

**NOTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON 2 OCTOBER 2019, 4.30 PM, THE BOARDROOM, LANGSIDE**

PRESENT:

David Watt	Committee Chair
Claire Walker	Board Member, from Item 19.30
Michael Payne	Board Member
Aranka Szilassy	Board Member

IN ATTENDANCE:

Janet Thomson	Vice Principal, Resources and College Development, from Item 19.29
Gary Devlin	Scott Moncrieff (External Auditors)
David Archibald	Henderson Loggie (Internal Auditors)
Anne Green	Minute taker

19.26 WELCOME AND APOLOGIES

The Committee Chair welcomed everyone to the meeting. G Devlin attended on behalf of the College's external auditors (Scott Moncrieff) and D Archibald attended on behalf of the College's internal auditors (Henderson Loggie).

Apologies were noted from K Rosser, T Elliott and J Vincent.

19.27 DECLARATIONS OF INTEREST

No declarations of interest were received.

19.28 MINUTES OF MEETING HELD ON 22 MAY 2019

The Minutes were accepted as a true and accurate record of events.

19.29 MATTERS ARISING – ACTION GRID

J Thomson joined the meeting.

Updates were given on all of the matters arising.

J Thomson provided an update on the progress on implementation of standardisation of HR procedures across the College and confirmed to the Committee that this item had been added as an action on the Internal and External Audit Rolling Action Plan as requested.

J Thomson reported that the management response in the Budgetary Control internal audit report in relation to staff budget variances had been amended to include reference to implementing a new reporting process.

J Thomson reported that the management response in the internal audit report on Performance Reporting/KPIs in relation to information on KPIs being provided to the Board had been amended, sample reports had been sent to Committee members and there will be a session on performance reporting at the Board meeting in October.

J Thomson reported that updates to the 2019/20 Internal Audit Plan, College Assurance Framework and Risk Register are on the agenda.

The Committee noted the Matters Arising Action Grid.

19.30 INTERNAL AUDIT REPORTS

Health and Safety

D Archibald was invited to provide the Committee with an overview of the Health and Safety Internal Audit report, which had been circulated with the agenda.

D Archibald took the Committee through the Report, outlining the Scope, Objectives and Overall Findings. D Archibald informed the Committee that the Level of Assurance has been assessed as Satisfactory, and outlined the strengths and weaknesses as listed in the report.

C Walker joined the meeting.

The Committee discussed the Report. Extensive discussion took place around the one priority 2 recommendation in the report pertaining to tracking Health and Safety on line induction training for new staff. The Committee noted that staff induction now includes a face-to-face process during which Health and Safety staff provide part of the training. In response to a query from a Committee Member, J Thomson indicated the College would consider the process for annual Health and Safety refresher training.

The Committee discussed the logistics around improving the College's awareness of availability of Fire Wardens and First Aiders at any point in time. The Committee acknowledged that this could be problematic as many staff work across the campuses. Committee Members noted that consideration had been given to utilising the Fire TagEvac system as indicated in the report and it had been decided that this system did not add value to the reporting process already in place.

In response to a suggestion from D Archibald, the Committee discussed an additional section to the accident reporting process to capture medical advice provided. D Archibald assured the Committee that the College fully complies with mandatory Health and Safety Executive reporting practices and that this additional reporting would be good practice if adopted. In response to a further query from a Committee Member, D Archibald reported that during sample testing there were some instances where there was no documentation available that evidenced medical advice actions being followed through. The Committee counselled that the recording of advice would have to be carefully considered as First Aiders are not medically trained and cannot offer medical advice beyond recommending attending medical services. J Thomson assured the Committee that the College are aware of this and are cautious in their approach and refer any case on to the next stage.

The Committee noted the Senior Health and Safety Officer is working to update and refresh all Health and Safety Policy and Procedures. J Thomson confirmed that Health and Safety reports are presented to the Health and Safety Fora, the Health, Safety and Safeguarding Committee, OD Committee and an Annual report is presented to the Board of Management.

The Committee noted the report and recommended that it be shared with the OD Committee. J Thomson confirmed it was on the OD Committee agenda for the meeting next week.

ESF Funding

D Archibald was invited to provide the Committee with an overview of the ESF Funding Internal Audit Report, which had been circulated with the agenda.

D Archibald took the Committee through the Report, outlining the Scope, Objectives and Overall Findings. D Archibald informed the Committee that the Level of Assurance has been assessed as Good, and outlined the strengths and weaknesses as indicated in the report.

The Committee discussed the Report. Discussion took place around the only recommendation which a priority 3 recommendation was relating to 3 minor instances of non-compliance, where sample testing of 30 forms had identified that in 3 forms not all sections on the ESF forms had been completed. The Committee noted testing of this area had also been undertaken as part of the sample testing during the SFC credits audit and D Archibald confirmed that all forms were now fully completed. In response to a query from the Committee Chair, J Thomson undertook to ascertain if a formal report output had been received from SFC after their annual performance visit. JT

The Committee discussed the SFC Brexit checklist, noting that the College had completed its review of the areas covered within this checklist. The Committee noted that there is a substantial risk to the College for the future as ESF funding provides £1.6m at the current annual level to the College. The Committee noted that SLT have discussed the potential impact relating to EU students and losing the related funding at length and that the College are signposting students to the various support organisations.

The Committee noted the report

Follow Up Reviews

D Archibald was invited to provide the Committee with an overview of the Follow Up Reviews Report, which had been circulated with the agenda.

D Archibald took the Committee through the Report, outlining the Scope, Objectives and Overall Conclusions. D Archibald highlighted that of the 24 recommendations from previous reports, 20 were fully implemented, 3 are not past completion date and 1 has been partially implemented with a revised completion date. The Committee noted the reasons for the partially completed action.

The Committee noted the report.

19.31 INTERNAL AUDIT 2018/19 PLAN PROGRESS AND PLAN FOR 2019/20

D Archibald was invited to speak to the Internal Audit 2018/19 Plan Progress issued with the agenda.

D Archibald informed the Committee that all planned activity had been completed. As part of the annual cycle work was ongoing now on the Credits, Bursary/Childcare/ Hardship Funds and EMA reports, where fieldwork is underway and a full report will be brought to the next meeting of the Committee on these areas along with the Annual Internal Audit Report.

The Committee noted the report.

D Archibald was invited to speak to the 2019/20 Audit Plan issued with the agenda.

D Archibald provided the Committee with details of the audits planned to be carried out during the next academic year, highlighting that the main revision from the last iteration of the plan, was the removal of international activities, which was due to the College having no international students and limited international activity to review. The Committee noted that there is potential to redeploy these days and this is being discussed with the College.

The Committee discussed the report. Discussion focussed on the scope of the planned Staff Recruitment and Retention internal audit in light of the current financial position and the need to nuance the objectives to reflect the impact of those and it was suggested that this audit should be carried out later in the year. A brief discussion then took place around the OD Committee's level of ownership of this audit.

In response to a query from the Committee, J Thomson indicated that the Executive have considered the areas being proposed and there are few other areas that have not been audited in the 3-year period. Discussion took place around potentially auditing space management which was indicated as high risk for the College, and J Thomson provided assurance that under a business process review was carried out within the period of the plan on utilisation of rooms and work has been carried out on room utilisation.

The Committee approved the plan.

The Chair requested that the format of the reports be changed to show relevant sections as landscape to allow easier review. J JT Thomson undertook to work with Henderson Loggie to implement that in terms of report printing from the next meeting.

19.32 COLLEGE ASSURANCE FRAMEWORK INTERIM UPDATE

J Thomson was invited to provide the Committee with an update on the College Assurance Framework.

J Thomson informed the Committee that, having reviewed the Scottish Government Audit and Assurance Committee Handbook, the College Assurance Framework is being reviewed to follow the “3 lines of defence” model detailed in the Handbook and how the framework for the College will be monitored. The Committee discussed the Report. A detailed discussion took place around the “3 lines of defence model”, monitoring and self-evaluation requirements. It was agreed that the Committee Chair, the College Principal, J Thomson and G Devlin should meet to discuss the “3 lines of defence” model in detail to ensure the College model aligns with the Principal’s accountability duties. A report will be brought to the next Audit Committee meeting. JT

The existing College Audit Committee Remit, which is more detailed than the Handbook’s Model Terms of Reference for Committees, was discussed. As the current Remit covers all the areas in the Handbook, the Committee agreed to leave the current Remit unchanged. The Committee discussed changing the name of the Committee to include Risk or Assurance and after considering various options, agreed the name would remain ‘Audit Committee’.

In response to a query from the Committee Chair, J Thomson agreed in future to provide to each Audit Committee meeting a copy of the Committee’s Schedule of Work for the year. JT

19.33 COLLEGE STRATEGIC RISK REGISTER

J Thomson was invited to talk to the report issued with the agenda.

J Thomson reported that the Register had been amended following discussion at the August Board meeting, firstly, to reflect the potential for SFC to refuse to fund VS costs as shown in the 2019/20 budget (Risk F3). Secondly, amendments have been made to the OD risks O1, O3 and O5 to reflect the need to have mitigating actions around financial challenges in the 2019/20 budget.

The Committee discussed the Report. Detailed discussion took place around the College Risk Appetite, Cyber Security risks and the potential risk of capacity within the Finance Unit. The Committee noted that the Management are not advising the Finance capacity is a strategic risk as recent appointments have been made to bring more stability to the unit. J Thomson highlighted that Cyber security is detailed at O1 in the Register and provided assurance that a lot of work had been undertaken to obtain Cyber Essentials Plus accreditation. J Thomson sought JT

and received the Committee's agreement to change the title of this risk to emphasise specifically cyber security risk.

In response to a query from a Committee Member, discussion took place as to why there are no risks associated with the student experience and the potential impact of reducing finance and staffing restructures on the student experience. The Committee agreed that Risks O5 and O6 should be reconsidered to take cognisance of the impact on student experience. JT

The Committee noted the report and agreed the proposed changes be made to the Risk Register.

19.34 FRAUD RESPONSE PLAN

J Thomson was invited to talk to the report issued with the agenda.

J Thomson informed the meeting that the Plan had been amended to take on board the comments made by the Board of Management at its August 2019 meeting. The Committee noted that the Board of Management had approved the Anti Bribery, Fraud and Corruption Policy at the August meeting with the request that the Fraud Response Plan be remitted to Committee for the requested update.

The Committee discussed the Report and amendments being proposed. Discussion took place around the proposed changes and the Committee proposed some further amendments and revisions. In response to a query from a Committee Member, J Thomson confirmed that there is a separate process in place to deal with academic related fraud which would be through student discipline or staff discipline as appropriate. Further discussion took place around the role of Internal Audit in the plan, seeking legal advice and when to involve the Police service. The Committee noted the requirement to notify External Audit of fraud as that would have to be entered as a loss statement on accounts which would also require to be reported to Audit Scotland.

J Thomson offered that due to the further amendments to be made, the updated paper should be circulated to Committee Members and this was agreed. JT

19.35 APPROVAL OF ACCOUNTING POLICIES

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

J Thomson reported that the Policies are brought to the Committee on an annual basis for approval. The Committee discussed the Report. Detailed discussion took place around the wording and categorisation relating to “going concern” in the context of the College’s responses to its identified significant financial risks and the need to take cognisance of the recently published guidance on this subject and what the impact will be for the FE sector. Further discussion took place around the format of the Policies and it was agreed that the “going concern” element was a Disclosure Note rather than a Policy and needed to be reworded.

The Committee were happy to adopt the policies as provided in the report for the 2018/19 financial statements, subject to reviewing the “going concern” wording and categorisation. JT

19.36 INTERNAL AND EXTERNAL AUDIT ROLLING ACTION PLAN

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

J Thomson informed the Committee that within the Action Plan there were 11 previous recommendations, of which 5 are partially implemented or within timescale. The Committee were advised that there is a new action at Item Ref 1.5 relating to HR procedures added to the plan as requested by the Committee at its last meeting. The Chair of the Committee noted that Item Ref 1.5 is not directly the responsibility of the Audit Committee, but the Board have asked the Committee to oversee this. In response to a query from the Chair of the Committee, J Thomson indicated that progress on this item had been slower than hoped and feedback from Unions is taking time; however, a progress update will be given to the OD Committee. The Chair of the Committee asked that a similar progress update be brought to the Audit Committee at its December meeting in order to consider the risk management aspects of not having agreed harmonised procedures in place. JT

19.37 AUDIT SCOTLAND REPORT: SCOTLAND’S COLLEGES 2019

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

J Thomson talked to the report, highlighting the section which stated that Glasgow Clyde College was one of 10 colleges forecasting a deficit in future years that did not have full mitigation actions in place at the time of their review. J Thomson emphasised to the Committee that this Report is based on the information at the time of the audit of the 2017/18 financial statements and that a lot of work has taken place on financial planning for the five year period since that point. The Committee noted the Report.

Discussion took place around the PI data as summarised in the report, which had improved for the College in terms of learning and teaching and student satisfaction; improved retention rates and the self-assessment process the College undertakes as part of the Evaluative Report and Action Plan. The Committee noted that student demographics, such as the volume of SIMD10 students the College supports, are not adjusted for within the data.

The Committee noted the report.

19.38 EQUALITIES IMPACT ASSESSMENT ON DECISIONS MADE

There were no equalities impact related to the Committee items.

19.39 REVIEW OF PAPERS (INCLUDING DISCLOSABLE STATUS)

The Committee discussed the disclosable status of the papers and it was agreed papers could be disclosed as originally stated.

The Committee requested that an additional column be added to the agenda to detail the paper disclosability status on future agendas. JT

19.40 ANY OTHER BUSINESS

Scott Moncrieff Non Executive Forum

The Committee noted the next Scott Moncrieff Non Executive Forum will take place on 6 November in the Scotsman Hotel in Edinburgh and invitations will be issued shortly.

DATE OF NEXT MEETING

4.30 pm on 27 November 2019, Boardroom, Langside Campus