within the Senior Management Team. Details of this are to be shared with the Committee. TE

Overall the Committee thought that the framework for capturing risk was good and acknowledged that further work would be done to the Strategic Risk Register and the Departmental Risk Registers. JT

16.38 INTERNAL AUDIT REPORT – FOLLOW UP REVIEW

S Inglis was invited to speak to the Report issued with the Agenda. S Inglis advised that the Report outlined the recommendations previously made in reports and provides an update on the progress of their implementation. Of the 29 recommendations as reviewed, 25 have been fully implemented. Management responses in the report show that the remaining four recommendations have implementation dates in the near future.

16.39 ANNUAL INTERNAL AUDIT REPORT 2015/16

S Inglis introduced the Internal Audit Report 2015/16 which would be submitted to the Scottish Funding Council to provide a summary of the internal audit work for the year and their overall audit opinion. S Inglis noted that good progress was being made by the College with all systems assessed as either 'Good' or 'Satisfactory'. One of the areas identified for further action was Risk Management and progress is already being made in this area.

16.40 INTERNAL AUDIT PLAN 2016/17

S Inglis was invited to speak to the Internal Audit Plan 2016/17. S Inglis explained that the draft Internal Audit Plan had been presented to the Committee in July. Following discussions by that Committee it was agreed that the ICT Audit would be brought forward. This Plan reflects that and, as a consequence, the Publicity and Communications Audit was now scheduled for 2017/18.

Following questions by the new members of the Committee, discussions took place around the reasons for prioritising ICT Audits. S Inglis provided an explanation as to how the Audit Plan had been prepared. M Yuille summarised the discussions that had taken place at the July meeting regarding the importance of cyber security and his own belief that this was a critical issue for organisations. It was explained that the decision to move the Publicity and Communications Audit into 2017/18 was partly due to a new firm having been awarded the tender for Public Relations recently and so it was thought to be beneficial to allow them time to begin working with the College before carrying out an Audit.

As he was a new member of the Committee D Watt indicated that he had not yet had sight of the Audit Needs Assessment carried out in March and it was agreed that this would be circulated to new members. GM

Discussions took place around the Scope of Works for the Internal Audit Plan. D Watt suggested that the Scope of the Staff Development Plan include seeking evidence of staff members' complying with policies. In the Space Management Plan, D Watt suggested that there be an explicit statement acknowledging that there are three campuses which will be looked at. SI SI

The Committee approved the Internal Audit Plan for 2016/17 and noted that the scope of each of the works would be finalised prior to each audit.

16.41 INTERNAL AND EXTERNAL AUDIT ROLLING ACTION PLAN

J Thomson was invited to speak to the Report issued with the Agenda.

J Thomson explained, for the benefit of new members of the Committee, that the Report is provided to each meeting of the committee to update on the implementation status of previous internal and external audit recommendations which have not already been reported as fully implemented. The purpose of this report is to ensure that all recommendations are followed through to full implementation.

J Thomson explained that the Report details 6 recommendations which are not yet fully implemented, and 18 which are fully implemented.

The Committee noted the updated report.

16.42 AUDIT SCOTLAND REPORT

J Thomson introduced the Audit Scotland Colleges Overview 2014/15 Report and highlighted the relevant sections for the Audit Committee to discuss, being parts 3 and 4 of the Report, specifically:-

- Long Term Financial Planning
- Compliance with the Code of Good Governance (see item 16.44 below)
- Transparency of Board Activity

The Committee discussed the need to have long term financial planning in place despite not having long term information on funding. The Committee agreed that long term financial planning is difficult but that this should be done for a five year period based on a set of assumptions. T Elliott advised that the longer term financial position is already being considered internally by College Management and financial forecasting was being done for a three year period for the Scottish Funding Council in the Financial Forecast Return which could be extended to a five year period for consideration by board members. E Harris advised that work was also being done at a regional level. M Yuille recommended that the board have a session on financial scenario planning where they are given a five year forecast based on assumptions and they get the opportunity to debate the assumptions. The Committee agreed that a recommendation would be made to the board to have an away day focussing on financial scenario planning.

JT

Discussions took place around the proposal in the Report that Colleges publish Minutes, Agendas and Reports. It was noted that the College currently publishes all Minutes and Agendas for board and committee meetings but does not publish Reports. The Committee considered whether or not Reports should be published with some members expressing concern about how this might impact on the detail provided in some reports. G Murray advised that she would take this matter forward and make a recommendation to the Board.

GM

M Yuille queried whether the Board Secretary was receiving sufficient support in both resources and networking opportunities as highlighted as a requirement in the Report. G Murray confirmed that discussions had taken place with E Harris to ensure support was in place.

16.43 ICT NETWORK PENETRATION TESTING

The committee had received a copy of the ICT Network Penetration Testing Update with the papers which was noted. D Watt questioned if the College had an Information Asset Register and associated policy. E Harris advised that she would look into this and report back.

EH

16.44 COMPLIANCE WITH THE CODE OF GOOD GOVERNANCE

The Committee had been provided with a Schedule detailing how the Audit Committee complied with the Code of Good Governance. The Committee discussed Item C.13 being the requirement that the Audit Committee support the board and the Principal by reviewing the comprehensiveness, reliability and integrity of assurances including the body's governance, risk management and internal control framework.

J Thomson advised that a new process was being put in place where Assistant Principals would sign off an assurance for their area, in line with the Scottish Government guidance on Certificates of Assurances. To date the College Certificate of Assurance had been signed off by the Principal and returned to the Scottish Funding Council.

D Watt asked that a Self-Assessment of the Audit Committee be carried out within the next year, allowing some time for the new Committee to work together.

GM

The Committee was satisfied that it was complying with the Code of Good Governance.

16.45 ANY OTHER BUSINESS

There were no other items of business. M Yuille took the opportunity to thank the College for their assistance during his time as Chair. E Harris reciprocated the thanks on behalf of the College.

16.46 EQUALITY IMPACT OF DECISIONS MADE

None

16.47 REVIEW OF PAPERS

The Committee thanked those who had provided papers for the meeting.

DATE OF NEXT MEETING

Wednesday 7 December 2016 at 4.30pm, the Boardroom at Langside.