

Board of Management

Meeting of the Audit Committee

MINUTE OF 1st MEETING HELD ON 14 SEPTEMBER 2016 AT 1700 HRS (AC1)

Present	
George Black (GB)	Colin McMurray (CM) (Convener)
Joseph Hughes (JH)	Graham Mitchell (GM)
In attendance	
Paul Clark, College Secretary (PC)	Andrew O'Donnell, BDO (AO'D)
Gary Devlin, Scott-Moncrieff (GD)	Stuart Thomson (ST)
Paul Little (PL)	Ann Butcher (Minute)
Apologies for absence	
Frances McKinley (FM)	Eric Tottman-Trayner (ETT)

Item AC1-1	Apologies for Absence	
Paper No:	Lead: C McMurray	Action requested: Note
Decision/Noted	Apologies for absence were received from FM and ETT.	

Item AC1-2	Declarations of Interest	
Paper No:	Lead: C McMurray	Action requested: Note
Decision/Noted	There were no Declarations of Interest.	

Item AC1-3	Items to be Discussed Privately with Auditors	
Paper No:	Lead: C McMurray	Action requested: Note
Decision/Noted	There were no items raised for private discussion.	

Item AC1-4		Minute of the Audit Committee meeting held on 25 May 2016	
Paper No: AC1-A	Lead: C Kaur	Action requested: Approve	
Discussion/ Matters Arising	<p>MATTERS ARISING</p> <p>Internal Audit Annual Report</p> <p>AD confirmed that the Internal Audit Annual Report would be provided after finalisation of the follow-up report.</p> <p>Private Session with Auditors</p> <p>The private session with internal and external auditors was well received with no contentious issues raised. GD suggested that the private session should be undertaken at least annually following submission of the annual accounts. It was agreed that in the interest of transparency, the minute of the meeting would not be published enabling attendees to be open and candid.</p>		
Decision/Noted	<ul style="list-style-type: none"> • The minute was approved as an accurate record. • To consider publication of a summary document covering the private session with auditors. 		

Item AC1-5		Committee Annual Report 2015-16	
Paper No: AC1-B	Lead: P Clark	Action requested: Approve	
Discussion/ Matters Arising	<p>The high-level review of activities undertaken during 2015-16 which takes account of the main points of focus was noted. CM raised the issue of low attendance. Recognising the change of membership undertaken during the year, he encouraged members to attend all meetings. The report will contribute to the development of the overall College Annual Report 2015-16.</p>		
Decision/Noted	To approve the report.		

Item AC1-6		Strategic Risk Review	
Paper No: AC1-C	Lead: P Clark	Action requested: Approve	
Discussion/ Matters Arising	<p>PC confirmed that a full review of the strategic risks including the change to a 5x5 matrix was now in progress. The following relevant risks within the responsibility of the Audit committee were considered:</p> <p><i>Risk 10 – Negative Impact of Statutory Compliance Failure</i></p> <p>Members noted that failure of compliance with Counter terrorist and Security Act 2005 and ‘Prevent’ legislative requirements had now been added within the risk detail. The risk score remains GREEN.</p> <p><i>Risk 11 – Failure of Corporate Governance</i></p> <p>The risk score has now changed from GREEN to AMBER. This reflects the variance of compliance to the Code of Good Governance. This partial compliance relates to the publication of Board papers on the College website which is being addressed.</p> <p><i>Risk 14 – Failure to manage the impact of Industrial Action</i></p> <p>The likelihood has been increased due to the ongoing Unison strike action and</p>		

the high expectations by EIS with regard to the outcomes of National Bargaining. The score has now moved to RED. It was agreed that the title be changed to 'Negative Impact of Industrial Action'. The risk appetite will also be reviewed.

Risk 18 – Failure to agree with the SFC a transition plan to deliver 180 000+ credits

PC and ST will provide further detail with regard to the uncertainties associated with this risk ie GCRB gaining fundable status and the implications of BREXIT. The description will also be changed to 'Failure to agree a sustainable level of grant activity within the Region'. The risk score remains at RED.

Risk 21 – Failure of the College's Duty of Care to Students

PC advised that this Risk requires a significant review within the context of the new student experience activity. This will be provided at the next meeting. 'Prevent' training for Board members will also be considered.

Decision/Noted To note the changes as agreed.

Item AC1-7		Internal Audit Service Tender	
Paper No: AC1-D	Lead: S Thompson	Action requested: Approve	
Discussion/ Matters Arising	ST provided the Committee with an update on the current internal audit tender process. Members were reminded that the contract ended on 31 July 2016. A tender process was conducted and the contract award recommendation report, prepared by APUC, recommends the appointment of Henderson Loggie. The award criteria and weightings were reviewed and the Committee agreed the appointment.		
Decision/Noted	To recommend the appointment for the provision of internal audit and other services to Henderson Loggie.		

Item AC1-8		Financial Regulations Update	
Paper No: AC1-E	Lead: S Thompson	Action requested: Note	
Discussion/ Matters Arising	ST advised that with the implementation of the new accounting standard FRS 102 the College had been anticipating a new SFC Financial Memorandum. SFC have now confirmed that they are working on a revised draft and have issued an Accounts Direction (submitted as Appendix A) which does not have any direct effect on the content of the College Financial Regulations. The new Financial Memorandum is expected by the end of this year and the Financial Regulations will be updated accordingly.		
Decision/Noted	<ul style="list-style-type: none"> To note the Accounts Direction. 		

Item AC1-9		Board and Committee Schedule	
Paper No: AC1-F	Lead: S Thompson	Action requested: Approve	
Discussion/ Matters Arising	A draft schedule of approvals and programmes of work for the Board and its Committees during 2016-17 were submitted. Members noted that		

	<p>Convenership of the Finance and Physical Resources and Performance, Remuneration and Negotiations Committees have yet to be addressed. PC confirmed that a request for 'Notes of Interest' for the position of Vice Chair and Committee membership has been circulated to members and will be considered in consultation with the Chair.</p> <p>The Committee noted that Board Committee self-evaluation is undertaken bi-annually and is scheduled for the end of session 2016-17.</p>
Decision/Noted	<ul style="list-style-type: none"> To approve the Board and Committee Schedule for 2016-17.

Item AC1-10 Audit Scotland Report: Scotland's Colleges 2016			
Paper No: AC1-G	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Lead: S Thompson</td> <td style="width: 50%;">Action requested: Discuss</td> </tr> </table>	Lead: S Thompson	Action requested: Discuss
Lead: S Thompson	Action requested: Discuss		
Discussion/ Matters Arising	<p>PC provided the Committee with a review of the key findings and recommendations from the recent Audit Scotland report on Scotland's Colleges. The 5 key messages were noted and the findings directly relating to CoGC were listed and reviewed. Any failings in governance have already been reported to the Board and a range of improvements have now been put in place.</p>		
Decision/Noted	<ul style="list-style-type: none"> To note the report. 		

GD left the meeting at this time.

Item AC1-11.1 Internal Audit Report – Academic Growth			
Paper No: AC1-H	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Lead: BDO</td> <td style="width: 50%;">Action requested: Discuss</td> </tr> </table>	Lead: BDO	Action requested: Discuss
Lead: BDO	Action requested: Discuss		
Discussion/ Matters Arising	<p>AO'D provided a substantial level of assurance following their review of the key controls relating to the curriculum and financial plans in place for the College, their alignment with the regional plan for Glasgow and the College student number targets. No recommendations were provided.</p>		
Decision/Noted	To note the report.		

Item AC1-11.2 Internal Audit Report – Treasury Management			
Paper No: AC1-I	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Lead: BDO</td> <td style="width: 50%;">Action requested: Discuss</td> </tr> </table>	Lead: BDO	Action requested: Discuss
Lead: BDO	Action requested: Discuss		
Discussion/ Matters Arising	<p>AO'D advised that following the review of the controls in place to manage the College's cashflow management, reporting and overall banking arrangements, two low level recommendations had been identified for further improvement. The recommendations to review of the number of bank accounts in place and the methods used to profile expenditure within the annual cash flow forecast have been agreed and are being addressed.</p>		
Decision/Noted	To note the report.		

Item AC1-11.3		Internal Audit Report – International & Commercial Activity	
Paper No: AC1-J	Lead: BDO	Action requested: Discuss	
Discussion/ Matters Arising	Following the internal audit review of the plans in place to develop capacity and the capacity to expand upon existing commercial and international activities, one low level recommendation was identified. The recommendation that progress against the strategic aims within the Business and International Strategy 2016-2021 be regularly evaluated and reported to the Development Committee including action taken where objectives are not achieved has been agreed.		
Decision/Noted	To note the report.		

Item AC1-11.4		Internal Audit Report – Follow Up Review	
Paper No: AC1-K	Lead: BDO	Action requested: Discuss	
Discussion/ Matters Arising	The Report is currently in draft format and the final Report will be submitted when all updated management responses are received.		
Decision/Noted	To note the draft report.		

Item AC1-12		Conflict of Interest Policy and Procedure	
Paper No: AC1-L	Lead: P Clark	Action requested: Note	
Discussion/ Matters Arising	PC advised that the Conflict of Interest Policy was devised to satisfy requirements made under charity legislation. The Policy applies to members of the Board of Management with specific regard to involvement in any decision-making on behalf of the College. GD will email suggested amendments.		
Decision/Noted	To endorse the Conflict of Interest Policy and Procedure for approval by the Board of Management.		

Item AC1-13		Disclosability of Papers	
Paper No:	Lead: P Clark	Action requested: Note	
Decision/Noted	To note that papers AC1-A, AC1-D and AC1-E were non disclosable. AC1-G was disclosable subject to redaction of confidential information provided by Colleges Scotland.		

Item AC1.14		Date of Next Meeting	
Paper No:	Lead:	Action requested: Note	
Decision/Noted	Wednesday 16 November 2016.		

Signed _____ Convener

Date _____

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
AC1-4	Matters Arising: Private Session with Auditors: consider publication of a summary document covering any private sessions with auditors.	PC	Ongoing
AC1-12	Conflict of Interest Policy and Procedure: Subject to any amendments, submit to Board for approval.	PC	BoM 13 10 16

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
AC4-5	Committee ToRs: Submit for final approval to BoM.	PC	15 06 16 Complete
AC4-6	Strategic Risk Review: Update as agreed.	PC	ASAP Complete
AC4-7.2	Anti-Bribery and Corruption Policy: Update as agreed.	ST	ASAP Complete
AC4-7.4	Fraud Prevention Policy: Update as agreed.	ST	ASAP Complete
AC4-7.5	Financial Regulations: Defer review until next meeting.	ST/PC	Next Mtg Complete
AC3-5	Internal Audit Review Report – Internal Communication: Provide a presentation on the Board Dashboard.	PC/AC	Ongoing
AC1-6	Board and Committee Schedule: Consider a review on the effectiveness of the College Foundations.	BDO/ST	To be agreed Ongoing