

## Board of Management

### Meeting of the Audit Committee

MINUTE OF 3<sup>rd</sup> MEETING HELD ON WEDNESDAY 8 MARCH 2017 AT 1700 HRS (AC3)

Present	
Colin McMurray (CM) (Convener)	Anne Peters (AP)
Graham Mitchell (GM)	
In attendance	
Paul Clark, College Secretary (PC)	Alex Stewart (AS)
Gary Devlin, Scott-Moncrieff (GD, EAs)	Stuart Thomson (ST)
Claire Gardiner, Scott-Moncrieff (CG, EAs)	
Stuart Inglis, Henderson Loggie ( IAs)	Ann Butcher (AB) (Minute)
Apologies for absence	
George Black (GB)	Paul Little (Principal)
Joseph Hughes (JH)	Eric Tottman-Trayner (ETT)

The Convener welcomed CG to her first meeting of the Audit Committee.

Item AC3-1	Apologies for Absence	
Paper No:	Lead: C McMurray	Action requested: Note
Decision/Noted	Apologies for absence were received from GB, JH, PL and ETT.	

Item AC3-2	Declarations of Interest	
Paper No:	Lead: C McMurray	Action requested: Note
Decision/Noted	None.	

Item AC3-3	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 AC3-4	Minute of the Audit Committee meeting held on 28 November 2017	
Paper No: AC3-A	Lead: C McMurray	Action requested: Approve
Decision/Noted	That the minute was approved.	

Matters Arising		
Paper No:	Lead: C McMurray	Action requested: Note

Decision/Noted	<b>IA Report – Internal Communication</b> It was agreed that a short refresher training session on the Board Dashboard would be undertaken at the June meeting of the full Board.
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<b>Item AC3-5</b>	<b>Audit Needs Assessment and Strategic Plan 2016-2020</b>
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Paper No: AC3-B	Lead: S Inglis	Action requested: Approve
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Discussion/ Matters Arising	<p>SI informed that the Audit Needs Assessment (ANA) had been devised following discussion with a number of key College Mangers along with a review of College documents and previous internal and external audit reports. It covers the main areas where the College is exposed to risk (which are managed by internal control) and therefore should be considered by internal audit. It is also based on the Risk Register and its 8 categories. The associated risks and key controls have been assessed and the work required has been identified with a recommendation on frequency of testing. A Strategic Plan covering 2016-17 to 2019-20 has also been formulated with audit days allocated and prioritised within the categories as identified in the ANA. The ANA and Strategic Plan were reviewed in detail and various amendments were agreed.</p> <p>GD raised awareness of the General Data Protection Regulation (GDPR) on data security. He informed that any organisation that does business with EU citizens must comply with the GDRP's expanded and stringent data protection rules by May 2018.</p>
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Decision/Noted	<ul style="list-style-type: none"> <li>• To include 'poor' and 'unsatisfactory' within the ANA assessment key.</li> <li>• To include 'Failure to obtain funds from College foundations' within the Financial Issues Risk Category.</li> <li>• To include 'Compliance with GCRB's data protection rules' within the Risk Register with an internal audit review date set during the first year ie ensure that 'Data Protection/FOI' is assigned with a higher priority.</li> <li>• To approve the Audit Needs Assessment and Strategic Plan 2016-2020 subject to agreed amendments.</li> </ul>
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<b>Item AC3-6</b>	<b>Strategic Risk Review</b>
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Paper No: AC3-C	Lead: P Clark	Action requested: Approve
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Discussion/ Matters Arising	<p>The Risk Management Action Plans (MAPs) and updated Risk Register were submitted for review. The high scoring Risk 18 'Failure to agree a sustainable level of grant-funded activity within the Region' was highlighted and discussed in detail.</p> <p>ST advised that the draft ROA and provisional teaching grant allocation (using the SFC grant model) had been agreed, therefore the probability of risk is lower. However in recognition of the need to increase efficiencies within current resources, and with the ongoing challenge regarding CoGC's capital grant allocation, the likelihood of this risk should still be regarded as high. The Committee agreed that due to the current cost pressures and possible financial constraints the Risk should remain at its current high score (likelihood 3 x Impact 5 = 15) (Rag-rating: RED).</p>
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GD questioned the continued need to include Risk 19 'Impact of ONS reclassification of the status of Colleges' as this was now historical. ST reminded that there was still ongoing annual debate regarding net depreciation which in a sense, was due to the impact of ONS. Whilst this was recognised, it was agreed that the wording for Risk 19 could be misinterpreted and should be reviewed.

The new Risk 22 'Negative Impact of Brexit' was also discussed. Whilst the loss of European grant and programme funding was likely it was noted that this funding was only guaranteed until 2017-18 and any loss of this funding was not solely due to BREXIT. The status of existing and recruitment of new EU students was also considered uncertain however current numbers are low. It was agreed that this Risk remain at AMBER however as the impact of BREXIT was uncertain the potential for an increase in impact was highlighted and will be continually monitored.

It was also agreed that specific commentary on succession planning be made within Risk 9 MAP (Failure to attract, engage, and retain suitable staff) and that the issue of Lone Workers be further considered and included within a relevant Risk if necessary.

**Decision/Noted**

- To agree that Risk 18 remain RED.
- That the risk description for Risk 19 be reworded.
- That specific reference should be made to Succession Planning within Risk 9 MAP.
- That the issue of Lone Workers be further considered and if significant, be included within the Register.

<b>Item AC3-7</b>		<b>Committee Terms of Reference Review</b>	
<b>Paper No:</b> AC3-D	Lead: P Clark	Action requested: Approve	
<b>Discussion/ Matters Arising</b>	<p>The Committee's current Terms of Reference (ToR) were reviewed by members. It was agreed that 'To review and have oversight of governance arrangements' should be added after item 1.</p> <p>The duty to oversee the framework of performance management was raised however it was noted that this was covered within the remit of the Performance, Remuneration and Nominations Committee.</p>		
<b>Decision/Noted</b>	To submit an updated ToR for endorsement at the next meeting of the Committee.		

<b>Item AC3-8</b>		<b>Procurement &amp; Commercial Improvement programme 2016</b>	
<b>Paper No:</b> AC3-E	Lead: S Thompson	Action requested: Note	
<b>Discussion/ Matters Arising</b>	<p>An overview for the recent Procurement and Commercial Improvement Programme (PCIP) assessment conducted on the College's Procurement Service in December 2016, was considered by members. The PCIP focuses on the policies and procedures driving procurement performance and the results delivered.</p> <p>The various scores and actions were noted. This will be factored into the</p>		

'Procurement and creditors/purchasing' internal audit.

Decision/Noted To note the report.

Item AC3-9		Any Other Notified Business	
Paper No: Verbal	Lead:	Action requested: Note	
Discussion/ Matters Arising	<b>Glasgow Colleges Regional Board (GCRB) Consolidated Accounts</b> GD advised on the likelihood that the GCRB would recommend adoption of group accounts within the Glasgow Region. If accepted, GCRB would expect to consolidate the accounts of all Colleges within Glasgow. It was acknowledged that this would not be an issue until the GCRB was provided with fundable body status, but that this was extremely likely.		
Decision/Noted	To further consider the possible impact of this matter at a future meeting of the Committee.		

Item AC3-9		Any Other Notified Business	
Paper No: Verbal	Lead:	Action requested: Note	
Decision/Noted	<b>Audit Committee Closed Meeting</b> That a Closed Meeting with External and Internal Auditors be undertaken after the next meeting of the Audit Committee.		

Item AC3-10		Disclosability of Papers	
Paper No:	Lead: P Clark	Action requested: Note	
Discussion/ Matters Arising	It was agreed that the disclosability status of papers as described on respective cover sheets be retained.		
Decision/Noted	Noted.		

Item AC3-11		Date of Next Meeting	
Paper No:	Lead:	Action requested: Note	
Decision/Noted	Wednesday 24 May 2017		

Signed \_\_\_\_\_ Convener

Date \_\_\_\_\_

## ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
AC3-5	<b>ANA and Strategic Plan 2016-2020:</b> To amend as detailed within the minute.	HL/ST	ASAP
AC3-6	<b>Strategic Risk Review:</b> To amend as detailed within the minute	PC	ASAP
AC3-7	<b>Committee ToR Review:</b> Submit agreed amendment at next meeting.	PC	24 05 17
AC3-9	<b>AONB:</b> Consider possible impact of consolidated accounts within Glasgow Region at a future meeting.	ST	Ongoing
AC3-9	<b>Audit Committee Closed Meeting:</b> To be undertaken after the next meeting.	PC	24 05 17

## ACTION POINTS ARISING FROM PREVIOUS MEETINGS

Item	Description	Owner	Target Date
Item AC2-5	<b>Annual Report &amp; Accounts:</b> mark items impacted by NPD contract in the Finance performance measures.	ST	ASAP <b>Complete</b>
Item AC2-6	<b>Risk Management Policy Review:</b> Make agreed amendments.	PC	ASAP <b>Complete</b>
Item AC2-10	<b>Annual Internal Audit Plan 2016-17:</b> Present draft IA Plan to the PRN Committee.	PC	PRNC 23 01 16 <b>Complete</b>
Item AC1-4	<b>Matters Arising: Private Session with Auditors:</b> consider publication of a summary document covering any private sessions with auditors.	PC	Ongoing <b>Complete</b>
Item AC1-12	<b>Conflict of Interest Policy and Procedure:</b> Subject to any amendments, submit to Board for approval.	PC	BoM 13 10 16 <b>Complete</b>
Item AC3-5	<b>Internal Audit Review Report – Internal Communication:</b> Provide a presentation on the Board Dashboard.	PC/AC	Ongoing <b>Complete</b>
Item AC1-6	<b>Board and Committee Schedule:</b> Consider a review on the effectiveness of the College Foundations.	HL/ST	To be agreed Ongoing <b>Complete</b>