

**NOTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON 27 NOVEMBER 2019, 4.30PM, BOARDROOM, LANGSIDE CAMPUS.**

PRESENT:

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| David Watt | Committee Chair |
| Michael Payne (by Video Link) | Committee Member |
| Keith Rosser (to Item 19.51) | Committee Member |
| Aranka Szilassy | Committee Member |
| Clare Walker | Committee Member |

IN ATTENDANCE:

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| Jon Vincent | Principal |
| Janet Thomson (to Item 19.50) | Vice Principal Resources & College Development |
| Tracy Elliott | Assistant Principal – Finance & Infrastructure |
| David Archibald | Henderson Loggie |
| Gary Devlin | Scott Moncrieff |
| Christine McConnell | Clerk to the Board |

| | | DISCLOSABLE/ NON DISCLOSABLE | ACTION |
|---|---|---|---------------|
| 19.41 WELCOME AND APOLOGIES | D Watt welcomed everyone to the meeting. | | |
| 19.42 DECLARATIONS OF INTEREST | Keith Rosser advised that he is a Board Member of Glasgow Clyde Education Foundation (GCEF). There were no other declarations of interest. | | |
| 19.43 MINUTES OF MEETING HELD ON 02 OCTOBER 2019 | The Minutes were agreed to be an accurate record of the meeting. | D | |
| 19.44 MATTERS ARISING – ACTION GRID | Updates were given on all of the Matters Arising in the Action Grid. The Committee was advised that work was ongoing in relation to harmonisation of HR procedures under Item 19.36 and the | D | |

summary position was attached as paper 19.44A.

19.45 PRIVATE MEETING WITH INTERNAL AND EXTERNAL AUDITORS ND

It was agreed to move this item to the end of the meeting. There were no matters raised in those discussions which were not already in the reports before the Committee.

19.46 REPORT ON GOING CONCERN ND

TE was invited to speak to the paper. The Committee was provided with background information to support the adoption of the going concern basis of accounting in respect of the 2018/19 financial statements. The Committee discussed the challenges facing the Scottish College Sector as a whole and in particular those in relation to increased staff costs due to National Bargaining, the accumulative impact of nationally determined annual unfunded cost of living pay awards and increased employers' pension contribution costs. The Committee was advised that the College has a medium term Financial Strategy in place in line with Audit Scotland recommendations which anticipates the likely challenges ahead. The Committee noted that Glasgow Clyde Education Foundation (GCEF) has advised the College that, due to its charitable objectives, it is unable to fund voluntary severance costs. In addition it was highlighted that one of the key strands of Scottish Government pay policy is the continued commitment to no compulsory redundancy to which the College has to pay regard. It was noted that GCEF has recently provided funding to support other development projects. The Committee also noted that the term "going concern" is a narrow accounting definition addressing the question of whether the College is able to continue to operate for a period of one year from the date of the financial

statements, and that the challenges faced by the College are in line with the scale of challenges faced by other Colleges in the sector. The Committee noted that the College has no alternative but to take action to reduce staffing costs in order to remain financially sustainable in the short to medium term. The first phase of an organisational wide restructuring process is nearing completion and the second phase in relation to academic management has commenced. The Committee asked that Section 4 of the report be expanded to include more detail on the risks and the contingency actions and that this should also be reflected in the analysis of Principal Risks and Uncertainties section in the Report of the Board of Management and Financial Statements 2018/2019.

JT/TE

19.47 DRAFT ANNUAL FINANCIAL STATEMENTS TO 31 JULY 2019

ND

T Elliott was invited to speak to the report and provided a paper update to page two of Appendix One with a minor change.

The Committee were given an overview of the contents of the Report and Financial Statements which summarise the College's financial position for academic year 2018/19.

T Elliott explained the rationale behind the College sector financial reporting structure.

The Committee asked that the overall "flow" of the report be considered to reflect the current priorities in the College and to link the Mission and Vision discussed in the Principal's Report to the remaining sections. The following specific amendments were requested:-

JT/TE

- Principal's Report -
Paragraph 3 to be strengthened
One additional award to be added
- Legal and Charitable Status
requested some updated
narrative
- "Gearing" line to be removed from
KPI Table

- Wording of last paragraph on page 12 to be redrafted
- Future Development of the College Estate section - to be redrafted
- Principal Risks and Uncertainties- to be shortened
- Repetition of paragraph to be removed
- Board of Management Report – names to be given in full without titles and descriptions to be updated
- Remove last column of attendance percentage figures for Board members
- Highlighted sections to be confirmed

Subject to the amendments above, the Committee noted the report and thanked the Finance team for the quality of the work which had been completed.

19.50 COLLEGE ASSURANCE FRAMEWORK UPDATE **D** **JT**

(This item was moved up the agenda to accommodate staff availability)
 JT was invited to speak to the Report and gave an overview of the College Assurance Framework at this point. The Committee noted that the Assurance Framework is being further developed with assurance mapping in line with the “three lines of defence model” and will be brought back to the Committee later this year. DA of Henderson Loggie advised that the Framework is helpful from an internal audit perspective.

19.48 DRAFT EXTERNAL AUDIT ANNUAL REPORT for year ending 31 JULY 2019 **ND**

G Devlin of Scott Moncrieff was invited to speak to the External Audit report previously circulated.
 It was confirmed the auditors will provide an unqualified opinion on the accounts and other associated reports and statements. The Finance team were praised for the good standard of reports

and working papers such that the auditors have strong assurance on the finance team. It was reported that the college is well governed and demonstrating value for money.

The Committee noted that no new recommendations are made in the Report and that three of the four recommendations brought forward from the previous year's report are fully implemented with significant progress made on the other one relating to medium term financial sustainability planning.

The Committee agreed that this was a helpful and complete report.

The Committee asked that specific mention is made of the Cardonald campus and that consistent terminology is used throughout.

The Committee was advised that the size of the Finance Team is relatively small in comparison to other Colleges.

The Committee recommended:-

- the Financial Statements and Associated Report to the Board; and
- the Letter of Representation be signed off by the Principal.

GD

19.49 DRAFT INTERNAL AUDIT ANNUAL REPORT 2018-19

D Archibald of Henderson Loggie was invited to speak to the report previously circulated.

A brief overview was given and DA confirmed the internal audit opinion that the College has adequate and effective arrangements for risk management, control and governance and proper arrangements are in place to secure value for money.

The Committee received and noted the report which will be referred to in the Committee's Annual Report to the Board of Management.

D

Clerk

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| 19.51 | DRAFT ANNUAL REPORT from AUDIT COMMITTEE TO BOARD of MANAGEMENT The Committee approved the report subject to the addition of number of meeting times and a review of wording to ensure consistency of wording with the external and internal audit annual reports. | ND | Chair |
| 19.52 | 2018/19 STUDENT ACTIVITY DATA ANNUAL REPORT DA of Henderson Loggie gave a brief overview of this report previously circulated. The Committee received and noted the report. | D | |
| 19.53 | 2018/19 STUDENT SUPPORT FUNDS ANNUAL REPORT DA gave an overview of this report previously circulated and highlighted the positive conclusion. The Committee noted that the covering paper that was included in the printed pack was not updated but were satisfied with the positive conclusions of the report. TE agreed to liaise with JT to ensure the cover which is published is fully up to date. The Committee discussed the staffing issues in relation to the training of temporary staff. The Committee received and noted the report. | D | JT/TE |
| 19.54 | INTERNAL AND EXTERNAL AUDIT ROLLING ACTION PLAN The Committee noted the rolling action plan contents. | ND | |
| 19.55 | VALUATION REPORT – ACCOUNTING ASSUMPTIONS The Committee noted the Assumptions | ND | |
| 19.56 | NATIONAL FRAUD INITIATIVE 2018/19 EXERCISE | | |

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| | The Committee commented that the exercise has a significant impact on resources and that there were no instances of fraud to report in the year. The Committee noted the paper and proposed that the College take a risk based approach in future to this exercise. | ND | TE |
| 19.57 | COLLEGE STRATEGIC RISK REGISTER The Committee noted the content of the paper. | D | |
| 19.58 | AUDIT COMMITTEE SCHEDULE OF WORK The Committee were satisfied with the Schedule but agreed that this should be presented as a rolling plan and included higher up the agenda in future. | D | JT |
| 19.59 | EQUALITY IMPACT OF DECISIONS MADE No decisions were made requiring an Equality Impact Assessment. . | | |
| 19.60 | REVIEW OF PAPERS (INCLUDING DISCLOSABLE STATUS) Agreed as noted | | Clerk |
| 19.61 | ANY OTHER BUSINESS There was no other business. | | |
| 19.45 | PRIVATE MEETING WITH INTERNAL AND EXTERNAL AUDITORS The Chair of Audit Committee engaged privately with both auditor representatives. DATE OF NEXT MEETING 4.30pm on Wednesday 26th February 2020 in Boardroom, Langside Campus | | |