GLASGOW CLYDE
COLLEGE

AUDIT
COMMITTEE

Wednesday 21 February 2018
Seminar R4, Cardonald Campus

GLASGOW CLYDE COLLEGE

AUDIT COMMITTEE

The Seventeenth meeting of the Audit Committee will be held on Wednesday 21 February 2018 at 4.30pm in Seminar R4, Cardonald Campus.

A G E N D A

18.01	Welcome and Apologies		D Watt
18.02	Declarations of Interests		D Watt

Minutes of Previous Meeting

18.03	Minutes of the Audit Committee meeting of 22.11.17	P	D Watt
18.04	Matters Arising – Action Grid	P	D Watt

Items for Discussion/Decision

18.05	Remit of Committee	P	D Watt/J Thomson
18.06	Internal Audit Reports - Data Protection Review (Part 1) - To Follow	P	Henderson Loggie
18.07	Internal Audit Final Annual Plan 2017/18	P	Henderson Loggie
18.08	Update on General Data Protection Regulations	P	J Thomson
18.09	Update on Cyber Resilience	P	J Thomson
18.10	College Strategic Risk Register	P	J Thomson

Items for Information/Noting

18.11	Internal and External Audit Rolling Action Plan	P	T Elliott

Continual Improvement

18.12	Equalities Impact Assessment on Decisions Made		D Watt
18.13	Review of Papers (including Disclosable status)		D Watt
18.14	Any Other Business		D Watt

Date of the next meeting: 4.30pm on Wednesday 23rd May, Seminar Room 4, Cardonald Campus

NOTES OF THE SIXTEENTH MEETING OF THE AUDIT COMMITTEE HELD ON 22 NOVEMBER 2017, 4.30PM, THE BOARDROOM, LANGSIDE CAMPUS

PRESENT:

David Watt   Committee Chair
Clare Walker   Committee Member
Keith Rosser   Committee Member
David Perez   Committee Member

IN ATTENDANCE:

Jon Vincent   Principal
Janet Thomson   Vice Principal Resources & College Development
Tracy Elliott   Assistant Principal – Finance & Infrastructure
S Inglis   Henderson Loggie
Gary Devlin   Scott Moncrieff
Gillian Murray   Clerk to the Board (Minute Taker)

17.45 WELCOME AND APOLOGIES
D Watt welcomed everyone to the meeting. D Perez was not present at the start of the meeting but had advised he would arrive late.

17.46 DECLARATIONS OF INTEREST
S Inglis informed the Committee that Henderson Loggie are also internal auditors of the Glasgow Colleges Regional Board.

There were no other declarations of interest.

17.47 MINUTES OF MEETING HELD ON 27 SEPTEMBER 2017
The Minutes were accepted as a true record of events.

17.48 MATTERS ARISING – ACTION GRID
Progress on all of the Matters Arising in the Action Grid was noted.

The Committee Chair provided an update on the recent meeting of the Audit Chairs of the three Colleges in the Region with the Audit Chair of the GCRB and the Finance Director of GCRB. The Committee Chair informed the Committee that there would be no consolidation of

accounts across the Region this year. One of the outcomes of the meeting was an agreement that there would be more formal feedback from the GCRB to the Assigned Colleges. GDPR and Cyber Security were also discussed at the meeting.

17.49 DRAFT ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDING 31 JULY 2017

T Elliott was invited to speak to the paper issued with the Agenda. T Elliott presented the Glasgow Clyde College financial statements for the twelve month period ending 31 July 2017. The year-end audit of the draft financial statements had been completed with an unqualified audit opinion having been given.

T Elliott provided an overview of the College's Financial Performance. A new page 50 of the Financial Statements was tabled to substitute the existing page 50. T Elliott explained why there had been a change to the Financial Statements since the Audit papers had been printed. T Elliott highlighted the information pertaining to the Performance Analysis on page 9 of the Statements, explaining that three of the KPIs were below target and detailed analysis was being done to understand the reasons for this. A report will be submitted to Education Scotland with a copy being presented to the Board.　　　TE

T Elliott explained that the section on staffing would now be finalised as the HR Unit have now completed their staffing return and final figures are available.

The Committee Chair took the Committee through the Financial Statements inviting comments and questions. The Committee discussed each section of the Financial Statements in detail with minor recommendations being made in respect of certain wording being used. G Devlin contributed to discussion throughout. The Committee discussed the importance of being able to identify Commercial Income as a separate source of Income.

The Committee Chair asked that a full explanation be provided to the Board as to why the College considered itself to be a 'going concern'. T Elliott agreed to provide a full narrative on this within the cover paper of the Board paper.　　　TE

J Vincent confirmed to the Committee that he was satisfied with the information he had been given and would be in a position to sign the Financial Statements.

Having fully discussed the financial statements the Committee Chair asked the Senior Management Team to consider making the recommended word changes before submitting them to the Board for approval. The Committee Chair also advised that consideration would have to be given to the next Agenda Item (the Draft External Audit Report) before the Committee could agree to recommend the Financial Statements to the Board for signing.

The Committee Chair thanked T Elliott for her presentation.

Having considered the Draft External Audit Report for Year Ending 31 July 2017, the Committee agreed that the Financial Statements should be recommended to the Board for consideration and approval.

17.50 DRAFT EXTERNAL AUDIT REPORT FOR YEAR ENDING 31 JULY 2017

G Devlin was invited to speak to the Report issued with the Agenda. G Devlin advised the Committee that this was a very positive report and that he was satisfied that there were no matters to report by exception - this is an unqualified audit opinion on the 2016/17 financial statements.

G Devlin took the Committee through the Report, including the Draft Letter of Representation. The Committee discussed the Report, asking questions throughout. In response to a question from a Committee Member, G Devlin explained, in relation to paragraph 50, that income had broadly remained the same as the previous year. G Devlin advised that he could consider reporting on diversity of income.

The Committee discussed the Glasgow Clyde Education Foundation and the likelihood of there being increased scrutiny over the spending of Foundation funds.

The Committee discussed Corporate Governance and G Devlin confirmed that the later Corporate Governance Audit Report (Agenda Item 17.53) did not cause any concern and would not give reason to have a qualified statement on Corporate Governance within the Financial Statements.

During discussion on the National Fraud Initiate (paragraph 69), G Devlin confirmed that a paper would be coming to a future meeting of the Committee.   TE/GD

G Devlin took the opportunity to thank the Finance Team for their assistance in conducting the External Audit.

Having discussed the Report, the Committee thanked G Devlin for the Report and thanked the Finance Team for their input. The Committee agreed that the Financial Statements should be recommended to the Board for consideration and approval.

17.51   STUDENT ACTIVITY DATA AUDIT REPORT
S Inglis was invited to speak to the Report issued with the Agenda. S Inglis explained that it is a requirement that an audit of student activity data is completed each year for every college after the end of the academic session to verify student activity data against the SFC target. S Inglis took the Committee through the Report outlining the Scope of the Audit, the Audit Findings and the Conclusions.   S Inglis explained that the Report contained one priority two recommendation

The Committee confirmed that they were satisfied with the Report and thanked S Inglis for his presentation.

17.52   2016/17 STUDENT SUPPORT FUNDS AUDIT REPORTS
S Inglis was invited to speak to the report issued with the agenda. S Inglis explained that there are four student support funds which Glasgow Clyde College administers on behalf of others and these are bursary funding, childcare funding, discretionary funding and educational maintenance allowances. The Audit Report indicates that the Internal Auditors were able to certify all fund statements for the year and submit them to the appropriate bodies without qualification.

S Inglis took the Committee through the Report, highlighting the findings and conclusions. The Report contained two medium risk priority two recommendations.

The Committee discussed the Report. In particular, the Committee discussed the Special Education Needs bursary and the associated recommendation. The Committee were satisfied with the explanation provided by Senior Management for the overstatement of hours and salary.

Having discussed the Report, the Committee thanked S Inglis.

17.53   INTERNAL AUDIT REPORTS
  -   CORPORATE GOVERNANCE

S Inglis was invited to speak to the Report issued with the Agenda. S Inglis outlined the method of conducting the Corporate Governance Report and took the Committee through the findings and recommendations. S Inglis advised the Committee that there was nothing fundamentally missing from compliance with the code of Good Governance although the Report contained seven Compliance Recommendations and nine Improvement Point Recommendations.

The Committee discussed the Corporate Governance Audit Report. The Committee Chair suggested a rewording in relation to the Remuneration Committee and the requirement to have a specified member of the management team with responsibility for providing advice to that committee. The Committee Chair suggested that the report be reworded to reflect the practice that the Assistant Principal HR had supported the Committee throughout although not specifically stated on the Committee Structure Chart.

Likewise, the Committee Chair suggested that clarity be provided that 3 of the 4 Remuneration Committee members had completed the Remuneration Committee Training by the time the Committee met in December 2017.

Following discussion of the Report, it was agreed that the Board should receive a copy of this Report.   JT/Clerk

  -   FOLLOW UP REVIEWS 2016/17

S Inglis was invited to speak to the Report issued with the Agenda. S Inglis outlined the method of conducting the Corporate Governance Report and took the Committee through the findings, conclusions and recommendations.

The Committee discussed the Recommendations. It was suggested that Recommendation 3 should be flagged up to the Organisational Development Committee.   JT

Having discussed the Report, the Committee thanked S Inglis.

17.54   FINAL INTERNAL AUDIT ANNUAL REPORT 2016/17

S Inglis was invited to speak to the Report issued with the Agenda.

Having been taken through the Report, the Committee confirmed that they were satisfied with the Conclusions and thanked S Inglis for his input.

17.55 **INTERNAL AUDIT NEEDS ASSESSMENT AND STRATEGIC PLAN 2017/18**
S Inglis took the Committee through the Report.

The Committee discussed the Audit Needs assessment and the Strategic Plan. The Committee suggested changes to the wording of certain aspects of the report. One suggestion was to shift the focus of the Audit Needs Assessment away from financial systems (para 1, page 5). It was suggested that a footnote is included to explain where the risk impact comes from and who sets the standard for 'present controls'. It was also suggested that narrative is included to define 'good', 'satisfactory' and 'poor'.

The Chair thanked S Inglis for taking account of the Committee's views at the last meeting and thanked him for the Report.

17.56 **INTERNAL AUDIT DRAFT ANNUAL PLAN 2017/18**
The committee discussed the Draft Internal Audit Plan for 2017/18. In particular, the Committee discussed the timing of the Data Protection Audit and the work being undertaken by Senior Management to prepare for GDPR. The Committee discussed the timing of the Audit Report and it was agreed that the Audit should be carried out in January and February in the knowledge that a lot of the GDPR work is also going to be getting done in January/February and therefore the Audit Report may show an incomplete picture.

The Committee discussed Safeguarding and noted that this is a potential risk area. J Vincent informed the Committee that Management are currently looking at safeguarding and they will update the Committee on any Policy changes.

The Committee approved the Internal Audit Draft Annual Plan 2017/18.

17.57 DRAFT ANNUAL REPORT FROM AUDIT COMMITTEE TO THE BOARD OF MANAGEMENT

The Committee considered the draft Annual Report to the board. The Committee Chair reiterated the need to explain the reasons for the 'going concern' assessment of the College when presenting the paper to the Board. **JT**

The Committee approved the Draft Annual Report and agreed to present this to the Board at its December meeting.

17.58 INTERNAL AND EXTERNAL AUDIT ROLLING ACTION PLAN

The Committee noted the updates on the Rolling Action Plan. The Committee thanked Senior Management for including a priority rating in respect of the Ransomware action. T Elliott informed the Committee that the new actions from the recent Audit Reports would be included in this Rolling Action Plan.

Having noted the updates, the Committee thanked T Elliott for her update.

17.59 COLLEGE STRATEGIC RISK REGISTER

J Thomson tabled a more up to date Risk Register explaining that this version contained an update on Risk O5.

J Thomson provided an update on the cladding on the Mary Stewart Building, informing the Committee that the recent testing of the cladding had shown that the building was not fire retardant. However, the insurer has advised that the building is safe to be used. J Thomson advised that further work was being undertaken by a fire expert to ascertain the long term plan. Further updates would be given to the Board when available.

J Thomson provided an update on the fire integrity issues at the Anniesland Campus. Whilst there is a potential claim against the architect for the works, it has been agreed that the works should be carried out during the summer of 2018. This is not reflective of any increased risk by continuing to use the building without rectification – the haste is to ensure works can be complete during the summer break.

J Vincent informed the Committee that a further update on this would be given to the December Board Meeting. **JV**

Having discussed the Risk Register, the Committee thanked J Thomson for her update.

17.60   GENERAL DATA PROTECTION REGULATIONS (GDPR)

J Thomson was invited to speak to her Report issued with the Agenda. J Thomson provided an update on where the4 College is in terms of preparing for the Introduction of GDPR.

The Committee discussed GDPR and requested that updates on GDPR and Cyber Security be given to the Board.

The Board thanked J Thomson for the update.

17.61   EQUALITY IMPACT OF DECISIONS MADE

No decisions were made requiring an Equality Impact Assessment.

17.43   REVIEW OF PAPERS (INCLUDING DISCLOSABLE STATUS)

The following papers were deemed non-disclosable at this stage 17.49, 17.50, 17.52 (Appendices), 17.53 (await final versions), 17.57, 17.58 and 17.60

The Committee discussed the release of certain draft Reports to the GCRB. It was agreed that the Board should make a decision on this when the need arises.

17.44   ANY OTHER BUSINESS

None.

DATE OF NEXT MEETING   4.30pm on 21st February 2018, Seminar Room 2, Cardonald Campus

AUDIT COMMITTEE

MEETING HELD ON 22 NOVEMBER 2017

MATTERS ARISING ACTION GRID

ITEM	ISSUE	LEAD	STATUS
17.37	**REVIEW OF AUDIT COMMITTEE REMIT (c/fwd)** It was agreed that J Thomson and the Clerk to the Board would make some changes to the current version of the Audit Committee Remit and circulate suggested changes to the Committee by email with this then coming to the next Committee meeting for further discussion.	JT/GM	Proposed updated remit on agenda.
17.38	**AUDIT COMMITTEE SELF-EVALUATION (c/fwd)** Three areas for action/improvement a. Ongoing training/induction for Committee Members b. Encouraging more contribution from Student Members, possibly by having staff discuss the papers in advance of the meeting with them to provide overview. c. Ensuring the Committee does not rely on one member's experience/expertise, by recruitment of another Committee Member with audit related experience.	GM DW/GM DW/GM	Ongoing. As available all training opportunities are circulated and monitored. Ongoing. 08.02.18 Clerk has offered and other SMT members also offer to support student members. New Committee member has been appointed. Complete.
17.49	**DRAFT ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDING 31 JULY 2017** The Committee Chair asked that a full explanation be provided to the Board as to why the College considered itself to be a 'going concern'. T Elliott agreed to provide a full narrative on this within the cover paper of the Board paper.	TE	Narrative included in the cover report to the financial statements to the Board in December.

ITEM	ISSUE	LEAD	STATUS
17.50	**DRAFT EXTERNAL AUDIT REPORT FOR YEAR ENDING 31 JULY 2017** National Fraud Initiative. G Devlin confirmed that a paper would be coming to a future meeting of the Committee.	TE/GD	Paper will be submitted to future Committee meeting.
17.53	**INTERNAL AUDIT REPORTS** **CORPORATE GOVERNANCE** Following discussion of the Report, it was agreed that the Board should receive a copy of this report.	JT/Clerk	The Corporate Governance Report was included within the agenda of the December Board meeting.
	FOLLOW UP REVIEWS 2016/17 It was suggested that recommendation 3 should be flagged up to the Organisational Development Committee (Follow up on Personal Development Plans where revised process completed by November and training will be provided by March 2018)	JT	Updates on the PDP process have been discussed at OD Committee.
17.57	**DRAFT ANNUAL REPORT FROM AUDIT COMMITTEE TO THE BOARD OF MANAGEMENT** The Committee Chair reiterated the need to explain the reasons for the 'going concern' assessment of the College when presenting the paper to the Board.	JT	Narrative included in the cover report to the financial statements to the Board in December.
17.59	**COLLEGE STRATEGIC RISK REGISTER** Anniesland Fire Integrity Works: J Vincent informed the Committee that a further update on this would be given to the December Board Meeting.	JV	An update on the Anniesland Fire Integrity Works was reported to the Board in December.
17.60	**GENERAL DATA PROTECTION REGULATIONS (GDPR)** The Committee discussed GDPR and requested updates on GDPR and Cyber Security be given to the Board.	JT	Two papers were submitted to the December Board

ITEM	ISSUE	LEAD	STATUS
			meeting on each of GDPR and cyber resilience.

AUDIT COMMITTEE MEETING

Date of Meeting	21 February 2018
Paper Title	Audit Committee Review of Remit
Agenda Item	18.05
Paper Number	18.05A
Responsible Officer	D Watt, Audit Committee Chair,
	J Thomson, Vice Principal resources & College Development
Status	Disclosable
Action	For Discussion

1. **REPORT PURPOSE**

    The purpose of this item is to allow Committee Members an opportunity to review the Remit of the Audit Committee and to agree any changes before it is recommended to the Board.

2. **RECOMMENDATION**

    Committee Members are invited to discuss the Remit of the Audit Committee and agree to any changes to be recommended to the Board of Management.

3. **BACKGROUND**

    At the March 2017 Meeting of the Board, following the conclusion of the External Effectiveness Review, a Board Development Plan was agreed. One of the development areas within that plan was to review the Remits of the Committees to ensure effective use of Committee and Board time.

    A Paper was taken to the August 2017 Board Meeting inviting the Board to review the Remits. It was agreed by the Board that each Committee should review its own remit in the first instance.

    The Code of Good Governance makes some stipulations in respect of the Committees and those relating to the Audit Committee are as below:

    C.13 The Audit Committee must 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.

C.14 The scope of the Audit Committee's work must be defined in its terms of reference and encompass all of the assurance needs of the board and the Principal. The Audit Committee must have particular engagement with internal and external audit, and must work with management and auditors to resolve any issues in relation to financial reporting.

C.15 The Audit Committee must promptly pursue recommendations arising from audit reports and must monitor their implementation.

C.16 The membership of the Audit Committee cannot include the Board Chair or the Principal. The role of the college executive is to attend meetings at the invitation of the Committee Chair and to provide information for particular agenda items.

C.17 The Audit Committee terms of reference must provide for the committee to sit privately without any non-members present for all or part of a meeting if they so decide. The Audit Committee members should meet with the internal and external auditors without the executive team present at least annually.

C.18 At least one member of the Audit Committee should have recent relevant financial or audit experience.

The Remit of the Audit Committee was considered at the September Committee meeting. At that meeting it was requested that the Vice Principal Resources and College Development and the Clerk to the Board would make some proposed changes including a new section on Risk Management.

A copy of the updated Remit of the Audit Committee is attached with the proposed possible changes highlighted via track changes. Committee Members are invited to consider the Remit alongside the requirements of the Code of Good Governance above and consider the proposed amendments or alternative/ further amendments before it is submitted to the March Board of Management.

3. **RISK ANALYSIS**
    There are no specific risk implications in this paper.

4. **LEGAL IMPLICATIONS/ FINANCIAL IMPLICATIONS/ REGIONAL OUTCOME AGREEMENT IMPLICATIONS**
    N/A

5. **HAS AN EQUALITY IMPACT ASSESSMENT BEEN CARRIED OUT**
    N/A

REMIT OF THE AUDIT COMMITTEE The Committee shall satisfy itself as to the adequacy and effectiveness of the Glasgow Clyde College's internal financial and management systems as reviewed by internal audit and external audit for each financial period. The functions listed here are delegated by the Board to the Audit Committee.

INTERNAL CONTROL	Reviewing, and advising the Board of Management of, the Internal Auditor and External Auditor's assessment of the effectiveness of the College's internal financial controls and internal control and risk management systems, including controls specifically to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness, and value for money; and
	Reviewing and advising the Board of Management on its compliance with corporate governance requirements, including risk management practices and best practice guidance, and compliance with the requirements of the Scottish Funding Council and the Financial Memorandum with the Glasgow Colleges Regional Board
INTERNAL AUDIT	Advising the Board of Management on the selection, appointment or reappointment and remuneration, or removal of the contracted out Internal Audit Service (IAS) provider.
	Advising the Board of Management on the terms of reference for the IAS.
	Reviewing the scope, efficiency and effectiveness of the work of internal audit, considering the adequacy of the resourcing of internal audit, and advising the Board of Management on these matters.
	Advising the Board of Management of the Audit Committee's approval of the basis for and the results of the internal audit needs assessment.
	Reviewing the IAS's monitoring of management action on the implementation of agreed recommendations reported in internal audit reports and internal audit annual reports.
	Considering salient issues arising from internal audit reports and management's responses and report to the Board on such matters.
	Informing the Board of Management of the Audit Committee's approval of the internal audit service's annual report.
	Ensuring establishment of appropriate performance measures and indicators to monitor the effectiveness of the IAS.
	Securing and monitoring appropriate liaison and co-ordination between internal and external auditors.
	Ensuring good communication between the Committee and the Lead of IAS.

	Responding appropriately to notification of fraud or other improprieties received from the Lead of IAS or other persons. This will include the use of the College Fraud Response Plan.
EXTERNAL AUDIT	Considering The College's external auditors shall be appointed by Audit Scotland.
	Considering the College's annual financial statements, reviewing the external auditor's annual Management Letter and monitoring management action on the implementation of the agreed recommendations.
	Advising the Board of Management of salient issues arising from the external auditor's management letter and other external audit reports, and of management's response.
	Reviewing the Statement of Corporate Governance.
	Reviewing the External Audit Annual Plan.
	Holding discussions with the external auditors and ensuring their attendance at Audit Committee and Board of Management meetings as required.
	Considering the objectives and scope of any non-statutory audit work undertaken or to be undertaken, by the external auditor and advising the Board of Management of any potential conflict of interest.
	To consider the fee parameters within the external audit plan.
	Securing and monitoring appropriate liaison and co-ordination between external and internal audit.
VALUE FOR MONEY	Establishing and overseeing a review process for evaluating the effectiveness of the College's arrangements for securing the economical, efficient and effective management of the College's resources and the promotion of best practice and protocols, and reporting to the Board of Management on such matters.
	Ensuring there are appropriate processes in place in the College to deliver value for money.
	Advising the Board of Management of action that it may wish to consider in the light of national value for money studies in the further education sector.
RISK MANAGEMENT	Reviewing the College's risk management arrangements and Risk Management Policy on an annual basis
	Reviewing the College Strategic Risk Register at least twice per year or as requested by the Chair of the Committee to ensure that the College's approach to managing risks is appropriate.

The Board of Management is responsible for the review and effectiveness of the College risk management arrangements and should form its own opinion despite these delegations to the Committee.

GOVERNANCE AND COMPLIANCE	Reviewing the College's compliance with the Code of Good Governance for Scotland's Colleges and advising the Board of Management on this.

Monitoring the integrity of the financial statements of the College and any formal announcements relating to the College's financial performance, reviewing significant financial reporting judgements contained in them, and from an audit perspective recommending them for approval to the Board.

Advising the Board on the College's processes for risk, control and corporate governance.

Producing an annual report for the Board of Management.

Advising the Board of Management of significant, relevant reports from the Scottish Funding Council and Audit Scotland and successor bodies and, where appropriate, management's response to these.

Reviewing reported cases of impropriety to establish whether they have been appropriately handled.

Act in accordance with the whistle blowing policy.

Undertake a regular self-evaluation of the Committee

Meet in private with the internal and external auditors at least once annually.

Liaise as appropriate with the Finance and Resources Committee.

MEMBERSHIP	The membership of the Committee is six Board members, of which one will provide the role of Chair of the Committee, and one will act as Vice Chair if elected. The Chair is elected by the Board of Management and the Vice Chair is elected by the Committee. There should be no overlap of Board members with the Finance and Resources Committee. The Chair of the Board should not be a member of the Audit Committee, although he/she can attend as an observer. The membership should include a qualified accountant and if no member of the Committee is a qualified accountant then arrangements should be made for a co-option. A staff member of the

	Board can be a member of the Audit Committee, providing they do not have executive authority within the College which is taken as being at the College Management Team level. The Board reviews the membership every four years. The Principal, the Vice Principal Resources and College Development and the Assistant Principal Finance and Infrastructure attend the Committee as advisers. The Committee meets at least four times per year.
QUORUM	The quorum set by the Committee is three members.

GLASGOW CLYDE COLLEGE

AUDIT COMMITTEE MEETING

Date of Meeting	21 February 2018
Paper Title	Internal Audit Final Annual Plan 2017/18
Agenda Item	18.07
Paper Number	18.07A
Responsible Officer	Henderson Loggie, Internal Auditors
Status	Disclosable
Action	For Approval

1.   REPORT PURPOSE

The purpose of this paper is to submit to the Committee for approval the Internal Audit Final Annual Plan for 2017/18 as prepared by the College's Internal Auditors, Henderson Loggie following their strategic needs assessment.

2.   RECOMMENDATION

Members of the Audit Committee are invited to discuss and approve the internal audit final annual plan 2017/18.

3.   BACKGROUND

3.1   The internal auditors Henderson Loggie prepared the attached internal audit annual plan for 2017/18 based on their prioritisation of areas from the audit needs assessment which was prepared following discussions with senior management, the Audit Committee chair and with the involvement of staff and student association representation. A draft of this plan was discussed at the Audit Committee in November and the final plan is now attached which has proposed dates for each area included.

3.2   The College's internal auditors Henderson Loggie, were appointed in August 2017 for the three-year period 2017/18 to 2019/20, following a tender process and they then completed an internal audit needs assessment based on consideration of respective risk.

3.3   The proposed internal audit areas in the plan for 2017/18 are:

Curriculum
Student Support (Business Process Review)
Estates Strategy/Capital Projects/Building Maintenance
Procurement & Creditors/Purchasing

Business Development
Data Protection

3.4 It is proposed that there is a total of 40 internal audit days for this work including follow up, management and planning. The attached plan shows the proposed days and an overview of the scope of each of the audit areas.

4. RISK ANALYSIS

The internal audit plan for 2017/18 has been prepared from the internal audit needs assessment which is a risk based process to enable prioritisation of internal audit activity.

5. LEGAL IMPLICATIONS/ FINANCIAL IMPLICATIONS/ REGIONAL OUTCOME AGREEMENT IMPLICATIONS

The College is required to have an internal audit function undertaken each year as part of the Financial Memorandum.

6. HAS AN EQUALITY IMPACT ASSESSMENT BEEN CARRIED OUT

N/A

HENDERSON LOGGIE
Chartered Accountants

Glasgow Clyde College

Internal Audit Annual Plan 2017/18

Internal Audit Report No: 2018/01

Draft Issued: 2 November 2017

Final Issued: 7 February 2018

Content

1. Introduction

1.1   The purpose of this document is to present for consideration by management and the Audit Committee the annual operating plan for the financial period 2017/18. The plan is based on the allocation of audit days for 2017/18 set out in the Audit Needs Assessment and Strategic Plan 2017 to 2020, which was presented to the Audit Committee, and approved by it, at its meeting on 22 November 2017.

1.2   A copy of the Strategic Plan is included at Section 2 of this report.

1.3   At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2017/18, together with the audit approach. These have been arrived at following discussion with the Vice Principal - Resources & College Development and the Assistant Principal - Finance & Infrastructure and consideration by other members of the College Management Team. The outline scopes will be finalised after discussion with responsible managers in each audit area.

1.4   Separate reports will be issued for each assignment with recommendations graded to reflect the significance of the issues raised.

2. Strategic Plan 2017 to 2020

Proposed Allocation of Audit Days

	Category	Priority	Planned 17/18 Days	Planned 18/19 Days	Planned 19/20 Days
Reputation					
Publicity and Communications	Gov	M			4
Health and Safety	Gov	M		5	
Student Experience					
Curriculum	Perf	H/M	6		
Quality	Perf	M			5
Student support (Business Process Review)	Perf	M	5		
Student recruitment and retention	Fin/Perf	H		5	
Student Association	Gov	M			
Staffing Issues					
Staff recruitment and retention)	Perf	M/L			5
Staff development)	Perf	H/M			
Payroll	Fin	M			
Estates and Facilities					
Building maintenance)	Fin/Perf	M	3		
Estates strategy / capital projects)	Fin/Perf	H/M	3		
Space management	Perf	H			
Asset / fleet management	Perf	L			
Financial Issues					
Budgetary control	Fin	H		5	
Student fees and contracts / registry	Fin	M			
ESF funding	Gov/Fin	M		4	
General ledger	Fin	M			
Procurement and creditors / purchasing	Fin	M	5		
Debtors/ Income	Fin	M			
Cash & Bank / Treasury management	Fin	M			4
Commercial Issues					
Business Development	Fin/Perf	H/M	6		
International Activities	Gov/Fin/Perf	H/M			5
Organisational Issues					
Risk Management	Perf	M			
Business Continuity	Perf	L			
Corporate Governance	Gov	M			
Corporate Planning	Perf	M			
Performance reporting / KPIs	Perf	M		4	
Partnership Working	Gov/Perf	M		4	
Equalities	Gov	M			4

Proposed Allocation of Audit Days (Continued)

	Category	Priority	Planned 17/18 Days	Planned 18/19 Days	Planned 19/20 Days
Information and IT					
IT network arrangements	Perf	H/M			5
Data protection	Gov	H	4		
FOI	Gov	L			
Systems development / implementation	Perf	M		5	
IT strategy	Perf	M			
Other Audit Activities					
Management and Planning)			5	5	5
External audit / SFC)					
Attendance at audit committees)					
Follow-up reviews		Various	3	3	3
Audit Needs Assessment					
			───	───	───
Total			40	40	40
			====	====	====

Key

Category: Gov – Governance; Perf – Performance; Fin – Financial

Priority: H – High; M – Medium; L – Low

3. Outline Scope and Objectives

Audit Assignment: Curriculum

Priority: High / Medium

Audit Committee Meeting: 23 May 2018

Days: 6

Scope

This audit will consider the key risks in relation to the College's curriculum.

Objectives

The objective of the audit will be to ensure that:

• the core College curriculum is aligned with national priorities and the needs of regional industry, employers and individual learners;
• there is a process in place to review and refresh existing programmes on a regular basis;
• the College has exploited the potential of new technology in order to widen access to the curriculum and enhance the learner experience;
• the curriculum planning process takes sufficient cognisance of the College's share of the Region's Credits target; and
• there are strong links between the curriculum planning process and workforce planning and budgeting.

Our audit approach will be:

Interviews will be held with the Vice Principal – Curriculum and External Relations, Curriculum Assistant Principals and other relevant staff to assist in documenting the systems and processes in place. A detailed assessment of the key internal controls will be performed, and an audit testing programme will be devised thereon.

Audit Assignment:	Student Support (Business Process Review)
Priority:	Medium
Audit Committee Meeting:	23 May 2018
Days:	5

Scope

The scope of this assignment will be to carry out a review of the current procedures for the various stages of the student advice process, with particular focus on the interaction between the Student Advice Team, Faculties and the Student Funding Team, with a view to identifying and removing waste from the current process and proposing procedural improvements.

Objectives

The objective of the audit will be to ensure that:

- the anticipated outcomes for all stakeholders, including students, from the student advice process are clearly defined;
- the steps in the value chain are identified;
- steps that do not add value are identified with a view to eliminating them; and
- steps that create value occur in the right sequence.

Our audit approach will be:

Through focus groups or interviews with staff nominated by the College from the Student Advice Team, Faculties and the Student Funding Team we will use a range of business improvement tools to identify stakeholder needs; identify opportunities for removing potential inefficiency and waste from the current student advice process; and map out revised processes which will create a flow between value creating steps to propose improvements which may be made to the process.

We will then prioritise the issues, in discussion with key College staff, and develop an action plan of proposed improvements for the College to consider. This action plan will consider any changes required to existing operating procedures to ensure that any changes to the processes are deliverable and embedded across the College.

Assignment:	Estates Strategy / Capital Projects / Building Maintenance
Priority:	High / Medium
Audit Committee Meeting:	23 May 2018
Days:	6

Scope

The scope of the audit will be to carry out a review of the strategic asset management arrangements in place at the College, and review and test the policies and procedures for the planning, control and monitoring of capital projects.

Objectives

The objectives of the audit will be to obtain reasonable assurance that:

- an Estates Strategy is in place which is aligned with the College's Development Plan objectives and other strategies, Regional plans and strategy, and student needs and aspirations;
- the capital investment appraisal process, including the information provided to the Board of Management and committees for decision making purposes is robust;
- risk management and contingency planning arrangements are in place for capital projects;
- the selection and management of consultants and contractors, including the tendering process, is conducted in line with the College's procurement procedures;
- progress made on projects, and expenditure against budget, is monitored by management and Board committees;
- regular condition surveys are undertaken, and other good quality information is available, to inform asset management decisions;
- plans are in place to keep the College's assets in good condition as economically as possible and meet changing and rising standards as far as they can be foreseen; and
- there is a comprehensive cyclical testing and maintenance programme that covers all items requiring regular testing or maintenance under the relevant legal and regulatory framework.

Our audit approach will be:

Review relevant documentation including strategies, plans, policies, procedures, management information, minutes, option appraisal documents, bids for funding etc. relating to asset management and the College's capital projects and discuss the approach adopted with the Vice Principal - Resources and College Development, Assistant Principal - Finance and Infrastructure and Head of Estates, Facilities and Energy. We will then consider whether the College's approach to strategic asset management, and the policies and procedures in place for the planning, control and monitoring of capital projects accord with good practice.

On a sample basis, we will test compliance with the College's policies and procedures for the planning, control and monitoring of capital projects.

Assignment: Procurement & Creditors/Purchasing

Priority: Medium

Audit Committee Meeting: September 2018

Days: 5

Scope

This audit will focus on the systems of internal control in place for the ordering of goods and services and the payment of invoices.

We will also consider whether the procurement strategy followed and procedures in place support best value purchasing across the College in relation to non-pay spend.

Objectives

The specific objectives of the audit will be to ensure that:

- the College's Procurement Policy, Strategy and procurement guidance are comprehensive, kept up-to-date and in line with the Procurement Reform (Scotland) Act 2014 ('the Act') and The Procurement (Scotland) Regulations 2016 ('the Regulations');
- procurement procedures ensure that:
  - areas of high spend across the College are monitored appropriately;
  - opportunities for pooling of expenditure are identified in order to achieve best value; and
  - collaborative procurements and frameworks available to the College are utilised where appropriate;
- purchase orders are completed for relevant purchases and are approved by members of staff with sufficient delegated authority prior to issue to suppliers, with the risk of unauthorised and excessive expenditure being minimised;
- the College's procurement guidance on quotes and tenders are being complied with;
- all liabilities are fully and accurately recorded;
- all payments are properly authorised, processed and recorded; and
- appropriate controls are in place over the amendment of standing supplier data on the finance system.

Audit Assignment: Procurement and Creditors / Purchasing (Continued)

Our audit approach will be:

From discussions with Procurement staff, and a sample of budget holders, we will establish what procurement strategies, procedures and monitoring arrangements are in place within the College. These will then be evaluated to establish if they follow recognised good practice.

Specifically, we will seek to establish whether the procurement procedures ensure that areas of high spend across the College are monitored appropriately, identifying opportunities for pooling of expenditure in order to achieve best value, and ensuring that joint purchasing arrangements available to the College are utilised where appropriate.

We will also document controls in place within the purchasing / payments system through interviews with Finance staff and also seek to establish whether the expected key controls are in place by reference to standard control risk assessment templates. We will also perform compliance testing where considered necessary to determine whether key controls are working effectively, including selecting a sample of items of expenditure from the financial ledger and testing to ensure compliance with the College's Financial Regulations and Procedures.

Assignment:	Business Development
Priority:	High / Medium
Audit Committee Meeting:	September 2018
Days:	6

Scope

This audit will consider the key risks in relation to the College's commercial and external funding activities, excluding in the international market, which will be covered separately on the internal audit programme.

Objectives

The primary objective of this audit will be to establish whether procedures in place within the College are sufficient to maximise income generation and margin from commercial (non-SFC) activities.

Secondary objectives will be to ensure that:

- an effective strategic and operational planning process has been established, including identification of key markets and courses;
- there is appropriate support in place to identify and promote commercial and external funding opportunities;
- key risks and opportunities are identified and mitigated / exploited;
- there is effective pricing in the market place, with full cost recovery as the target and careful consideration being given to activity which does not meet this target;
- management information, including financial information on each specific activity, is adequate and easily accessible to all relevant staff;
- there is regular review of activities by the Board of Management and its committees;
- feedback is sought from customers and acted upon;
- appropriate systems and procedures are in place to manage intellectual property risks covering areas such as: ownership; identification; application approval; and maintenance; and
- adequate arrangements have been put in place to prevent and respond to external claims against the College for breach of contract and robust agreements are signed with partners.

Our audit approach will be:

From discussion with the Vice Principal - Resources and College Development, Director of Commercial and International Business, Head of Commercial Development, Head of Marketing and Communications, Head of External Funding, and other relevant staff, and review of relevant documents, we will establish the key controls in place within the above areas and consider their adequacy.

Where relevant, sample testing will be carried out to establish whether key controls in place within the above areas are operating effectively in practice.

Assignment: Data Protection

Priority: High

Audit Committee Meeting: 21 February 2018 and 23 May 2018

Days: 4

Scope

The EU General Data Protection Regulation (GDPR) will come into force across all member states (including the UK) on 25 May 2018. We will carry out a review of the College's preparedness for implementation of the GDPR, to ensure that processes and procedures will be in place by May 2018 to allow compliance with this.

To help prepare for GDPR there are 12 steps that the Information Commissioner's Office advises that organisations take. These cover the following areas:
1. Awareness;
2. Information you hold;
3. Communicating privacy information;
4. Individual's rights;
5. Subject access requests;
6. Legal basis for processing data;
7. Consent;
8. Children;
9. Data breaches;
10. Privacy by design and impact assessments;
11. Data Protection Officers; and
12. International.

Objectives

The main objective of this audit will be to ensure that appropriate action is being taken by the College to prepare for compliance with the GDPR from 25 May 2018.

Our audit approach will be:

Our proposed approach will divide the review into two distinct elements.

The first element will be a review of the College's plans for preparing for the introduction of the GDPR, which will be timed to report to the first Audit Committee in 2018, on 21 February 2018.

The second element will consist of an examination of the progress that has been made in delivering the agreed action plan to provide assurance to the Audit Committee, in the form of an update report, that work is on track. Although the final report will be formally presented to the Audit Committee meeting on 23 May 2018, it will be circulated to Committee members when completed, to flag up any further action required well in advance of the 25 May 2018 implementation date for the GDPR.

Audit Assignment: Follow-Up Reviews

Priority: Various

Audit Committee Meeting: September 2018

Days: 3

Scope

This review will cover reports from the 2017/18 internal audit programme and reports from earlier years where previous follow-up identified recommendations outstanding.

Objective

To establish the status of implementation of recommendations made in previous internal audit reports.

Our audit approach will be:

- for the recommendations made in previous reports ascertain by enquiry or sample testing, as appropriate, whether they have been completed or what stage they have reached in terms of completion and whether the due date needs to be revised; and

- prepare a summary of the current status of the recommendations for the Audit Committee.

AUDIT COMMITTEE MEETING

Date of Meeting	21 February 2018
Paper Title	Update on General Data Protection Regulations (GDPR)
Agenda Item	18.08
Paper Number	18.08
Responsible Officer	Janet Thomson, Vice-Principal: Resources and College Development
Status	Non-Disclosable
Action	For Noting

1 REPORT PURPOSE

1.1 This paper provides a brief update on preparing the College for GDPR which comes into force on 25 May 2018.

2 RECOMMENDATION

2.1 Members of the Audit Committee are invited to note the College's plans and for preparing for this new legislation.

3 BACKGROUND AND COMMENTARY

3.1 The main impacts under GDPR are a number of changes to data protection legislation including:

- Enhanced rights in relation to personal information for individuals;
- More onerous record keeping requirements in relation to data processing;
- Privacy by Design will require that data protection is designed into the development of all business processes for products and services;
- Requirement to appoint a Data Protection Officer;
- Stricter rules for the legal basis of consent to data processing;
- Changes to the subject access request regime; and
- New principles of accountability, transparency and data minimisation.

3.2 There are a number of stages to be taken forward in relation to GDPR which are broadly summarised below based on a presentation given by Thorntons at a recent seminar attended by the College's APUC representative.
Step 1: Engage with Management
Step 2: Identify a Team
Step 3: Data Mapping
Step 4: Gap Analysis
Step 5: Training
Step 6: Implementation
Step 7: Post GDPR

3.2   A College GDPR implementation work plan has been prepared based on the seven key steps above and this is being implemented. Henderson Loggie are undertaking an internal audit on data protection and the first element of this is for them to undertake a review of the College's GDPR work plan. Their part 1 Data Protection audit report is included as a separate item on the agenda which had to be to follow given timescales involved.

3.3   With regard to engaging with management step 1 above, SMT members have had training on GDPR to provide awareness of the implications of GDPR and the resource requirements. There are ongoing update reports now being submitted four weekly to SMT on the implementation of the GDPR preparation tasks.

3.4   There is a College GDPR working group with representation from senior staff from areas across the College covering all aspects of information management. This team is meeting monthly through to the implementation date and sub groups will meet as required.

3.5   As well as making preparations through this working group, the College is engaging external assistance in the data mapping and gap analysis stages of its GDPR preparation. A mini competition was completed and four tenderers have returned. These are being assessed and the successful provider will be appointed week commencing 12 February and they are due to complete their reporting once these stages are completed in March.

3.6   The new role of the independent Data Protection Officer is now required who has to report to the highest level in the organisation and who needs to be protected from a conflict of interest. The College have agreed to use the APUC shared service for this which will be in place from 25 May. This will be one person employed by APUC to provide this service to the Glasgow Region with Data Protection specialist knowledge who will provide 2 days per week to Glasgow Clyde College.

3.7   There is an opportunity in preparing for the GDPR for improvement in Information Management across the college however this will have to be done over a relatively short timescale and involve all forms of information e.g. paper files stored in cupboards, spreadsheets, ad hoc downloads, etc.

3.8   There are significant resources implications mainly in respect of staff time in the coming months relating to training and rolling out GDPR requirements across the College, and then in destruction of data which should no longer be held.

3.9   This is the second report to the Audit Committee on GDPR and further progress reports will be submitted to the Audit Committee and the Board of Management from now through to the implementation date in May.

4   RESOURCES

There are significant resources implications in reviewing and updating the related College procedures and practices, training of staff and in enabling behavioural change in relation to record keeping. There are direct resource implications in accessing the services described above.

5   RISK ANALYSIS

5.1   This is a legal requirement and there are significant financial risks of non-compliance with GDPR i.e. up to 4% of turnover.

6   LEGAL IMPLICATIONS

6.1   This is a legal requirement and there are significant financial risks of non-compliance with GDPR i.e. up to 4% of turnover.

7   FINANCIAL IMPLICATIONS

7.1   This is a legal requirement and there are significant financial risks of non-compliance with GDPR i.e. up to 4% of turnover.

8   REGIONAL OUTCOME AGREEMENT IMPLICATIONS

8.1   There are no specific Regional Outcome Agreement implications. All three of the Glasgow Colleges and the GCRB are required to comply with GDPR so there is likely to be a need to set up data sharing agreements between the College and GCRB.

9   HAS AN EQUALITY IMPACT ASSESSMENT BEEN CARRIED OUT?

9.1   N/A

AUDIT COMMITTEE

Date of Meeting	21 February 2018
Paper Title	College Strategic Risk Register
Agenda Item	18.10
Paper Number	18.10A
Responsible Officer	Janet Thomson, Vice Principal Resources and College Development
Status	Disclosable
Action	For Discussion

1   **REPORT PURPOSE**

The Report considers the College's Strategic Risk Register which is updated regularly and reported to each Audit Committee and to the Board of Management on a quarterly basis.

2.   **RECOMMENDATION**

Members are invited to NOTE this paper.

3.   **BACKGROUND**

The College Strategic Risk Register is a key part of the College's risk management framework which is updated regularly and considered at least quarterly by College Senior Management.

4.   **RISK ANALYSIS**

4.1   The College Strategic Risk Register is a key part of the College's risk management framework and a copy of the Strategic Risk Register as at 7th February is attached. There is only one change to the narrative since last reported to the Board of Management in December which is in relation to the forthcoming cyber security requirements which is risk F2 and that minor change is highlighted in red.

4.2   There are 12 risks on the College Strategic Risk Register and of these 5 risks are scoring as high after mitigating actions and the main reasons for this are summarised in paragraphs 4.3 to 4.7 below.

4.3   Risk F1 – Adverse Funding Changes (SFC/SDS/ESF). This is scoring as probability of 5 and impact of 4 after mitigating actions. There are challenges for each of these funding strands particularly in the medium term. The SFC

funding allocation does not fund the Region to the full value of the simplified model and there is a very long transition period through to 2020/21 to move to that full model and if indeed the transition does fully happen. For SDS there are changes in the funding strands they provide and changes to SDS itself. ESF funding is increased for 2017/18 however will then significantly reduce as the current programme ends. There is also some financial risk due to new Flexible Workforce Development Fund(FWDF) for 2017/18 which has some very specific requirements which must be met to release these funds. Finally, the capital funding policy by GCRB has some risk where 50% of the Regional funding is either subject to a bidding process or part of a central Regional fund for emergency needs.

4.4 Risk F2 – Failure to achieve contracted overall teaching delivery targets for any key partner (SFC/SDS/ESF). This is scoring as probability of 3 and impact of 5 after mitigating actions. This is high because there are a range of delivery requirements particularly associated with SDS, ESF and now FWDF funding. Also the portfolio planning is now closer to the target requirement than in previous years with less extra capacity built in.

4.5 Risk F3 – Failure to achieve surplus targets for non-SFC commercial activity. This is scoring as probability of 3 and impact of 5 after mitigating actions. The College plans to at least maintain its commercial income and this is challenging in difficult economic circumstances and with some increased economic uncertainties e.g. Brexit.

4.6 Risk O1 – Negative impact on employee relations (e.g. national bargaining, industrial action, local consultation). This is scoring as probability of 3 and impact of 5 after mitigating actions. This has been indicated as no change when it was previously decreasing following the payment of the first tranche of national bargaining for teaching staff and the support staff position for 2017/18 being settled. Some of the key issues in this risk are associated with decisions that are not within the College's direct control.

4.7 Risk O2 – Failure of College operational processes/systems/ICT infrastructure (including risk of fraud). This is scoring as probability of 3 and impact of 5 after mitigating actions. This is just scoring within the high range and is due to the volume of activity across the College processes and has been noted as increasing in relation to new cyber security requirements from October 2018.

4.8

Risk G1 – Also there is one further risk which is scoring overall as low however is flagged as increasing which is G1 - Failure to meet all legislative and regulatory requirements and/or recommended guidance. This is increasing due to the significant new requirements of the General Data Protection Regulations which are required to be met by 25th May 2018.

5. LEGAL IMPLICATIONS/ FINANCIAL IMPLICATIONS/ REGIONAL OUTCOME AGREEMENT IMPLICATIONS

The College is required to have a risk register as part of the Financial Memorandum.

6. HAS AN EQUALITY IMPACT ASSESSMENT BEEN CARRIED OUT

N/A

GLASGOW CLYDE COLLEGE - STRATEGIC RISK REGISTER

Key of abbreviations : SFC = Scottish Funding Council, GCRB = Glasgow Colleges Regional Board, GCG = Glasgow Colleges Group, SDS = Skills Development Scotland, ESF = European Social Fund, JISC = Joint Information Steering Committee

as at 7th February 2018

Risk Ref	New Risk Description	Risk Category	Link to Development Plan Goal	Risk Owner	Probability	Impact	Risk Score	Mitigating Actions	Probability	Impact	Risk Score	Risk Ranking after mitigating actions	Risk Score at last report to the Board	Risk Increasing/ Decreasing/ No Change
					Score Before Mitigating Actions				**Score After Mitigating Actions**					
Financial Risks														
F1	**Adverse Funding changes (SFC/SDS/ESF)**	Financial	Goal 4 - Ensuring operational effectiveness and efficiency	Principal/ Vice Principals	5	5	25	i) Financial plans developed by College Senior Management and monitored within framework of available activity funding through Glasgow Regional funding for teaching, student support funds and capital. ii) Continue to aim to inform and influence funding allocations through Principals Forum, Glasgow Colleges Regional Board, MSPs, and other appropriate bodies. iii) Work with Colleges Scotland and Scotland's Colleges Partnership on lobbying regarding impact on ESF funding and development of future alternative resources iv) Projects progressed to address priority items as per College Capital masterplan based on affordability and potential for applications to Foundation v)Ensure ongoing dialogue with SDS vi) Working to achieve requirements of 2017/18 Flexible Workforce Development Fund	5	4	20	F1	20	Increasing
F2	**Failure to achieve contracted overall teaching delivery targets for any key partner (SFC/SDS/ESF)**	Financial/ Organisational	Goal 1 & Goal 2 - Delivering exceptional learning opportunities, & growing exceptional partnerships	Vice Principal - Curriculum & External Relations	4	5	20	i) Annually plan and deliver portfolio to required quality standards, ensuring appropriate recruitment, retention and profile of students. ii) Discussions within Glasgow Colleges Group and with other partners to plan curriculum and make changes annually to meet market needs and Government and SFC guidance iii) Ensure stated teaching activity targets are met. iv) Work closely with relevant partners to ensure programmes implemented as planned v) Ensure all relevant agency (e.g. SDS) milestones and documentation requirements achieved. vi) College undertake effective competitor analysis, clear branding and focused marketing to maintain effective student recruitment	3	5	15	F2	15	No Change
F3	**Failure to achieve surplus targets for non-SFC/ commercial activity**	Financial	Goal 3 & Goal 4 - Contributing to the local, regional and national economy, & ensuring operational effectiveness and efficiency	Assistant Principal International and Business Development	4	5	20	i) Regular monitoring between Business Development Unit and Faculty Management of non-SFC commercial activity and replacement activity identified as required. ii) Costing templates completed for all commercial activity. Further monitoring of in year staff costs being developed during 2017/18. iii) Increased engagement and marketing effort to maintain current business but also to open and grow new income streams. iv) Spread of activity across a range of activity areas to reduce risk of one large contract failure to overall surplus. v) Review and develop market opportunities through business development strategy and grow new markets. vi) Keep informed of constitutional change implications of Brexit and impact on non-SFC activity for the College.	3	5	15	F3	15	No Change
Organisational Risks														
O1	**Negative impact on employee relations (e.g. national bargaining, industrial action, local consultation)**	Organisational / Reputational	Goal 1 & 2 - Delivering exceptional learning opportunities & Growing exceptional partnerships	Principal/ Assistant Principal HR	4	5	20	i) Focussed work with Trade Unions, specific and regular meetings with senior management, ensuring good flow of information, and ongoing communications. ii) Regular direct communication with staff e.g. staff briefings, focus groups. iii) Representation made through Employers Association Group, Colleges Scotland, Principals Forum, and GCRB, within national bargaining process. iv) Emphasis being made nationally on imperative of financial sustainability and affordability issues particularly given increased staffing costs and challenges of the Glasgow Regional context. v) Discussion with unions on impact on College financial sustainability and organisational impacts. vi) Business continuity planning used to ensure all stakeholders appropriately communicated with in any potential industrial action.	3	5	15	O1	15	No change
O2	**Failure of College operational processes/ systems /ICT infrastructure (including risk of fraud)**	Organisational	Goal 1 & 4 -Delivering exceptional learning opportunities & Ensuring operational effectiveness and efficiency	Vice Principal Resources & College Development & Vice Principal-Curriculum & External Relations	4	5	20	i) Monitoring systems in place across College and feedback from relevant staff. Any issues addressed as necessary and action taken. ii) Business system improvement process in place iii) Infrastructure designed not to have single points of failure with all campuses operating a sophisticated dual-core network topology. iv) Virtualisation infrastructure which improves server resilience with two main data centres at different campuses. v) Member of JISC Information Security service which provides support to secure against cyber attack and regular ICT network penetration testing undertaken. vi) ICT backup procedures and Disaster Recovery planning. Penetration testing exercise completed. Preparations for cyber resilience requirements by October 2018 underway. vii) Web filtering technology in place and uninterruptable power supply in place. viii) Fraud response plan in place	3	5	15	O2	15	Increasing

GLASGOW CLYDE COLLEGE - STRATEGIC RISK REGISTER

Key of abbreviations : SFC = Scottish Funding Council, GCRB = Glasgow Colleges Regional Board, GCG = Glasgow Colleges Group, SDS = Skills Development Scotland, ESF = European Social Fund, JISC = Joint Information Steering Committee

as at 7th February 2018

Risk Ref	New Risk Description	Risk Category	Link to Development Plan Goal	Risk Owner	Score Before Mitigating Actions			Mitigating Actions	Score After Mitigating Actions			Risk Ranking after mitigating actions	Risk Score at last report to the Board	Risk Increasing/ Decreasing/ No Change
					Probability	Impact	Risk Score		Probability	Impact	Risk Score			
O3	Failure to recruit and retain an appropriately skilled and effective workforce	Organisational/ Reputational	Goal 2 & 4 - Growing exceptional partnerships & Ensuring operational effectiveness and efficiency	Assistant Principal HR	4	5	20	i) Recruitment and retention of staff for some skills areas remains challenging and College continues to use a range of approaches as appropriate. ii) Maintain open channels of communication with trade unions, college managers and their staff, and effective attendance management process in place. iii) All new staff have an induction process and annual training programme undertaken. iv) Cover arranged as required for absence of key staff members. v) Appropriate CPD provided for staff to meet identified skills gaps	3	4	12	O3	12	No Change
O4	Failure to achieve a sustainable fit for purpose College estate	Organisational/ Financial	Goal 4 - Ensuring operational effectiveness and efficiency	Vice Principal - Resources & College Development	4	3	12	i) Capital masterplan in place and related to estates condition survey which highlights required investment to maintain College estate. ii) Work with GCRB and SFC to ensure fully informed of estates requirements iii) New facility for horticulture and landscaping provision completed mid October 2017. iv) Action being taken on Langside residences and dialogue ongoing with administrators on potential sale or irritation of lease agreement.	3	3	9	O4	9	No Change
O5	High Impact Disaster for College e.g. fire, long term power loss	Organisational	Goal 4 - Ensuring operational effectiveness and efficiency	Vice Principal - Resources & College Development	3	5	15	i) Health and safety risk assessments in place and required testing and audits completed on an annual cycle ii) Business Continuity Plan for College in place. iii) Estates condition survey completed and prioritising projects through estates based on affordability. iv) Business interruption insurance in place v) Fire integrity works to be completed at Anniesland summer 2018 vi) Mary Stuart building cladding report being prepared	2	4	8	O5	8	No Change
O6	Failure to achieve acceptably high standard quality of teaching delivery and support for students	Organisational/ Financial	Goal 1 - Delivering exceptional learning opportunities	Vice Principal - Curriculum & External Relations	3	4	12	i) Monitor of teaching KPIs across all subject areas and action taken to address areas of concern. ii) Quality mechanisms undertaken through annual cycle including self evaluation and internal and external verification processes. iii) Heads of Curriculum and Unit Managers monitor quality and delivery of service during year and follow up on any issues. iv) Faculty staff work with students association, class reps and student feedback mechanisms to monitor feedback on quality and follow up on any issues	2	2	4	O6	4	No Change
Governance Risks														
G1	Failure to meet all legislative and regulatory requirements and/or recommended guidance	Governance/ Reputational	Goal 4 - Ensuring operational effectiveness and efficiency	Principal/ Clerk to the Board	4	5	20	i) Work within roles, responsibilities and legal implications of Post-16 Legislation and associated related guidance. ii) Liaison with and maintaining ongoing dialogue with relevant bodies e.g. SFC, GCRB and Scottish Government. iii) College ensure full knowledge and implementation of legislative, regulatory and guidance requirements including requirements of Financial Memorandum with SFC. iv) Individual managers required to keep up to date with legislation relating to their areas and implement appropriate controls v) Ensure Board have appropriate training on key guidance and legislation and take proactive role of Board in ensuring meet all requirements. vi) Seek legal advice as required. vii) Prepare relevant people for potential attendance at Public Audit Committee in relation to Section 22 report and PR/media strategy and Board briefing pack to be developed vii) Prepare for General Data Protection Regulation coming into force on 25th May 2018	2	4	8	G1	8	Increasing
G2	Failure to comply with Health and Safety requirements	Organisational	Goal 4 - Ensuring operational effectiveness and efficiency	Assistant Principal HR	1	5	5	i) Glasgow Clyde College Health and Safety Committee and Campus Forums meet regularly to monitor health and safety arrangements and any issues are raised. ii) Health and Safety Officers working across the three campuses and ensure annual cycle of health and safety audits are completed iii) Regular reporting on Health and Safety to Organisational Development Committee as part of their remit requirements.	1	4	4	G2	4	No Change
G3	Failure to recruit, train and retain an appropriately experienced Board of Management	Governance	Goal 4 - Ensuring operational effectiveness and efficiency	Clerk to the Board	3	4	12	i) Continue to maintain membership of Board of Management at suitable level with the correct level and mix of skills. ii) Annual self assessment for Board members and training provided as required. iii) Induction provided for all new Board members. iv) Ensure Board undertake an ongoing programme of training to meet CPD needs. v) Board member handbook in place and an annual review/update to be undertaken.	1	3	3	G3	3	No Change

AUDIT COMMITTEE MEETING

Date of Meeting	21 February 2018
Paper Title	Internal and External Audit Rolling Action Plan
Agenda Item	18.11
Paper Number	18.11A
Responsible Officer	Tracy Elliott, Assistant Principal – Finance & Infrastructure
Status	Non-Disclosable
Action	For Discussion

1 **REPORT PURPOSE**

This report is provided to each Committee meeting to update on the implementation status of previous internal and external audit recommendations which have not already been reported as fully implemented. The purpose is to ensure that all recommendations are followed through to full implementation.

2. **RECOMMENDATION**

Members of the Audit Committee are invited to discuss this paper.

3. **BACKGROUND**

3.1 The Internal and External Audit Rolling Action Plan is attached. Within the action plan as at 31 January 2018 there are 17 previous recommendations areas shown, of which 9 are partially implemented and 8 are fully implemented.

3.2 An update of this action plan is reported to each Audit Committee which is a monitor of actions through to full implementation.

4. **RISK ANALYSIS**

There are no specific risk implications in this paper.

5. **LEGAL IMPLICATIONS/ FINANCIAL IMPLICATIONS/ REGIONAL OUTCOME AGREEMENT IMPLICATIONS**

There are no specific legal, financial or Regional Outcome Agreement implications within this paper.

6.   HAS AN EQUALITY IMPACT ASSESSMENT BEEN CARRIED OUT

N/A

GLASGOW CLYDE COLLEGE

ROLLING ACTION PLAN FOR INTERNAL AND EXTERNAL AUDIT PRIOR RECOMMENDATIONS

UPDATE

AS AT 7 FEBRUARY 2018

Contents

ROLLING INTERNAL AND EXTERNAL AUDIT ACTION PLAN
Partially implemented, within timescale or outstanding previous recommendations

Item Ref	Recommendation	Priority	Responsibility	Timing	Status	Report Ref	Update at 7 February 2018
1.1	**Staff Development** As part of the review of the Personal Development Planning process the College should consider: How staff learning and development actions can be more clearly linked to Faculty / departmental objectives on the Personal Development Plans; and Developing further guidance for staff and managers on how the Personal Development Plan interviews should be conducted and how development plans should be completed. Any revision to this guidance should be supported by training provided by L&D staff.	**Low**	Organisational Development Manager	February 2018 (revised from November 2017)	**Partially Implemented**	Staff Development Internal Audit Report	Personal Development Plans (PDPs) are normally completed in March each year. A revised PDP process will be completed by 30 November 2017, and training will be provided by OD staff to College managers before March 2018.

ROLLING INTERNAL AND EXTERNAL AUDIT ACTION PLAN
Partially implemented, within timescale or outstanding previous recommendations

Item Ref	Recommendation	Priority	Responsibility	Timing	Recommendation Status	Report Ref	Update at 7 February 2018
1.2	**IT Strategy/ IT Network Arrangements** Develop an Information Risk Management Policy, which is approved and supported by the Board of Management, which clearly communicates the College's approach to information risk management. This should aim to ensure that all employees, students, contractors and suppliers are aware of the College's approach, how decisions are made, and any applicable risk boundaries.	**Low**	Vice Principal Resources & College Development & AP Finance & Infrastructure	March 2018 (revised from September 2017)	**Partially Implemented & Within Timescale**	IT Strategy/ IT Network Arrangements Internal Audit Report	InfoSec have completed a business impact analysis and an early draft of an Information Risk Management Policy has been prepared. However, it has been agreed that this will not be finalised until GDPR considerations have been taken into account, and it is planned that this will be completed by the end of March 2018.

ROLLING INTERNAL AND EXTERNAL AUDIT ACTION PLAN
Partially implemented, within timescale or outstanding previous recommendations

Item Ref	Recommendation	Priority	Responsibility	Timing	Recommendation Status	Report Ref	Update at 7 February 2018
1.3	**IT Strategy/ IT Network Arrangements** Develop a programme of information security training for new and existing users to mitigate information security risks covering; 1) the College's information security policy (linked to rec 1.5); 2) an induction process for new users (including contractors and third party users); 3) regular refresher training on the security risks to the College; 4) supporting staff in information security roles to enrol on a recognised certification scheme; 5) monitoring the effectiveness of security training; 6) promoting an incident reporting culture and 7) establishing a formal disciplinary process to address abuse of the College's security policies.	**Medium**	Senior Management Team	March 2018 (revised from September 2017)	**Partially Implemented & Within Timescale**	IT Strategy/ IT Network Arrangements Internal Audit Report	Some training on information security has been provided to the Senior Management Team (SMT), and some training was provided to ICT and to other staff as part of the August 2017 staff development days.

The proposed further training for other staff is now being considered as part of a wider process as a result of emerging guidance on GDPR and cyber security. A College group has been set up which will consider all related issues including training. The date has been amended to March to align with recommendation 1.2 above. |

ROLLING INTERNAL AND EXTERNAL AUDIT ACTION PLAN
Partially implemented, within timescale or outstanding previous recommendations

Item Ref	Recommendation	Priority	Responsibility	Timing	Status	Report Ref	Update at 7 February 2018
1.4	**Actions arising from Ransom Ware Event May 2017** Take offline any remaining legacy servers that have the potential to be vulnerable;	**Medium** **Low**	Head of ICT Head of ICT	Completed Sept 2018	**Overall Partially Implemented** **Within Timescale**	College Report on Ransomware Event May 2017	All legacy servers that had a potential vulnerability have either been fully removed or had their external presence removed to mitigate against the potential risk. There will be a separate and significant Systems Development project to create a single-SQL data instance and export all data from the legacy MIS systems into one searchable database solution. This will ensure that all servers operate a current Server Operating System that we can maintain and adequately secure. This will first require a data mapping exercise, and a data cleansing exercise in relation to GDPR legislation.

ROLLING INTERNAL AND EXTERNAL AUDIT ACTION PLAN
Partially implemented, within timescale or outstanding previous recommendations

Item Ref	Recommendation	Priority	Responsibility	Timing	Recommendation Status	Report Ref	Update at 7 February 2018
1.5	**Leadership and Strategy** Ensure that all Code of Conduct annual statements are completed and returned on a timely basis.	**Low**	Clerk to the Board	December 2017	**Partially Implemented**	Corporate Governance Internal Audit Report	New Board Members are issued with Code of Conduct for signature, and annually Codes of Conduct are signed by exiting members annually. Revised 07.02.18 One is outstanding for a board member which records show was last requested 30.08.17. This will be followed up immediately. We have one new board member very recently appointed and papers are awaited.
1.6	**Accountability** Periodically review all of the Board papers and minutes on the College website for completeness, accuracy and to ensure all links are working. If there are any Board papers not provided, or any sections in minutes or papers redacted, then there should be a note on the website as to why these papers or sections have not been provided.	**Low**	Clerk to the Board	December 2017	**Partially Implemented**	Corporate Governance Internal Audit Report	Revised 07.02.18 The papers are currently sent by the Clerk to Marketing to put on to the website. For the new website the Clerk in future will publish them directly and hence will be able to ensure all papers are there and links working each time. Feb18 Update: The new website is live, and it is yet to be established how this can be posted by the Clerk. Meanwhile, one paper is with Marketing awaiting a response.

ROLLING INTERNAL AND EXTERNAL AUDIT ACTION PLAN
Partially implemented, within timescale or outstanding previous recommendations

Item Ref	Recommendation	Priority	Responsibility	Timing	Recommendation Status	Report Ref	Update at 7 February 2018
1.7	**Accountability** Consideration should be given as to whether the Board wants to allow staff and students to have a role in gathering and submitting evidence for the Remuneration Committee when considering the remuneration of the College Principal. If the Board wants to progress this, then there is a need to consider how this will be delivered in practice.	**Low**	Chair of the Board	June 2018	**Within Timescale**	Corporate Governance Internal Audit Report	Process to be prepared, in discussion with the Principal, and presented to the Board.
1.8	**Effectiveness** The College should consider what the process should be for removal of the Board Secretary and consider whether the Articles of Association require to be amended.	**Low**	Depute Principal/ Clerk to the Board	March 2018	**Within Timescale**	Corporate Governance Internal Audit Report	The Articles of Association will be amended at the March Board Meeting to reflect the requirements of the Code.

ROLLING INTERNAL AND EXTERNAL AUDIT ACTION PLAN
Partially implemented, within timescale or outstanding previous recommendations

Item Ref	Recommendation	Priority	Responsibility	Timing	Recommendation Status	Report Ref	Update at 7 February 2018
1.9	**Effectiveness** Consider putting in place more formal oversight and procedures over the student elections and provide more comprehensive reporting from management to the Board both before and after the student elections.	**Low**	Assistant Principal Student Experience	December 2017 – Stage 1 June 2018 – Stage 2	**Overall Partially Implemented** **Stage 1 - Fully Implemented** **Stage 2 - Within Timescale**	Corporate Governance Internal Audit Report	A pre-election update paper was submitted to the Dec17 Board meeting. A post-election evaluative report will be presented to the Board of Management in June of each session (Stage 2)

ROLLING INTERNAL AND EXTERNAL AUDIT ACTION PLAN
Fully implemented recommendations

Item Ref	Recommendation	Priority	Responsibility	Timing	Recommendation Status	Report Ref	Update at 7 February 2018
2.1	**Student Support Funds** Review the salary rate used to charge time spent by classroom assistants to the bursary fund and ensure that this covers the salary costs of the staff concerned, but does not include a contribution to College overheads, which are covered by core grant received.	**Medium**	Student Funding Manager	November 2017	**Fully Implemented**	2016/17 Student Support Funds Audit Report	The College has revised the hourly rate charged to the bursary fund to exclude any contribution to College overheads.
2.2	**Student Support Funds** Review the process for identifying the hours of support provided to students by classroom assistants to ensure that this provides a robust audit trail and is consistent across the College. This could include the introduction of a standard template for use across the College.	**Medium**	Student Funding Manager	December 2017	**Fully Implemented**	2016/17 Student Support Funds Audit Report	The College has implemented a standard template for recording the hours of support provided to students by classroom assistants to ensure consistency across the College.

ROLLING INTERNAL AND EXTERNAL AUDIT ACTION PLAN
Fully implemented recommendations

Item Ref	Recommendation	Priority	Responsibility	Timing	Status	Report Ref	Update at 7 February 2018
2.3	**Journal Authorisation** The College should consider whether additional controls or processes can be implemented to ensure that all manual journals are subject to authorisation or review by appropriate staff	**Medium**	Assistant Principal Finance and Infrastructure	2017/18	**Fully Implemented**	2016/17 External Audit Report	A procedure has been put in place to ensure all material value manual journals processed by senior finance staff are subject to secondary review by appropriate staff.
2.4	**Quality of the Student Experience** There is the potential for the Students' Association report to the Learning and Teaching Committee to also note issues raised by students and what action has been undertaken, or is planned, to address these issues.	**Low**	Student President	February 2018	**Fully Implemented**	Corporate Governance Internal Audit Report	The Dec17 Student President's report to the Board included a breakdown of issues raised by Class reps and identified actions.
2.5	**Quality of the Student Experience** Consider what assurance can be gained over the quality of services for students and how this can be reported to an appropriate Board Committee.	**Low**	Assistant Principal Student Experience	February 2018	**Fully Implemented**	Corporate Governance Internal Audit Report	A paper has been submitted to the Feb18 Committee and papers will be submitted to future Committees covering aspects of the student experience.

2.6	**Operational Plans and Strategy Action Plans** Consider the observations made in the internal audit report and implement these as considered appropriate for the College.	**Medium**	Vice Principal Resources & College Development & Vice Principal Curriculum and External Relations	November 2017 (revised from October 2017)	**Fully Implemented**	Corporate Planning Internal Audit Report	The review of Operational Plans has been completed and strategies are now monitored by a monitoring schedule to SMT.
2.7	**Accountability** Provide the Audit Committee with a signed copy of the Principal's Certificate of Assurance and a completed copy of the internal controls checklist.	**Low**	Vice Principal Resources and College Development	December 2017	**Fully Implemented**	Corporate Governance Internal Audit Report	A copy of the signed Principal's Certificate of Assurance has been provided to the Audit Committee.
2.8	**Accountability** Provide a copy of the Staff Governance Standard to the Board along with details of how the main aspects of this are being complied with.	**Low**	Assistant Principal HR	December 2017	**Fully Implemented**	Corporate Governance Internal Audit Report	The Staff Governance Standard, along with details of the main actions being taken, was reported to the December 2017 Board meeting.