

NOTES OF THE MEETING OF THE AUDIT COMMITTEE

HELD ON 20 NOVEMBER 2024 AT 4.30PM.

The meeting was held at Langside Campus.

PRESENT:

Lindsey Paterson	Committee Member (Chair)
Rena McAdam	Committee Member (online)
Stuart Porteous	Committee Member
Martina Tuskova	Committee Member

IN ATTENDANCE:

Niall Macpherson	Chief Operating Officer
Tracy Elliott	Interim Vice Principal Resources and College Development
Peter Fee	Assistant Principal Finance & Facilities
Steven Bishop	Head of ICT (joined after 24.53, left after 24.64)
Dafydd Jones	Audit Scotland
David Archibald	Henderson Loggie
Stuart Nugent	Audit Scotland
Jennifer Hunter	Clerk to the Board

ACTIONS

24.50 Welcome and Apologies

Lindsey Paterson welcomed everyone to the meeting.
Apologies were received from Michael Payne and Jon Vincent.

24.51 Declarations of Interest

There were no declarations of interest.

24.52 Draft Minute of the Previous Meeting 2 October 2024

The Minutes of the previous meeting were agreed as an accurate record.

24.53 Matters Arising Actions Grid

Niall Macpherson noted that the team continue to work to find a solution to the room-bookings software issue, and that an update will be provided when available.

ITEMS FOR DISCUSSION / DECISION

Systems for Internal Control

24.64 Cyber Security Update

This item was brought forward in the agenda to allow Steve Bishop to attend in person. SB spoke to this item and provided a detailed report on cyber security for the College. SB highlighted that the College had no major incidents in recent months, other than the usual phishing emails and the odd

virus, which were quickly resolved. Cyber activity at GCC, monitoring continues, and vigilance is still ongoing. It is due to the robust security policies that the College remains protected.

The College are operating an All-Staff Phishing awareness campaign. This was recently approved by the Senior Leadership Team and around 80% of staff have so far been included in the scope. Any staff caught by the Phishing simulation are guided to training videos to help them spot fraudulent Phishing emails.

LP thanked SB for the detailed and informative report.

LP asked if the College were required to pay the external partner for the penetration testing report which they were unable to provide? SB confirmed that the college were not asked to pay and furthermore have been given a discount for the next round of testing.

Stuart Porteous asked how SB mitigates the financial risk within the Information and Communications Technology Department (ICT)? SB noted that the team consider various savings including reducing the use of static desktop style computers which must stay in situ, increasing the timeframe on hardware refresh regularity, and continually improving loan-bank utilisation.

Tracy Elliott noted that the college do not receive capital funding for IT, and that it must come from revenue, though occasionally small pots of investment will come in for students' ICT costs.

LP Requested an update on the refreshed ICT Sustainability Plan in due course. **SB/NM**

Martina Tuskova asked for clarification on the privacy of student emails. SB confirmed that ICT do not look at individual emails, rather they consider and analyse data, for example that x number of emails were marked as spam. MT thanked SB for clarifying.

LP thanked SB for continuing to excel at simplifying complex issues.

SB left the meeting.

24.54 Final Internal Audit Annual Report 2023-2024

D Archibald spoke to this item and confirmed Henderson Loggie's independence from the College and the requirement as internal auditors to provide a summary of the work undertaken in the financial year including conclusions and recommendations.

As well as summarising the internal audit work completed during the year, Henderson Loggie have provided their overall opinion on page 2 of the report which concludes that the College has adequate and effective arrangements for risk management, control and governance. In addition proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work they have undertaken during 2023/24 and in the prior years since their initial appointment.

All of the internal auditor's work conducted in 2023/24 assessed systems as either 'Good' or 'Satisfactory' and provided an unqualified audit opinion.

LP asked DA if he was comfortable that areas of risk were covered by the internal audit programme and DA confirmed that he is and explained that Glasgow Clyde has good systems and processes in place as well as experienced staff who understand requirements. As a result this means that when looking at areas of risk it is not uncommon that relatively few issues are identified. This is not his experience at other Colleges.

The Committee welcomed the internal audit report and the positive comments about the level of engagement from the finance team and other staff across the College.

FINANCIAL REPORTING

24.55 Draft Annual Financial Statements, year-ending 31st July 2024

Tracy Elliott took the Committee through the various elements of the draft report and financial statements for the year to 31 July 2024. The Committee also considered the Draft Financial Statements Analysis, which provides explanations for significant financial movements between 2022/23 and 2023/24.

For the twelve-month period from August 2023 to July 2024, Glasgow Clyde College is reporting a deficit of £5,396k (2022/23 restated deficit: £1,303k) which includes an adjustment to remove multi-year SFC Job Evaluation Funding of £3,921k in line with advice from our external auditors and the revised SFC Accounts Direction which states 'It is important to note that this is a technical accounting change only. The Scottish Government remains clear that responsibility for Job Evaluation funding commitments now rests with it until the process is complete'.

There was an unrealised surplus of £4,544k on Revaluation of Land and Buildings (2022/23: restated unrealised deficit £6,742k). In addition, the prior year asset impairment adjustment of £4,394k in respect of the Anniesland Campus windows and the RAAC which was identified at the Cardonald campus has been reduced by £2,494k. This adjustment reflects the Anniesland Campus windows rectification works which were undertaken during 2023/24 and an updated cost estimate for the planned Cardonald RAAC remedial works. The rectification works resulted in an asset addition of £1,846k, offset by a matching disposal to recognise that this is a replacement of part of an existing asset rather than an enhancement or new asset. Actuarial losses on Defined Benefit Pension Plans for the period were £3,423k (2022/23: losses £16,419k). Therefore, the Total Comprehensive Income for the period is reported as negative £3,627k (2022/23: negative -£28,858k).

After adjusting for non-cash items that are out with the control of the College, such as pensions, net depreciation and the removal of Job Evaluation funding, the adjusted operating position for 2023/24 is a surplus of £173k, the equivalent of 0.4% of total income (2022/23: deficit £496k).

SP suggested including information as regards industrial action within the Learning and Teaching section of the Annual Report and Financial Statements document.

TE

LP requested that the Related Party Transactions note from the draft financial statements be circulated to Board members for information to ensure they have sight of this in advance of the 11/12 Board meeting.

TE

The Committee expressed its thanks to T Elliott and the wider team for all the work behind the report and financial statements.

24.56 External Audit Annual Report, year-ending 31st July 2024

In presenting the report to the Audit Committee SN sought confirmation from those charged with governance of any instances of any actual, suspected, or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to his attention.

There were none.

SN spoke to the External Audit Report, the purpose of this paper is to submit to the Committee for discussion the draft 2023/24 External Audit Annual Report to the Board of Management and the Auditor General for Scotland. In addition, the related draft letter of representation from the Board of Management to the External Auditor is also attached to the paper.

The draft report summarises the work undertaken by Audit Scotland through the external audit and contains an unqualified audit opinion on the 2023/24 financial statements, an unqualified opinion on regularity and an unqualified opinion on other prescribed matters. The finalised report will be submitted to the Board of Management on 11 December 2024.

SN noted that 2023/24 annual report and financial statements were received in line with the agreed audit timetable and were to a good standard. Budget processes during the year were appropriate, effective, and provided Board members with a good indication of the forecast year-end position. The College has a clear vision and strategy which is accessible on the College website. The College governance arrangements are appropriate, and information is made publicly available within reasonable timeframes. The College has appropriate arrangements in place to meet the best value characteristic regarding fairness and equality.

SN noted that the Auditor General for Scotland and Accounts Commission are developing a programme of work on climate change. This involves a blend of climate change-specific outputs that focus on key issues and challenges as well as moving towards integrating climate change considerations into all aspects of audit work. In addition, the 2024/25 annual report and financial statements will require to include more reporting on sustainability. Bodies with more than 500 FTE staff will require to comply with the Task Force on Climate-related Financial Disclosures (TCFD) - Aligned Disclosure Application Guidance. As such, GCC will be required to provide these disclosures in the Performance Report in 2024/25.

NM

SN Thanked Tracy and the team for all of their work.

LP Thanked SN and the wider team for all of their work.

SP asked for SN's view on the deficits as outlined. SN confirmed that the college is taking steps to rectify, and that the recommendation is purely for highlighting purposes, the College is clearly working on addressing it.

The Committee recommended that the report and financial statements should be submitted to the next Board meeting for approval.

24.57 Key Accounting Judgments (including going concern)

TE took the Committee through the report which provided information in relation to the key accounting judgements in the 2023/24 financial statements. Members of the Audit Committee are asked to confirm they are satisfied that the key accounting judgements outlined in the paper are appropriate for the purposes of the 2023/24 Financial Statements.

The Committee discussed the report and confirmed that they are satisfied with the Key Accounting Adjustments.

24.58 Student Activity Data Audit Annual Report 2023/24

It is a requirement that an audit of student activity data is completed each year for every college after the end of the academic session to verify student activity data against the SFC target. The report contains no recommendations.

SP asked if the College has key person dependencies within the area of collecting and analysing data. DA confirmed that he is satisfied that the College has strong enough processes though the College could opt to consider an analysis of key dependencies.

The Committee noted the report.

24.59 Student Support Funds Audit Annual Report 2023/24

DA noted that Henderson Loggie was able to certify all fund statements for the year and submit them to the appropriate bodies. All statements were submitted without reservation or qualification except for one significant risk in respect of the SFF return in relation to continued student attendance, which arose as a result of long-term staff absence, which has now been rectified. There are three low priority recommendations in the report, relating to contingency arrangements for attendance monitoring for student funding, to ensuring ASN costs are recharged to Bursary and to retaining records of calculations for student travel awards. The 2023/24 Student Support Funds Audit Report shows that all prior year points have been fully implemented. DA noted no reservations around this work.

The Committee noted the report.

24.60 Financial Reporting, Verbal Update External Auditor

SN confirmed he had no news to add for this section on this occasion.

Governance and Risk Management

24.61 Audit Committee Remit Update

Jennifer Hunter asked the Committee to note the details of the revised draft of the Committee Remit and approve a tracked-changed version, which will be submitted to the Board in December 2024 for approval.

The updated remit which places Climate Change Action Plan within the Finance and Resources Committee's remit was approved by the Committee.

24.62 Draft Annual Report from Audit Committee to Board of Management

NM Spoke to the report and suggested potentially streamlining this information in future while not reducing the information prescribed by statutory bodies. Some information may be included for historical reasons and it's important to conclude what is required for 2024/25. SP indicated his support for this view.

LP asked if the Board of Management being listed as Third Line within Assurance Mapping could be reconsidered. NM to reconsider placing. **NM**

LP asked if the membership of the Board and Committee Chairs could be made clear in the final report to the Board of Management, for example by including details of membership across 2023/24 and 2024/25. **Clerk/NM**

24.63 College Strategic Risk Register & Risk Appetite

NM provided an update on the strategic risk register. The risk in respect of industrial action has now been reduced whereas the risk of failing to manage the opportunities that Artificial Intelligence (AI) will bring has increased.

NM presented a risk appetite level definition, and the Committee agreed in principle that NM work on a category system with four to five levels, where each risk would align to a category. This work should be presented to the Board for discussion and approval. **NM**

SP proposed including a risk for innovating around commercial revenue. **NM**

24.64 Cyber Security Update

This item was taken after 24.53

FOR INFORMATION / NOTING

24.65 Internal and External Audit Rolling Action Plan

LP Thanked PF for the report.

No there were no further questions.

24.66 Strathclyde Pension Fund Actuarial Valuation Report

The Committee noted the report.

24.67 Scottish Funding Council Update

NM confirmed no update on this occasion.

24.68 Audit Scotland Report Scotland's Colleges 2024

LP thanked NM for the report summary. The Committee noted the report.

24.69 Audit Committee Schedule of Work

The Committee noted the Schedule of Work.

24.70 Any Other Business

There was no additional business.