

AUDIT COMMITTEE

The next meeting of the Audit Committee will be held on Wednesday 20th May 2020 at 4.30pm. The Meeting will be conducted remotely due to Covid-19 Virus restrictions.

A G E N D A

20.12	Welcome and Apologies		D Watt
20.13	Declarations of Interests		D Watt
Minutes of Previous Meeting			
20.14	Minute of the Audit Committee meeting of 26 February 2020	P	D Watt
20.15	Matters Arising – Action Grid	P	D Watt
Items for Discussion/Decision			
20.16	Audit Committee Schedule of Work	P	C McConnell
20.17	Internal Audit Reports	P	Henderson Loggie
	- Cash & Bank / Treasury Management		
	- Staff Recruitment & Retention / Staff Development		
	- IT Network Arrangements (to follow)		
20.18	Extension of Appointment of Internal Auditor for 2020/21	P	J Thomson
20.19	Internal Audit 2019/20 Plan Progress and Plan for 2020/21	P	Henderson Loggie
20.20	External Audit Planning Memorandum for 2020-21	P	Scott Moncrieff
20.21	College Assurance Framework	P	J Thomson
20.22	College Strategic Risk Register	P	J Thomson
20.23	Audit Committee Remit	P	C McConnell
Items for Information/Noting			
20.24	Internal and External Audit Rolling Action Plan	P	T Elliott
Continual Improvement			
20.25	Equalities Impact Assessment on Decisions Made		D Watt
20.26	Review of Papers (including Disclosable status)		D Watt
20.27	Any Other Business		D Watt

Date of next meeting: 30th September 2020

AUDIT COMMITTEE

Glasgow Clyde College Audit Committee Schedule of Work 2020/21

Four meetings in each annual academic session

30 September 2020
For Discussion / Decision
Audit Committee Schedule of Work
Internal Audit Reports as per Plan
Internal Audit 2019/20 Plan Progress and Plan for 2020/21
College Assurance Framework Update
College Strategic Risk Register
Fraud Response Plan
Approval of Accounting Policies
For Information/ Noting
Internal & External Audit Rolling Action Plan
Audit Scotland Report : Scotland's Colleges 2020 (as available)
18 November 2020
For Discussion / Decision
Audit Committee Schedule of Work
Report on Going Concern
Draft Annual Financial Statements for year ending 31 July 2020
External Audit Annual Report for year ending 31 July 2020
Final Internal Audit Annual Report 2019/20
College Assurance Framework Update
Draft Annual Report from Audit Committee to Board of Management
Student Activity Data Audit Annual Report 2019/20
Student Support Funds Audit Annual Report 2019/20
For Information/ Noting
Internal and External Audit Rolling Action Plan
Strathclyde Pension Fund Actuarial Valuation Report – Accounting Assumptions
National Fraud Initiative 2019/20 Exercise
College Strategic Risk Register
Private meeting with internal and external auditors
3rd March 2021
For Discussion/ Decision
Audit Committee Schedule of Work
Internal Audit Reports as per Plan
Internal Audit 2020/21 Plan Progress
College Strategic Risk Register
For Information/Noting
Internal & External Audit Rolling Action Plan

26th May 2021
For Discussion/Decision
Audit Committee Schedule of Work
Internal Audit Reports – as per Plan
Internal Audit Plan 2020/21 Plan Progress and Plan for 2021/22
External Audit Planning Memorandum for 2020/21
Certificate of Assurance
College Strategic Risk Register
College Assurance Framework
For Information/Noting
Internal & External Audit Rolling Action Plan

AUDIT COMMITTEE MEETING

Date of Meeting	20 May 2020
Paper Title	Internal Audit Reports: <ul style="list-style-type: none"> • Cash & Bank / Treasury Management • Staff Recruitment & Retention / Staff Development • IT Network Arrangements (Report To Follow)
Agenda Item	20.17
Paper Number	20.17A, 20.17B, 20.17C (to follow)
Responsible Officer	Henderson Loggie, Internal Auditors
Status	Disclosable
Action	For Discussion

1 **REPORT PURPOSE**

The purpose of this paper is to submit to the Committee, for discussion, the following reports which have been produced by the College's Internal Auditors, Henderson Loggie.

- Cash & Bank / Treasury Management
- Staff Recruitment & Retention / Staff Development
- IT Network Arrangements (report to follow)

2 **RECOMMENDATION**

2.1 Members of the Audit Committee are invited to discuss the attached papers.

3 **BACKGROUND**

3.1 The Cash & Bank / Treasury Management internal audit report concludes that there is a good level of assurance in this area meaning that the system meets control objectives. There are no recommendations in the report.

3.2 The Staff Recruitment & Retention / Staff Development internal audit report concludes that there is a satisfactory level of assurance in this area meaning that the system meets control objectives with some weaknesses present. There are three low priority recommendations in the report.

3.3 The IT Network Arrangements internal audit report fieldwork has only recently been completed and the draft report is currently being prepared for management review and comment. However, this paper will be issued to follow in advance of the Audit Committee meeting.

4 RISK ANALYSIS

4.1 There are no specific risk implications in this paper.

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

5.1 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

Glasgow Clyde College

Cash and Bank / Treasury Management

Internal Audit Report No: 2020/05

Draft Issued: 11 May 2020

Final issued: 12 May 2020

LEVEL OF ASSURANCE

Good

Contents

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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit Committee.
Priority 2	Issue subjecting the College to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.



Management Summary

Overall Level of Assurance

Good	System meets control objectives with some weaknesses present.
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Risk Assessment

This review focused on the controls in place to mitigate the following risks on Glasgow Clyde College's (the College's) Risk Register:

- Risk F1 - Failure to achieve surplus targets for commercial activity (net risk score 20);
- Risk F4 - Failure to achieve/maintain planned levels of non-SFC income (net risk score: 10); and
- Risk O1 - Failure of College operational processes/systems /ICT infrastructure (including risk of fraud) (net risk score: 16).

Background

As part of the Internal Audit programme at Glasgow Clyde College ('the College') for 2019/20 we carried out a review of the cash and bank system. The Annual Plan completed in August 2019, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Management and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The College's Financial Regulations cover income and banking procedures. Supporting the Financial Regulations are detailed financial procedures, which guide cash office and finance staff through the cash receipting and bank control procedures to be applied.

Cash & Bank / Treasury Management

Scope, Objectives and Overall Findings

The scope of this audit was to review the key internal controls in place within the College over the recording of cash, cheque, credit / debit card, direct transfer and direct debit payments received from students, commercial customers and staff onto the finance system. The audit covered the systems in place within the Finance Office and other areas within the College where a significant volume of payments is received (including the Cardonald refectory).

We also carried out a high-level review of the College's treasury management arrangements covering:

- overall arrangements including policies and procedures;
- cash flow management; and
- banking arrangements.

The table below notes each separate objective for this review and records our results:

Objective		Findings			Actions Already Planned
		1	2	3	
The objectives of the audit were to gain reasonable assurance that:					
		No. of Agreed Actions			
1. Monies collected by the College from all sources are fully, accurately and timeously recorded	Good	0	0	0	
2. All monies received are banked intact and in a timely manner	Good	0	0	0	
3. Regular reconciliations are carried out between actual receipts and amounts recorded in the College's finance system	Good	0	0	0	
4. The College's treasury management arrangements are in line with good practice	Good	0	0	0	
Overall Level of Assurance	Good	0	0	0	
		System meets control objectives.			

Audit Approach

We documented the systems and key controls in place through interviews with the Assistant Principal, Finance and Infrastructure, Finance Manager and other relevant managers and staff, and reviewed documentation, to consider their adequacy.

We then performed compliance testing as appropriate to establish whether the identified controls were operating effectively in practice.

A comparison of treasury management working practices was made with the Scottish Public finance Manual (SPFM) good practice guidance available from the Chartered Institute of Public Finance and Accountancy (CIPFA) 2017 Code of Practice for 'Treasury Management in the Public Services.'

Cash & Bank / Treasury Management

Summary of Main Findings

Strengths

- From our sample testing we confirmed that monies collected by the College had been fully, accurately and timeously recorded, and that monies received had been banked intact and in a timely manner.
- Regular reconciliations were carried out between actual receipts and amounts recorded in the College's finance system. The bank reconciliations reviewed as part of our audit had all been prepared and reviewed on a timely basis and there were no un-reconciled differences or unusual reconciling items.
- A Treasury Management Policy is in place as part of the College's Financial Regulations and this has been aligned with the relevant sections of the Scottish Public Finance Manual (SPFM).

Weaknesses

- Our review did not identify any control weaknesses.

Acknowledgements

We would like to take this opportunity to thank the staff at the College who helped us during the course of our audit visit.

Main Findings and Action Plan

Objective 1: Monies collected by the College from all sources are fully, accurately and timeously recorded

Objective 2: All monies received are banked intact and in a timely manner

We selected a sample of 10 transactions relating to takings from the Cardonald refectory to ensure that they were handled in line with the College's cash and banking procedures. In all cases we were able to confirm that the amounts recorded in the finance system agreed to the Daily Banking Sheet completed by Finance staff. We then agreed the Daily Banking Sheet amounts to the relevant entries in the bank statements. Z reports and Cash up sheets were not available during our testing because these documents were held as hard copies within the College and could not be accessed due to restrictions associated with the COVID-19 pandemic. Therefore, we were not able to conduct the specific aspect of our testing in relation to these documents.

We selected a sample of five internal catering charges and agreed these to the monthly Hospitality Recharge Form, which is completed by the Catering Manager.

We also selected a sample of five transactions relating to takings from a retail outlet and confirmed that the amounts recorded in the finance system agreed to the Daily Banking Sheet completed by Finance staff. We then agreed the Daily Banking Sheet amounts to the relevant entries in the bank statements. Z reports and Cash up sheets were not available as these are held within the College and could not be accessed due to restrictions associated with the COVID-19 pandemic. Therefore, we were not able to conduct the specific aspect of our testing in relation to these documents.

We selected a sample of five fees paid for nursery provision at the Cardonald and Anniesland campuses and confirmed that the amounts recorded in the finance system agreed to the fees due per the Nursery Spreadsheet. We then agreed these amounts to the relevant invoice and traced them through to receipt of payment from Glasgow City Council.

From the sample testing concluded on transactions, spanning the refectory; catering recharges; retail outlets; and nurseries, we have concluded that the monies collected were fully, accurately and timeously recorded and that in all cases the monies were banked intact and in a timely fashion.

We also completed an Internal Control Questionnaire and Hazard Identifier schedule to compare the College cash and bank processes against recognised good practice and identified no areas of concern.

Cash & Bank / Treasury Management

Objective 3: Regular reconciliations are carried out between actual receipts and amounts recorded in the College's finance system

The College had seven bank accounts in use during academic year 2019/20. Bank reconciliations are prepared by a member of the Finance team and are routinely reviewed by the Finance Manager. The monthly bank reconciliation statements, which covered the period from August 2019 to March 2020, were reviewed to ensure that they had been prepared timeously; that there were no un-reconciled differences or unusual reconciling items; and that they had been subject to an appropriate level of review.

Although a total of five bank reconciliations were unavailable, spanning five separate months and four separate bank accounts, because they had not been scanned prior to lockdown (and were therefore not available electronically), we were able to conduct virtually all of our testing on the bank reconciliations for all seven of the College bank accounts. In all cases reviewed we were able to confirm that the system balance had been reconciled to the bank statements; that the individual reconciliations had been checked by a member of staff who was independent of the preparer; that the reconciliations had been conducted in the month following the period in question and that at the time of our fieldwork all reconciliations were up to date.

Cash & Bank / Treasury Management

Objective 4: The College's treasury management arrangements are in line with good practice

We reviewed the College's Treasury Management policy, which is detailed at section 15 of the College's Financial Regulations and confirmed that the policy was aligned with the relevant sections within the Scottish Public Finance Manual (SPFM).

A desktop comparison exercise was conducted between the sections contained in the College's Treasury Management policy and the treasury management principles and practices contained within the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for 'Treasury Management in the Public Services', which was most recently updated in 2017. Our review confirmed that the current Treasury Management policy provides adequate coverage of all of the pertinent headings.

We also completed an Internal Control Questionnaire and Hazard Identifier schedule to compare the College treasury management processes against recognised good practice and identified no areas of concern.

Our review of College financial monitoring arrangements demonstrated that a monthly cash flow position is calculated and that processes are in place to track projected income and expenditure against cash balances in order to maintain liquidity.

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Glasgow Clyde College

Staff Recruitment and Retention / Staff
Development

Internal Audit Report No: 2020/04

Draft issued: 03 May 2020

Final issued: 11 May 2020

LEVEL OF ASSURANCE

Satisfactory

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Level of Assurance

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Action Grades

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Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



Management Summary

Overall Level of Assurance

Satisfactory

System meets control objectives with some weaknesses present

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Glasgow Clyde College ('the College') Strategic Risk Register:

- Organisational risk O5 - Failure to recruit and retain an appropriately skilled and effective workforce, current rated as a medium risk.

Background

As part of the Internal Audit programme at the College for 2019/20 we carried out a review of the college's recruitment, retention and staff development arrangements. The Audit Needs Assessment, completed in November 2017, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Management and the Principal that the required control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Scope, Objectives and Overall Findings

This audit reviewed the adequacy and effectiveness of policies and procedures for staff recruitment and selection and the processes in place that contribute to the retention and development of staff. The audit also assessed the arrangements in place for succession planning.

The table below notes the objectives for this review and records the results:

Objective	Findings			
	1	2	3	
The specific objectives of this audit were to obtain reasonable assurance that:				
1. There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice	Satisfactory	0	0	2
2. The College has appropriate policies and processes in place that contribute to the retention of staff, including good employee engagement, reward and recognition, and ongoing training which are in line with good practice and being effectively implemented	Good	0	0	0
3. Appropriate succession planning arrangements are in place.	Satisfactory	0	0	1
		0	0	3
Overall Level of Assurance	Satisfactory	System meets control objectives with some weaknesses present		

Audit Approach

A sample of senior managers were interviewed and the College's recruitment and retention arrangements along with its succession planning processes, were reviewed and tested to assess compliance against the above objectives.

Summary of Main Findings

Strengths


- The Staffing Group, which meets every six weeks, provides the College with a corporate oversight of the recruitment process ensuring that all recruitment is in line with the College's aims objective and available funding;
- There is an up to date guide in place detailing the required steps to be taken when recruiting staff;
- Job roles are defined and placed on the pay scales based on the independent FEDRA job evaluation process;
- Guidance and support are available for the staff undertaking the selection process including interviews;
- The recruitment team uses a checklist to monitor the progress of each recruitment exercise to ensure compliance with the required approach;
- The required preemployment checks, including identity and disclosure are undertaken before employment commences;
- A new induction process is now in place to support new employees;
- The college has introduced a new set of values which set a benchmark for expected behaviours for its staff;
- All staff undertake an annual review to identify individual staff training needs which are assessed against the college values, in addition this process identifies individuals personal developmental objectives;
- Training and development programmes are in place to support College staff training needs and developmental objectives;
- Support is also in place for lecturers without a teaching qualification to obtain the General Teaching Council Scotland (GTCS) qualification;
- GTCS has approved the College's CPD approach for ongoing validation for teaching staff to maintain their professional teaching qualification;
- The College has a wide range of non-pay benefits to staff including increased flexible working, pensions, life insurance, employee support and a staff discount scheme;
- There are Key Performance Indicators (KPI's) in place to monitor the recruitment and retention process including training undertaken by staff with six monthly progress reports submitted to the Board of Management Organisational Development Committee; and
- Overall, the College has a low staff turnover rate, at an average of around 4%.

Weaknesses

- The Terms of Reference (ToR) for the Staffing Group which provides strategic oversight of the College's recruitment process is not fully aligned with best practice in corporate governance as it does not detail the role of the group within the College's governance and assurance arrangements;
- Audit testing identified a mismatch between the maintenance of the clerical and system records held by HR, therefore not all the recruitment checklists were not always fully updated in both systems; and
- There is no formal approach to staff succession planning in place within the College.

Acknowledgements

We would like to take this opportunity to thank the staff at the College who helped us during our audit.



Main Findings and Action Plan

Objective 1: There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice.

Recruitment-Decision Making

There is a Staffing Group in place which consists of the Vice Principals of Curriculum, External Relations, and Resources and College Development, the Assistant Principal Human Resources and the Head of Human Resources. The Staffing Group meets six weekly and its role is to provide a corporate oversight of the recruitment process. All recruitment bids are submitted to the group as part of a formal business case, and the group considers each application to determine if:

- The role is funded within the College's current funded full-time equivalent (FTE) staffing levels;
- If not, the source of the funding for the post;
- Whether it is a permanent or temporary, full time or part time role;
- If temporary or a fixed term award, the duration of the role; and
- Assess whether the role meets an identified business need and is aligned with the College's strategy.

Once the approval for the post is received, the HR team initiate the recruitment process. Terms of reference are in place detailing the remit of the Staffing Group; however, the remit does need to be updated to meet best practice and to align with the College's wider governance arrangements.

Staff Recruitment and Retention / Staff Development

Objective 1: There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice. (continued)

Observation	Risk	Recommendation	Management Response		
A review of the terms of reference for the Staffing Group has confirmed that it does outline the membership; the roles and responsibilities of the group and the meeting frequency. However, best practice would suggest that the terms of reference should also set out how the Staffing Group interfaces with the wider governance arrangements. So, for example which forum does this Group report to and when and what should be reported? In addition, the document should set out the frequency of the review of the Group's roles and responsibilities.	The terms of reference of the staffing Group may not capture the way in which the group links into the wider governance framework of the College and how often the terms of reference should be reviewed.	R1 The terms of reference for the Staffing Group should be reviewed and updated to describe the role of this forum within the wider College corporate governance framework and describing the timescale for subsequent review of the terms of reference for the Group.	<p>The terms of reference for the College staffing group will be revised to ensure that the link to the wider governance framework is clear.</p> <p>To be actioned by: Vice Principal Resources and College Development</p> <p>No later than: 31 August 2020</p>		
			<table border="1"> <tr> <td>Grade</td> <td style="background-color: #92d050;">3</td> </tr> </table>	Grade	3
Grade	3				

Staff Recruitment and Retention / Staff Development

Objective 1: There are appropriate formal policies and procedures relating to recruitment and selection which meet legal requirements, including those regarding equality and diversity, and these are being followed in practice. (continued)

Observation	Risk	Recommendation	Management Response
Our audit testing identified a mismatch between the maintenance of the clerical and system records, therefore not all of the recruitment checklists were fully updated. However, it should be noted that the paper HR files examined were up to date and these are the primary information source. The root cause of this is the concurrent operation of two systems, one clerical hardcopy and one electronically based. The mismatch in records could increase the risk that required elements of the recruitment processes are not fully completed in line with the required guidance before a new employee commences employment. While testing has not identified any instances of this at present, the operation of dual systems increases the possibility of this risk crystallising.	The mismatch in record keeping processes could increase the risk that required elements of the recruitment processes are not fully completed in line with the required guidance before a new employee commences employment. While testing has not identified any specific instances of this occurring, the operation of dual systems increases the possibility of this risk crystallising.	R2 Records should be accurately updated and maintained consistently across the hardcopy and electronic records. Ideally, the College should work towards developing a single consistent approach for processing recruitment documentation, including consistency in record keeping and retention.	<p>The College are having advanced discussions with our software provider to get web recruitment operational. It is estimated that it will take approximately 3 days consultancy work to get the system operational resulting in only one system for recording recruitment processes.</p> <p>To be actioned by: Assistant Principal Human Resources</p> <p>No later than: 31 August 2020</p>
			<p>Grade 3</p>

Staff Recruitment and Retention / Staff Development

Objective 2: The College has appropriate policies and processes in place that contribute to the retention of staff, including good employee engagement, reward and recognition, and ongoing training which are in line with good practice and being effectively implemented.

The audit review of the financial reward and recognition processes in place confirmed that the college complies with the nationally agreed pay scales for both teaching and non-teaching staff. Job roles are placed on the relevant pay scales with the use of the FEDRA job evaluation process which is used by all Scottish Further Education bodies. This evaluation approach independently assesses the job role and its place within the nationally agreed pay scales.

A number of non-financial benefits are also available to staff these include;

- Flexible work arrangements including;
 - Flexi time;
 - Family friendly approach to working;
 - Favourable maternity and paternity leave arrangements;
- Occupational health services;
- Employee support programme;
- Pension scheme;
- Life insurance;
- Training and development programme for staff; and
- A staff discounts scheme

In line with current practice within the FE sector in Scotland, the College does not have a formal staff appraisal process. However, the College is committed to the ongoing development of staff at all levels. There is an annual programme of staff development assessment and needs linked to the College values and the personal development objectives of individual members of staff. This approach identifies individual training and developmental needs, along with any personal development aspirations, to enable staff to meet the College values, which are the benchmark for all staff to demonstrate expected work behaviours. Once needs and personal objectives are identified, applications are made for the provision of training to support the identified needs.

Until the current Academic year, August 2019 to July 2020, this process was not mandatory. Therefore, the exact level of compliance with this requirement across the college could not be assessed. However, the completion of this training development review is now mandatory, compliance rates can now be assessed and will be reported to Senior Management Team (SMT) after the completion of the current academic year ending 31 July 2020.

Once training needs are identified the College has a defined process in place for addressing these needs, this policy is available to all staff on the intranet. There is a formal guidance and procedures in place for individual training and development needs which is currently being updated. Once applications are made for training and developmental needs, they are scored with the merits of each application with funding provided to those who are deemed to be worthy of support. College funds for training and development is limited resulting in the use of the scoring assessment approach and the need to focus in on key development areas.

Staff Recruitment and Retention / Staff Development

Objective 2: The College has appropriate policies and processes in place that contribute to the retention of staff, including good employee engagement, reward and recognition, and ongoing training which are in line with good practice and being effectively implemented. (continued)

The College does not deliver specific training courses in-house. Instead, funding is provided, or access is provided to learning materials via eLearning or other training modules. The only exception to this approach are the three CPD days which are delivered at each campus. All three campuses receive tailored events which are based upon the identified needs and these sessions comprise of a combination of internal and external training events.

One of the key development areas is the desire to improve the current ratio of qualified lecturers in place, currently this stands at 70% (362 out of 514 employed lecturers are qualified). To obtain the qualification the College is required to fund 150 hours of additional staffing costs to backfill for each member of staff participating in this training. The cost of this limits the numbers the college can support through this process on an annual basis, in academic year 19/20 the college offered 12 places. The GTCS, the professional teaching body has recently reviewed and approved the colleges CPD approach, validating its use for teaching staff to maintain their professional qualification.

There are KPIs in place to monitor progress against the success of the training and development initiatives within the college which are reported to the Organisational Development Group on a six-monthly basis. In addition the most recently completed staff survey in 2018 only identified one issue in relation to the provision of training and this has now been addressed. The staff survey to capture the views of staff on training and development issues is now due but has been delayed due to the current COVID-19 pandemic.

The College has also signed up to the Scottish Government's Staff Governance Charter to promote improved employee involvement in the College's strategic direction. This approach involves joint working with key stakeholders such as Trade Unions, professional organisations and other FE bodies.

Staff Recruitment and Retention / Staff Development

Objective 3: Appropriate succession planning arrangements are in place.

At present there are no formal succession planning arrangements in place. We were advised that there have been previous attempts to introduce a formal succession planning framework, but these attempts have been unsuccessful. The College has in place a robust recruitment process which has been successful in recruiting key posts when the need has arisen. This has also been supported using contingency plans when senior or key staff leave the College. In recent years, the College has been able to manage the loss of key postholders (including the Principal and Vice Principal) without any business interruption. However, there is an acceptance that more formal succession planning arrangements should be in place because this would provide additional support in recruiting the posts the college has already identified as 'Difficult to fill'.

Observation	Risk	Recommendation	Management Response
There is currently no formal staff succession planning framework in place within the College.	The College is unable to recruit an external candidate or promote an internal candidate to fill a key vacant post within the College.	R3 The College should set out a timetable to develop and introduce a formal staff succession planning process for identified key posts.	<p>The College has in recent years reviewed turnover of senior staff in key positions and identified opportunities for succession planning. For example, the current Depute post took on the Principal post and the current VP took on the Depute post and an AP was promoted into a VP post. There is always open external recruitment for permanent senior posts and therefore a succession planning process is in place although not documented. We will however develop a more formal succession planning process.</p> <p>To be actioned by: Assistant Principal Human Resources</p> <p>No later than: 31 December 2020</p>
			<p>Grade 3</p>

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Glasgow Clyde College

IT Network Arrangements

Internal Audit Report No: 2020/06

Draft issued: 14 May 2020

Final issued: 15 May 2020

LEVEL OF ASSURANCE

Good

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Section 2	Main Findings and Action Plan 4 - 9

Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit Committee.
Priority 2	Issue subjecting the College to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Management Summary

Overall Level of Assurance

Good	System meets control objectives.
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Risk Assessment

This review focused on the controls in place to mitigate the following risk on the Glasgow Clyde College ('the College') Strategic Risk Register:

O1 - Failure of College operational processes / systems / ICT infrastructure (including risk of fraud and potential cyber-attack) (risk rating: high)

Background

As part of the Internal Audit programme at the College for 2019/20 we carried out a review of the organisation's IT network arrangements. Our Audit Needs Assessment identified these as areas where risk can arise and where internal audit can assist in providing assurances to the Board of Management and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Responsibility for ensuring an efficient and effective IT service delivery to all staff and other service users lies, principally, with the College's ICT Department. This includes first level support over some of the main application systems used in the provision and maintenance of user access to the network. The IT Department is also responsible for purchasing and maintaining the servers upon which the applications are housed; the desktop computers and mobile devices used by staff; and the network which connects them.

The College has deployed significant resources in developing, acquiring, and maintaining application and business systems. In turn, these systems manage critical information and should be considered an asset that requires to be effectively managed and controlled.

IT Network Arrangements

Scope, Objectives and Overall Findings

ICT security plays an important part in ensuring that business applications are available for use and that sensitive information cannot be accessed by unauthorised users. This audit reviewed the controls in place to ensure that ICT security is adequately managed, in line with the latest guidance produced by the National Cyber Security Centre (NCSC), the UK Government's national technical authority for information and cyber security.

We also carried out a high-level review of the College's ICT Business Continuity and Disaster Recovery arrangements.

The table below notes the objectives for this review and records the results:

Objective	Findings		
	1	2	3
The specific objective of this audit was to:			
1. physical controls over access to network servers;	Good	0	0
2. compliance with an acceptable usage policy, including for mobile technology and the use of social media;	Good	0	0
3. logical access controls, including: <ul style="list-style-type: none"> ◆ checks to ensure user access and user functionality is appropriate; ◆ passwords; and ◆ procedures for setting up and revoking users; 	Good	0	0
4. adequate review of change control (upgrades, patches) and emergency access;	Good	0	0
5. review of system administrator actions;	Good	0	0
6. monitoring of attempted unauthorised access;	Good	0	0
7. identifying unlicensed software;	Good	0	0
8. remote user security procedures; and	Good	0	0
9. ICT Business Continuity and Disaster Recovery.	Good	0	0
Overall Level of Assurance	Good	0	0
		System meets control objectives	

Audit Approach

From discussion with the Head of ICT and members of the College's ICT Team, and review of documentation, we identified the systems and internal controls in place and compared these with expected controls as recommended by the NCSC. We have reported on any areas where expected controls were found to be absent or where controls could be further strengthened.

IT Network Arrangements

Summary of Main Findings

Strengths

- Hardware and software inventories are maintained.
- Vulnerability scans of the College network are conducted regularly, and the College IT team constantly monitors the health and activity on the ICT network.
- Processes are in place for applying updates and patches to all devices connected to the College network.
- The ICT architecture protects the College network through use of firewalls and prevents direct connections to untrusted external services and protects internal IP addresses.
- Penetration testing of the external boundaries is conducted annually, and findings are used by the ICT Team to address any security weaknesses.
- Management of user accounts is linked to the College's Human Resources led starter, leaver and change of role procedures.
- Network hardware is protected by an anti-virus solution which is updated daily and automatically scans for malware.
- All ICT equipment and removable media is scanned for malware when connected to the College network or networked equipment.
- Software is deployed across the network which monitors, amongst other things, the number of approved user licences and renewal dates.
- All upgrades, patches, hardware, and software configurations which affect the College network, are approved in line with the College's change management procedures.
- The College uses a remote desktop solution which allows staff remote access to College data and applications via a virtual desktop environment without accessing the Active Directory database directly, thereby reducing the risk of compromise of data security.
- ICT disaster recovery and response procedures are in place which focus on the protection and recovery of the College's data and key systems. Back-up procedures have been established, where the back-up frequency is based on the level of systems / data criticality.
- The College is a member of the HEFESTIS (the Universities and Colleges Shared Services group for information security) which provides the College with access to information security expertise and an incident response team in the event of a significant cyber-attack.

Weaknesses

- No significant weaknesses were identified during our review.

Acknowledgements

We would like to take this opportunity to thank the staff who helped us during our audit visit.

Main Findings and Action Plan

Objective 1: Physical controls over access to network servers.

Due to the Scottish Government's guidance in response to the Covid-19 pandemic, and the resulting national lockdown, we were unable to physically attend the College campuses and therefore we could not confirm if access to server and communication rooms is adequately controlled and appropriate environmental controls are in place to protect equipment. We were informed by the Head of ICT that server rooms are located within secure parts of College buildings, accessed by way of numeric keypad entry systems, and protected by alarm systems.

IT Network Arrangements

Objective 2: Compliance with an acceptable usage policy, including for mobile technology and the use of social media.

The College has established separate ICT Acceptable Use Agreements for staff and students which are intended to provide a framework for the safe and secure use of College ICT resources. Staff and students are required to acknowledge and accept the terms of the agreements by way of an on-screen pop-up at each log-in to the College network. Staff and students have access to the agreements via the College's intranet and website. Staff are required to comply with all the College's policies and procedures under the terms of their employment.

The ICT Acceptable Use Agreements are supported by a number of other policies in relation to what is deemed acceptable use of the ICT services and resources, including the Use of ICT Resources Procedure and Guide to Information and Data Security, and other related procedures. Further reference is also made within the agreements to the Janet Acceptable Use Policy. Our review of the College's policies and procedures noted that they reflect the increasing use of mobile devices and the security of those devices when accessing College data, connecting to third party networks and data encryption.

The ICT Acceptable Use Agreements outline that where there is an indication that the agreements are not being followed then this will be investigated and may result in disciplinary action. The College does not use any specialist network tools to monitor compliance with the ICT Acceptable Use Agreements, however we did identify alternative controls in place, including:

- The College uses systems which have in-built internet content filtering activated to block access to inappropriate material and illegal activities. Port / proxy server restrictions are also in place to reduce risk of circumvention of controls.
- The email system has filters enabled.
- Bring Your Own Device (BYOD) connections are segregated from the College network by firewalls, e.g. separate Wi-Fi networks for students and guests which restrict access to the internet only; and
- Endpoint encryption is enabled on College issued devices such as laptops.

IT Network Arrangements

Objective 3: Logical access controls, including:

- ♦ checks to ensure user access and user functionality is appropriate;
- ♦ passwords; and
- ♦ procedures for setting up and revoking users.

The College has procedures and controls in place which ensure that when a user (employee or learner) leaves or, in the case of staff, changes their employment role, their access rights to ICT services are immediately reviewed and appropriate action is promptly taken. This process is driven by Human Resources (HR) for staff accounts and Student Services for learner accounts. The HR and Student Records systems are directly linked to the account management process, with any changes being acted on by ICT services. Reviews of user accounts to ensure that user functionality is appropriate are periodically performed by ICT staff. The account management process assigns new users to student or staff group profiles with permissions based on systems access requirements and job role / student enrolment details.

Employee leave dates are communicated by HR to ICT Services as part of the user account management process. Once processed, the relevant staff account is set to disallow interactive logins. User accounts that have not been active for a period are automatically disabled. After a further period has passed disabled accounts are deleted.

ICT Services has established tools, procedures, and standards for configuring the system audit log facilities. In addition, the general health of the network is monitored on a continual basis by ICT services, which includes a review of audit logs. The risk of security breaches is mitigated through a range of controls, including: username and password controls; group and user profiling which restricts access to critical files; anti-virus software; reliance on network perimeter security such as firewalls; automated network monitoring and alert software; and network segmentation to protect access to critical systems.

User guidance on the College's password policy and good practice on password security is contained in the ICT Acceptable Use Agreements. The College password policy is enforced for staff and student users through Active Directory. We noted that the College's password policy reflects current good practice in relation to complexity, length, character composition and rotations.

IT Network Arrangements

Objective 4: Adequate review of change control (upgrades, patches) and emergency access.

Policies and procedures that define and support the configuration control and change management requirements for all ICT systems, including software are in place. An authorised software list has been established. Change management is controlled and monitored through the ICT Service Desk actions. Where changes are required a description of the change is attached to the Change request, a business case description, any costs associated to the change and effects/risks if the change did not take place. Changes can only be authorised by an ICT Manager. Once a change has been authorised, a notification of change is sent to ICT Engineers and System Developers and any other parties that may be affected.

The College network uses Microsoft windows systems. For Microsoft applications, all critical patches and updates for windows and Active Directory are pre-tested by Microsoft to ensure that no bugs are present before being made available for download to Microsoft enabled devices. Patches and updates are then downloaded directly to the network servers. ICT Services also review notifications of all other systems updates and patches which are applied across the network once they have been reviewed and tested.

Procedures are in place to ensure that all network connected devices are regularly updated with the latest anti-virus and security updates. The College makes use of System Centre Configuration Manager (SCCM) software to ensure all College devices are updated and have a procedure to test and apply new updates. Anti-virus is configured to automatically scan all devices at point of connection to the College network. Malware and virus protection software is present across email, Office 365, Web browsing, external storage devices, Firewalls, Client devices.

Where external contractors are required to undertake systems maintenance separate user third party access accounts are created by ICT Services which ensure that access to services and data is restricted. Contractor accounts are disabled when no longer required.

Objective 5: Review of system administrator actions.

Senior members of ICT Services, who are responsible for the maintenance and configuration of the College ICT infrastructure, have been allocated administrator privileges. The Head of ICT approves the use of the administrator accounts. Full audit trails of ICT Services staff actions are recorded by log management software.

ICT staff, who are assigned Administrator user accounts,, are also assigned separate active directory accounts, which are used to access College services, including email and web browsing, However, for all systems maintenance and configuration changes, ICT staff must use separate administrator log-ins for accessing each system.

IT Network Arrangements

Objective 6: Monitoring of attempted unauthorised access.

Log management software records internal and external access attempts made to the College network.

Scanning software is active across the network, which scans activity passing through all open IP addresses and ports and through the external boundary firewalls. Reports are reviewed periodically by ICT Services and automated alerts have been configured to notify ICT Services of any unusual activity. In addition, penetration testing of external boundaries is conducted annually. Internal scanning of networked devices is also performed. ICT Services constantly monitor the health and activity on the College network.

A firewall intruder detection system is in place, which alerts ICT Services to any unusual external traffic trying to access the College network. As the College connects to the Janet network, which is managed by Jisc, additional checking of unusual network traffic is performed by Jisc.

Objective 7: Identifying unlicensed software.

SCCM software is deployed across the network, which monitors, amongst other things, the number of approved user licences and renewal dates. SCCM automatically detects the number of users using the software at any one time and would alert IT staff when limits are reached. Microsoft licensing for servers means that any users exceeding the licensing agreement are simply denied access to the service. Software providers also remind the College of its need to renew licences which prompts the renewal of existing licences and ensures that the College has valid licenses in place.

SCCM performs checks on individual computers and servers to identify any unauthorised software however the configuration of the College ICT infrastructure, network and user accounts is such that software can only be installed on the network or equipment centrally by ICT staff with Administrator access rights.

We were advised that there have been no recorded incidents of staff installing unauthorised software on the College's IT equipment or any breaches in software user licences in recent years.

The ICT Acceptable Use Agreements prohibit the installation of software, other than that which is specifically licensed for use in connection with the College's business. Normally, no external software will be used on the College's systems to prevent the possible introduction of malware and viruses. If it is necessary to introduce other software, ICT Services must agree its use. The College does not permit the use of unlicensed software.

IT Network Arrangements

Objective 8: Remote user security procedures.

The College uses a remote desktop solution which allows staff remote access to College data and applications via a secure virtual desktop environment without accessing the Active Directory database directly, thereby reducing the risk of compromise of data security. Furthermore, the College provides users with a VPN (Virtual Private Network) service (which is used to create a secure connection to another network over the internet) for staff to access business systems such as the UnitE student records system. This ensures that users, or hackers, cannot access these systems from an external network thereby reducing exposure of the databases that underpin those systems.

Objective 9: ICT Business Continuity and Disaster Recovery

The College has a Business Continuity Plan which includes sections that address general failures in the College's ICT infrastructure. ICT disaster recovery and response procedures are in place which focus on the protection and recovery of the College's data and key systems. Back-up procedures have been established, where the back-up frequency is based on the level of systems / data criticality.

Policies and processes are in place to appropriately manage and respond to incidents detected by network monitoring solutions. Security incident management procedures are tested regularly with any lessons learned used to fine tune processes.

The College is a member of HEFESTIS (HE/FE Shared Technology & Information Services) which provides access to a CISO (Chief Information Security Officer) shared service. The CISO shared service provides the College with a tailored information security service to meet its requirements which includes Information Security Strategy assistance, access to sector best practice policies and procedures, a general advisory service on all aspects of information security, and ad-hoc updates on emerging threats / exploits / scams.

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AUDIT COMMITTEE MEETING

Date of Meeting	20 May 2020
Paper Title	Internal Audit 2019/20 Plan Progress and Plan for 2020/21
Agenda Item	20.19
Paper Number	20.19A and 2019.B
Responsible Officer	Janet Thomson, Vice Principal Resources and College Development
Status	Disclosable
Action	For Discussion

1. REPORT PURPOSE

The purpose of this report is to provide a summary of the progress against the Internal Audit Plan for 2019/20, as being completed by Henderson Loggie, and Internal Audit Forward Planning for 2020/21.

2. RECOMMENDATION

Committee Members are invited to review and discuss this paper.

3. BACKGROUND

The 2019/20 Internal Audit Plan continues to be progressed and an update is attached to this paper. In addition, Henderson and Loggie have also produced an Internal Audit Forward Planning report which outlines potential Internal Audit topics for 2020/21 and which has also been attached to this paper.

4. RISK ANALYSIS

There are no specific risk implications in this paper.

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

2019/20 Internal Audit Plan Progress Report

Paper: 20.19A

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit Committee	Comments
Annual Plan 2019/20	Oct-19	Draft 19/08/19 2nd Draft 18/09/19 Final 27/11/19	2020/01	N/A	02/10/19 & 27/11/19	
Publicity and Communications	Feb-20	Draft 05/02/20 Final 14/02/20	2020/02	Good	26/02/2020	
Quality	Feb-20	Draft 14/02/20 Final 14/02/20	2020/03	Good	26/02/2020	
Investigation report	N/A	Draft 10/01/20 Final 14/02/20	N/A	N/A	N/A	The unallocated days included in the Annual Plan 2019/20 have been utilised to complete this review. There are 5 improvement actions arising from the investigation which it has been agreed will be added to the College Audit Rolling Action Plan.
Staff Recruitment and Retention / Staff Development	May-20	Draft 03/05/20 Final 11/05/20	2020/04	Satisfactory	20/05/2020	
Cash and Bank / Treasury Management	May-20	TBC	2020/05	Good	20/05/2020	
IT Network Arrangements	May-20	TBC	TBC	TBC	20/05/2020	Due to timing of audit fieldwork, this report is to follow but will be issued in advance of the May20 Committee Meeting.
Equalities	Oct-20					Fieldwork to be completed in June 2020
Follow-Up Reviews	Oct-20					Fieldwork to be completed in June 2020
Credits Audit	Sep-20				Nov-20	
Bursary, childcare and hardship funds	Sep-20				Nov-20	
EMA audit	Sep-20				Nov-20	

AUDIT COMMITTEE MEETING

Date of Meeting	20 May 2020
Paper Title	College Assurance Framework Update
Agenda Item	20.21
Paper Number	20.21A
Responsible Officer	Janet Thomson, Vice Principal – Resources and College Development
Status	Disclosable
Action	For Discussion

1 REPORT PURPOSE

- 1 This paper provides a brief update on the College Assurance Framework, which is planned for 2019/20.

2 RECOMMENDATION

- 2 The Committee are requested to DISCUSS the College Assurance Framework and the Assurance process going forward.

3 BACKGROUND

- 3 The Scottish Government issued an updated Audit and Assurance Committee Handbook in 2018.

- 3 Scott Moncrieff prepared a summary of the main changes to the Audit Committee Handbook and their summary document was submitted to the last Audit Committee. The main areas of change to the Handbook were:

- Audit and Assurance Committees to refresh their remit to comply with the changes – this was done in discussion at the October Committee and members were content with the current remit.
- An Assurance Framework to be developed/updated to consider whether there are any gaps or overlaps in assurances for the Committee – this Assurance Framework was created for the College in November 2018 based on the work of Committees compared to their remits and it is intended to complete Assurance Mapping for the future. The current framework was used in 2018/19 and the updated framework will be used for the 2019/20 financial year. In discussion with the Chair of the Audit Committee, it is proposed to base the mapping on two key documents for the College, which are the Financial

Memorandum with GCRB, and the Certificate of Assurance Checklist, which is an annual process the College, needs to complete containing fifteen areas of assurance across the College. A link to the Financial Memorandum (which is on GCRB's website) is given below.

<http://www.gcrb.ac.uk/sites/default/files/documents/GCRB%20Assigned%20College%20Financial%20Memorandum%20FINAL.pdf>

The signed Certificate of Assurance for 2018/19 for the College is attached. The 2019/20 Certificate request has not been received yet however it is expected soon.

- Consider any training for Committee on the new assurance framework and handbook – this will be considered between now and the academic year.
- 3 Following the update to the Scottish Government Audit and Assurance
. Committee Handbook, it is intended to review the College Assurance
3 Framework and to update to follow the “three lines of defence” model as
advocated in the Handbook
- First line: management assurance from “front line” or business operational areas;
 - Second line: oversight of management activity, including effective management information, separate from those responsible for delivery, but not independent of the organisation’s management chain; and
 - Third line: independent and more objective assurance, including the role of Internal Audit and from external bodies.
- 3 The Committee have considered their remit compared to the Model Terms of
. Reference from the Scottish Government Audit and Assurance Committee
4 Handbook and agreed that the remit was appropriate covering the areas as per
the Model Terms. The Example Annual Core Work Programme from the
handbook was also discussed it was agreed that the Schedule of Work for the
Committee should be included with each future agenda.
- 3 The work to update the Assurance Framework was intended to be undertaken
. on a workshop style basis with the Executive Management Team and other
5 managers to cover each of the various areas in the two documents of the
Financial Memorandum and the Certificate of Assurance. This was not
completed before the College closure due to COVID 19 virus. It will now be
scheduled for a virtual meeting over the next few weeks and a report brought
back to the next Committee meeting.

4 RISK ANALYSIS

- 4 The risk implication is in ensuring compliance with the updated Audit Committee Handbook of the Scottish Government.

1

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

5.1 The College needs to comply with the Audit Committee Handbook as part of its status as a public body.

6 HAS AN EQUALITY IMPACT ASSESSMENT BEEN CARRIED OUT

N/A

GLASGOW CLYDE COLLEGE - STRATEGIC RISK REGISTER INCL. COVID 19 IMPACTS								as at 11th May 2020							
Key of abbreviations : SFC = Scottish Funding Council, GCRB = Glasgow Colleges Regional Board, GOG = Glasgow Colleges Group, SDS = Skills Development Scotland, ESF = European Social Fund, JISC = Joint Information Steering Committee															
Score Before Mitigating Actions								Score After Mitigating Actions							
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 Timing - Short / Medium/ Long Term	Risk Score at last report to the Board	Risk Increasing/ Decreasing/ No Change
Financial Risks															
F1 merged 2 risks	Failure to achieve surplus targets for commercial activity /and Failure to achieve/maintain planned levels of non-SFC income	Financial / COVID impacts	Goal 3 & Goal 4 - Contributing to the local, regional and national economy, & ensuring operational effectiveness and efficiency	Assistant Principal International and Business Development	5	5	25	i) Ambitious commercial income/surplus growth plan previously in place for 2019/20 through to 2022/23 now being reconsidered for each sector area based on medium and long term impacts of COVID 19 virus. Updated estimates will be included in budget to Board in June. ii) Regular monitoring between Business Development Unit, External Funding Unit and Faculty Management of commercial activity/non-SFC and as much future replacement activity will be identified as can be estimated however significant impacts likely through 2020/21 at least. iii) Pipeline of activity will need to be re-established when timescale for reopening has been established. iv) Costing templates completed for all commercial activity. Further monitoring of in year staff costs transfers of permanent staff costs ongoing. v) Increased engagement and marketing effort post COVID to try to maintain as much of business as possible and to open and grow new income streams e.g. for retaining. vi) Spread of activity across a range of activity areas to reduce risk of one large contract failure to overall surplus. vii) Review and develop market opportunities through business development strategy and grow new markets. viii) Keep informed of constitutional change implications of Brexit and impact on non-SFC activity for the College. Involvement in College sector Brexit forum. ix) Continued work with key partners to ensure successful projects delivered and funding maintained as much as possible.	5	5	25	F1	Short	20	Increased
F2	Failure to reduce College cost base on managed basis to meet requirements of the five year financial forecast	Financial/ Organisational/ COVID impacts	Goal 4 - Ensuring operational effectiveness and efficiency	Principal/ Vice Principals	5	5	25	i) Five year financial plan prepared and presented to the Board which shows required cost reductions over the period in addition to the agreed five year commercial income growth plan. This is all being revised to include COVID impacts. ii) Cost reduction plan was being implemented which requires reduction in staff levels and significant cuts in non-staff budgets across the College where possible. VS Reductions have been achieved in 2019/20 however academic management restructure will need now to be implemented to later timescales which will affect planned savings. iii) College commenced process of review of all areas to seek cost reductions, as well as seeking further efficiency through improved business processes. iv) Plan had first staff area change from October 2019 and through use of current VS scheme with required agreement with GCRB and SFC. v) Discussion on future potential changes being taken forward including academic	4	5	20	F2	Medium	20	No change
F3	Potential for refusal of SFC to fund VS	Financial/ Organisational	Goal 4 - Ensuring operational effectiveness and efficiency	Principal /Vice Principals	4	5	20	i) Detailed five year financial plan prepared and FFR which show recovery after VS is funded and hence present case to SFC. ii) Discussions within Glasgow Colleges Regional Board to share approach iii) Cost reduction plan being implemented which requires reduction in staff levels and significant cuts in non-staff budgets across the College where possible iv) Ensure stated teaching activity targets are met to meet SFC requirements.	3	5	15	F3	Medium	15	No change
F4	Adverse Funding changes in 2019/20 (SFC/SDS/ESF)	Financial / COVID impacts	Goal 4 - Ensuring operational effectiveness and efficiency	Principal/ Vice Principals	4	5	20	i) Financial plans developed by College Senior Leadership and monitored within framework of available activity funding through Glasgow Regional funding for teaching, student support funds and capital. Portfolio planning key element of cost base and monitored on ongoing basis. Portfolio for 2019/20 being monitored with on line activity where possible. ii) Continue to aim to inform and influence funding allocations through Principals' Forum, Glasgow Colleges Regional Board, MSPs, and other appropriate bodies. Initial SFC funding allocation for 2020/21 announced. 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) College had been working to achieve Flexible Workforce Development Fund target levels for 2019/20 however now impacted by COVID shutdown..	3	4	12	F4	Short	8	Increased
F5	Failure to achieve contracted overall teaching delivery targets for any key partner (SFC/SDS/ESF)	Financial/ Organisational/ COVID impacts	Goal 1 & Goal 2 - Delivering exceptional learning opportunities, & growing exceptional partnerships	Vice Principal - Curriculum & External Relations	4	4	16	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) Aim to ensure annually all relevant agency (e.g. SDS) milestones and documentation requirements achieved however no has COVID impacts due to shutdown. vi) College undertake effective competitor analysis, clear branding and focused marketing to maintain effective student recruitment. Again significant COVID impacts and need to consider impacts for reopening whenever that is planned.	3	4	12	F5	Short	8	No change

GLASGOW CLYDE COLLEGE - STRATEGIC RISK REGISTER INCL. COVID 19 IMPACTS								as at 11th May 2020							
Score Before Mitigating Actions								Score After Mitigating Actions							
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 Timing - Short / Medium/ Long Term	Risk Score at last report to the Board	Risk Increasing/ Decreasing/ No Change
Score Before Mitigating Actions								Score After Mitigating Actions							
Organisational Risks															
O1	Failure of College operational processes/ systems /ICT infrastructure (including risk of fraud and potential cyber attack)	Organisational/ COVID impacts	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. Need to ensure key systems not impacted by financially challenging budget in 2019/20. Many systems cloud based and using remote desktop for staff to access files while home working. Delivered laptops and wireless devices to staff and students who need them during shutdown period. 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. Cyber essentials plus status achieved. vii) Web filtering technology in place and uninterruptible power supply in place. viii) Monitor of teaching KPIs across all subject areas and action taken to address areas of concern.	4	4	16	O1	Medium	16	increased due to home working.
O2	Failure to achieve acceptably high standard quality of teaching delivery and support for students and suitable student experience	Organisational/ Financial/ COVID impacts	Goal 1 - Delivering exceptional learning opportunities	Vice Principal - Curriculum & External Relations	5	5	25	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. Lots of activity has been undertaken by quality with course teams on new arrangements for assessment during College closure. 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 v) Development of classroom observation protocol as intimated in national bargaining vi) Make efficiencies in business processes to deliver quality of services vii) Monitor feedback from student focus groups on student experience viii) Enhance the monitoring of a range of KPI data on an ongoing basis to quickly identify any emerging negative trends in student performance.	4	4	16	O2	Medium	12	Increased due to new ways of working and assessing of teaching.
O3	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. vii) Ensure transparency of consultation process to maximise opportunities for enhanced communications with Trade Unions	3	5	15	O3	Short	15	No change. Academic management structure timing delayed except for VS leavers.
O4	High Impact Disaster for College e.g. fire, long term power loss	Organisational/ COVID impacts	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 however under COVID will need to assess claim options.	3	4	12	O4	Medium	8	No Change
O5	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. Funding for 2019/20 for very high priority items allocated by GCRB to College although there are logistical issues in spending the funds within the timeframe. ii) Work with GCRB and SFC to ensure fully informed of estates requirements. iii) Estates Strategy Review completed iv) Need to plan within very tight resources due to financially challenging budget for 2019/20 and items will be rephased as required.	3	3	9	O5	Long	9	No change
O6	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	3	5	15	i) Recruitment and retention of staff for a few 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 vi) Need to manage to retain appropriate staff through challenge of restructures	2	4	8	O6	Medium	8	No change

GLASGOW CLYDE COLLEGE - STRATEGIC RISK REGISTER INCL. COVID 19 IMPACTS								Key of abbreviations : SFC = Scottish Funding Council, GCRB = Glasgow Colleges Regional Board, GOG = Glasgow Colleges Group, SDS = Skills Development Scotland, ESF = European Social Fund, JISC = Joint Information Steering Committee		as at 11th May 2020					
Score Before Mitigating Actions								Score After Mitigating Actions							
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 Timing - Short / Medium/ Long Term	Risk Score at last report to the Board	Risk Increasing/ Decreasing/ No Change
Score Before Mitigating Actions								Score After Mitigating Actions							
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 Legislation and associated related guidance. Liaison with and maintaining ongoing dialogue with relevant bodies e.g. SFC, GCRB and Scottish Government. College ensure full knowledge and implementation of legislative, regulatory and guidance requirements including requirements of Financial Memorandum with GCRB. ii) Individual managers required to keep up to date with legislation relating to their areas and implement appropriate controls iii) Ensure Board have appropriate training on key guidance and legislation and take proactive role of Board in ensuring meet all requirements. iv) Modern Slavery statement in place v) Safeguarding officers and safeguarding forum on each campus vi) Seek legal advice as required. vii) Data Protection Officer in place to advise on General Data Protection Regulation	3	4	12	G1	Medium	12	No change
G2	Failure to comply with Health and Safety and Safeguarding requirements	Organisational/ COVID Impacts	Goal 4 - Ensuring operational effectiveness and efficiency	Assistant Principal HR	3	5	15	i) Glasgow Clyde College Health and Safety and Safeguarding Committee and Campus Forums meet regularly to monitor health and safety arrangements and any issues are raised. ii) Significant challenge for post COVID and what operating arrangements will be in place. iii) Health and Safety Officers working across the three campuses and ensure annual cycle of health and safety audits are completed iv) Regular reporting on Health and Safety to Organisational Development Committee as part of their remit requirements v) Full review of Health and Safety Policy and Procedures being undertaken	3	4	12	G2	Short	4	Increased
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. Nominations committee now established. Succession planning taking place with the Nominations Committee considering future vacancies well in advance. 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.	2	3	6	G3	Medium	6	No change

AUDIT COMMITTEE MEETING

Date of Meeting	20 May 2020
Paper Title	Audit Committee Remit
Agenda Item	20.23
Paper Number	20.23
Responsible Officer	Christine McConnell
Status	Disclosable
Action	Recommend

1 REPORT PURPOSE

The Purpose of this report is to ask the Committee to consider its Terms of Reference as requested by the Board of Management at its meeting on 18th March 2020

2. RECOMMENDATION

The Committee review its Terms of Reference and make recommendations to the Board at its meeting on 10th June 2020.

3. BACKGROUND

3.1 As a matter of good governance, the Board should annually review each Committee's Terms of Reference. At its meeting on 18 March 2020 the Board asked that each of its Committees consider its Terms of Reference and provide a recommendation on any changes to the Board at its meeting on 10th June 2020. The Audit Committee's current Terms of Reference are contained in Appendix 1.

3.2 The Board specifically asked that the Committee has regard to the following when preparing its report to the Board: -

- Is the existing quorum appropriate and practical?
- Should the balance between non- executive and executive members be expressly defined?

4. RISK ANALYSIS

There are no risks associated with this Review.

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



Addressing the Terms of Reference meets the requirements of the College's governance arrangements. Ensuring that the College complies with Good Governance requirements meets the expectations of the Scottish Funding Council, Scottish Government, GCRB, OSCAR and other relevant stakeholders.

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

APPENDIX 1

AUDIT COMMITTEE

Deleted: ¶

REMIT OF COMMITTEE

These functions are delegated by the Board of Management to the Audit Committee

REMIT

The Committee shall satisfy itself as to the adequacy and effectiveness of the Glasgow Clyde college's internal financial and management systems, and advising the Board on the College's processes for risk, control and corporate governance.

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.

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 re-appointment 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 the 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 use of the College Fraud Response Plan.

EXTERNAL AUDIT

(The College's external auditors shall be appointed by Audit Scotland)

Reviewing the External Audit Annual Plan.

To consider the fee parameters within the external audit plan.

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

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.

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.

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 risk 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. As part of this, the Committee shall satisfy itself that other Board committees provide assurance to the Board, as



appropriate, on their governance related activities. 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 co-option. A staff member of the Board can be a member of the Audit Committee provided they do not have executive authority within the College which is taken as being the College Management Team level. The Board reviews the membership every four years.

The Principal, vice Principal Resources and College Development and the Assistant Principal Finance and Infrastructure attend the Committee as advisors. The Committee meets at least four times per year.

QUORUM

The quorum set by the Committee is three members.