

Board of Management

Meeting of the Audit Committee

MINUTE OF 4th MEETING HELD ON WEDNESDAY 24 MAY 2017 AT 1700 HRS (AC4)

Present	
George Black (GB) (Convener)	Anne Peters (AP)
Joseph Hughes (JH)	
In attendance	
Paul Clark, College Secretary (PC)	Stuart Thompson (ST)
Gary Devlin, Scott-Moncrieff (GD, EA)	
David Archibald, Henderson Loggie (DA, IA)	Ann Butcher (AB) (Minute)
Apologies for absence	
Colin McMurray (CM) (Convener)	Graham Mitchell (GM)
Paul Little (Principal)	Eric Tottman-Trayner (ETT)

GB agreed to convene the meeting in the absence of CM and GM.

Item AC4-1	Apologies for Absence	
Paper No:	Lead: G Black	Action requested: Note
Decision/Noted	Apologies for absence were received from CM, GM and ETT. Whilst not a member of the Committee, PL also sent his apologies. The meeting was confirmed quorate.	

Item AC4-2	Declarations of Interest	
Paper No:	Lead: G Black	Action requested: Note
Decision/Noted	None.	

Item AC4-3	Items to be Discussed Privately with Auditors	
Paper No:	Lead: G Black	Action requested: Note
Discussion/ Matters Arising	Members were reminded of the requirement under the Code of Good Governance to hold an annual Closed Session with Internal and External Auditors. GD advised that whilst there were a range of approaches undertaken regarding the Closed Session, it may be more beneficial to hold the meeting once the annual accounts had been completed, whereby members could ask questions on the whole course of the financial year. This was agreed.	
Decision/Noted	To start the new cycle of Closed Sessions at the November meeting.	

Item AC4-4	Minute of the Audit Committee meeting held on 8 March 2017	
Paper No: AC4-A	Lead: G Black	Action requested: Approve
Decision/Noted	That subject to one minor amendment, the minute be approved.	

Item AC4-5	Whistleblowing Policy	
Paper No: AC4-B	Lead: P Clark	Action requested: Approve
Discussion/ Matters Arising	<p>The significant update to the College's Public Interest Disclosure (Whistleblowing) Policy and Procedure were submitted for review. The following amendments were agreed:</p> <p>Policy <i>Point 4.4</i> – to revise the wording of the sentence to state that the identity of the individual making the allegation may be kept confidential whilst recognising that this may hinder the investigation, and that wherever possible anonymity will be protected.</p> <p><i>Point 4.6</i> – if allegations are not supported - consider HR involvement earlier in the process ie include in the Flow Chart within the DP's decision on appropriate action.</p> <p>Procedure <i>Point 4.1.11</i> – include the process on right of appeal.</p> <p>Flow Chart</p> <ul style="list-style-type: none"> - ensure that the complainant and Audit Committee is involved within the process; ie advise complainant of outcome and right of appeal. Also close end point by referring to Audit Committee. - consider inclusion of whistleblowing externally. <p>It was generally agreed that in addition to inclusion on the website, the Policy and Procedure should be provided to staff as part of the induction process.</p>	
Decision/Noted	<ul style="list-style-type: none"> • To submit the updated Policy and Procedure as agreed for approval at the next meeting of the Board. 	

Item AC4-6	Strategic Risk Review	
Paper No: AC4-C	Lead: P Clark	Action requested: Approve
Discussion/ Matters Arising	<p>The Risk Management Action Plans (MAPs) and updated Risk Register were presented. The proposed risk score changes were reviewed in detail and the following points were agreed:</p> <p>Risk 1 – Failure to support student success It was recognised that due to the ongoing teaching staff dispute the student success rate may be compromised. The proposed change to the Risk Likelihood from 1 to 2 was agreed (AMBER).</p> <p>Risk 2 – Failure to establish optimal pedagogical model Due to the development of the Student Experience Strategy and City</p>	

Learning 4.0, it was agreed that the Impact be reduced to 1 with a new Risk Score of 5 (GREEN).

Risk 3 – Failure to achieve good student outcome/progression

Following agreement of the recent teaching staff dispute it was noted that alternative arrangements to enhance student outcomes were now in place. It was however agreed that the Likelihood should be increased to 2. Risk Score now 10 (AMBER).

Risk 6 – Negative impact upon College reputation

It was agreed that given the overall review of other Risks remaining at AMBER, the Risk Score should remain the same 10 (AMBER).

Risk 7 – Failure to achieve improved business development performance with stakeholders

It was agreed that the Risk Score remains at 10 (AMBER).

Risk 8 – Failure to achieve improved performance

Given the impact of the recent industrial action, it was agreed that the likelihood should increase from 1 to 2, Risk Score 10 (AMBER).

Risk 9 – Failure to attract, engage, and retain suitable staff

The low turnover and ability to retain staff was recognised and it was agreed that the Risk Score should remain at 4 (GREEN).

Risk 10 – Negative impact of statutory compliance failure

Given the increased range of possible non-compliances and the increasing number and complexity of FOISA requests the Likelihood was increased to 2, giving a new Risk Score of 10 (AMBER).

Risk 11 – Failure of Corporate Governance

As the annual appraisal of Board member performance was not complete last year, it was agreed that the Risk Score would remain at 10 (AMBER). This will be brought to the attention of the Chair.

Risk 12 – Failure of Business Continuity

An update on the College's reaction to the recent malware attack (known as WCry) was tabled at the meeting. Due to the recent malware/security attack the NHS and other systems in Scotland,, the Likelihood and Impact were increased to 4 and 5 respectively with a new Risk Score of 20 (RED). It was noted that the IT network arrangements/security internal audit will be undertaken shortly, and the report will be submitted at the next meeting. It was agreed that a report on the recent cyber attack should be provided to the full Board.

Risk 13 – Failure to manage performance

It was agreed that the Likelihood be reduced from 2 to 1 (GREEN).

Risk 14 – Negative impact on Industrial Action

It was recognised that that management and EIS had now reached a point of agreement with strike action being suspended. Some local issues have yet to be agreed and a formal dispute on class sizes has been raised. It was also noted that the Employers' Association had yet to approve the overall agreement and the financial impact had yet to be quantified and discussed with the Scottish Government and SFC. An additional substantial risk of possible strike action from Unison over the next 6 months was also

highlighted. It was agreed that the Risk Score remain at 12 (AMBER).

Risk 15 – Failure to achieve operating surplus via control of costs and achievement of income targets

ST reminded that if the recent pay deal is implemented with no guarantee of additional funding then any shortfall would need to be addressed through efficiencies. Any form of funding pressure would impact on the performance and reputation of the College. It was agreed that the Likelihood and Impact should increase to 5 and 3 respectively (RED).

Risk 16 – Failure to maximise income via diversification

ST advised that the move towards 50% SFC grant/50% non-government funded income was currently limited due to the immigration policy and capping on Colleges. The College is now delivering on site programmes in different countries and is investigating the delivery of short courses for students on short-term visas. Recognising these factors and given the difficulty increasing the diversity of international income, it was agreed that the Risk Score remains at 12 (AMBER).

Risk 17 – Negative impact of funding methodology within Glasgow

Given the unsatisfactory resolution of the funding allocation and the impact following the recent capital allocation, which failed to recognise the College's responsibility for payment of unitary charges, it was agreed that the Risk Score remain at 12 (AMBER).

Risk 18 – Failure to agree a sustainable level of grant-funded activity within the Region

The amalgamation of Risk 17 and 18 will be considered with an overall Risk Score of 15 (RED).

Risk 19 – Impact of ONS reclassification of the status of colleges

The main outstanding issue on the use of the cash linked to net depreciation was recognised. It was agreed that the Score remain at 6 (AMBER).

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

It was noted that the Corporate Parenting Action Plan had now been developed and was approved by the SSEC. This will ensure that the College adheres to statutory duties. It was agreed that the Risk Score remain at 12 (AMBER).

Risk 22 – Negative Impact of Brexit

The potential uplift of the risk score following the possible impact of Brexit was discussed. It was noted that the short term impact of Brexit was currently still positive with all European funding being secured until the end of the next Academic Year. The potential for this to escalate following Brexit was recognised and will be kept under review. Application for European funding grants will be maximised. It was agreed that the Risk Score remain at 10 (AMBER).

Decision/Noted

- To update the Risk Scores and revise the Risk Register as agreed.

Item AC4-7

Committee Terms of Reference Review

Paper No:
AC4-D

Lead: P Clark

Action requested: Approve

Decision/Noted That the agreed revisions were endorsed for full approval at the next meeting of the Board.

Item AC4-8		FOISA Report	
Paper No: AC4-E	Lead: P Clark	Action requested: Note	
Discussion/ Matters Arising	P Clark presented the report, acknowledging the work undertaken by the Director of Corporate Support in both supporting FOISA responses and developing this report. The overall increase in both the number and complexity of requests was noted, as were the nature and sources of the requests.		
Decision/Noted	It was agreed that the paper be submitted for noting at the next meeting of the Board.		

Item AC4-9		Internal Audit Review Report Procurement and Creditors/Purchasing	
Paper No: AC4-F	Lead: D Archibald, HL	Action requested: Note	
Discussion/ Matters Arising	<p>DA informed that a review of the systems in place for procurement, creditors and purchasing was reviewed with the overall level of assurance being satisfactory with some weaknesses being present. The summary of 7 objectives and their levels of assurance (4 Good, 3 Satisfactory) and the 3 low level Priority 3 recommendations were noted. It was also noted that whilst the Management Responses have been agreed these were missing from the Report. An updated version will be reissued by the Internal Auditor. The actions have been agreed for implementation by the end of July.</p> <p>JH raised some concern with regard to the lack of evidence to confirm any changes to standing supplier details. DA advised that written requests were always requested by the College and the Head of Finance (HoF) had provided his assurance that appropriate checks were being carried out. It was suggested that in future, the HoF should sign off all relevant correspondence.</p>		
Decision/Noted	To note the Report.		

Item AC4-10		Internal Audit Progress Report – May 2017	
Paper No: AC4-G	Lead: D Archibald, HL	Action requested: Note	
Discussion/ Matters Arising	Members noted that the Corporate Planning review had been deferred at the request of College management. Fieldwork is now proposed for late June/early July 2017. Following the late agreement of the overall Plan, a significant number of reports will be submitted at the next meeting of the Committee.		
Decision/Noted	To note the progress report.		

JH left the meeting during the following discussion.

Item AC4-11		External Audit Plan	
Paper No: AC4-H	Lead: G Devlin, SM	Action requested: Note	
Discussion/ Matters Arising	<p>GD provided the Committee with a summary of the work plan for Scott-Moncrieff's 2016-17 external audit. The approach to the audit of the College's annual accounts was particularly highlighted with initial assessment of materiality for the annual accounts being £1.172 m. An overview of the 4 key audit risks in the annual accounts was also provided. Other risk factors ie the preparation of consolidated financial statements within the Glasgow Region will be monitored. It was noted that the timeline for sign off by the GCRB and delivery of the annual accounts by the end of December may impact on the timelines of relevant CoGC Committee meetings. This will be addressed.</p> <p>GD suggested that the Board be informed of the changes following the award of GCRB's fundable body status. He further advised that GCRB also had responsibilities for the appointment of Principals, and approving their Terms & Conditions. The Committee agreed that the responsibilities of GCRB in this respect were not widely understood and required clarification.</p>		
Decision/Noted	<p>To note the External Audit Plan 2016-17.</p> <p>PC to raise the matter of GCRB's responsibilities, as discussed, with the Board Chair.</p>		

Item AC4-12		Any Other Notified Business - Glasgow Region Audit Planning Workshop – 5 May 2017	
Paper No: AC4-I	Lead: G Black	Action requested: Note	
Decision/Noted	To note the summary overview of the Glasgow Region Audit Planning Workshop held on 5 May 2017.		

Item AC4-13		Disclosability of Papers	
Paper No:	Lead: P Clark	Action requested: Note	
Discussion/ Matters Arising	It was agreed that Papers AC4-A, AC4-F and AC4-I were non-disclosable.		
Decision/Noted	Noted.		

Item AC4-14		Date of Next Meeting	
Paper No:	Lead:	Action requested: Note	
Decision/Noted	To be confirmed.		

The meeting closed at 1945 hours.

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
AC4-3	Items to be Discussed Privately with Auditors: Start the new cycle of Closed Sessions at the November meeting.	PC	11 17
AC4-5	Whistleblowing Policy: Submit revised Policy and Procedures at next meeting of the Board.	PC	21 06 17
AC4-6	Strategic Risk Review: Update as agreed.	PC	21 06 17
AC4-7	Committee ToRs: submit for approval.	PC	21 06 17

ACTION POINTS ARISING FROM PREVIOUS MEETINGS

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