

**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 Initiative (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