City of Glasgow College

Board of Management

Meeting of the Audit Committee

MINUTE OF 1st MEETING HELD ON WEDNESDAY 13 SEPTEMBER 2017 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)	Stuart Thompson (ST)
Gary Devlin, Scott-Moncrieff (GD, EA)	Alex Stewart (AS)
Stuart Inglis, Henderson Loggie (SI, IA)	
Paul Little (Principal)	Ann Butcher (AB) (Minute)
Apologies for absence	
Anne Peters (AP)	Eric Tottman-Trayner (ETT)

Item AC1-1	Apologies for Absence	
Paper No:	Lead: C McMurray	Action requested: Note
Decision/Noted	Absences noted: ETT & AP.	

Item AC1-2	Declarations of Interest	
Paper No:	Lead: C McMurray	Action requested: Note
Decision/Noted	None.	

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 to be discussed privately with the auditors. Members were reminded that a Closed Session with Internal and External Auditors would be held directly following the meeting on 15 November.	

Item AC1-4	Minute of the Audit Committee meeting held on 8 March 2017	
Paper No: AC1-A	Lead: C McMurray	Action requested: Approve
Decision/Noted	That the minute was approved.	

	Matters Arising	
Paper No:	Lead: C McMurray	Action requested: Approve
Discussion/ Matters Arising	**Glasgow Region Consolidated Accounts** GB asked for further clarification on the preparation of consolidation of accounts within the Glasgow Region. GD advised that the GCRB have direct control over this exercise. ST confirmed that assigned Colleges would need to have their annual accounts approved by individual Boards prior to the December GCRB meeting where they will be presented in a consolidated format. An agreed format of individual accounts is currently being considered. GB further queried whether the GCRB had the delegated power to remove members of the College Board. PC confirmed that, according to the legal advice provided internally, in terms of Section 24 of the 1992 (as amended) Scottish Ministers have the power to remove members for reasons of mismanagement. There is no reference made in Section 24 to a Regional Strategic Body.	
Decision/Noted	To note the confirmation provided.	

Item AC1-5	Committee Annual Report 2016-17	
Paper No: AC1-B	Lead: P Clark	Action requested: Approve
Discussion/ Matters Arising	The high-level review of activities undertaken during 2016-17 was reviewed. Minor amendments were suggested.	
Decision/Noted	To clarify the Internal Auditor contract dates. To clarify 'significant losses' terminology on page 1. To approve the Report subject to the above revisions.	

Item AC1-6	Board and Committee Schedule	
Paper No: AC1-C	Lead: P Clark	Action requested: Approve
Discussion/ Matters Arising	The Schedule of Approvals and other work, together with the format of individual Committee Programmes of Work were submitted for review. Programmes of Work will be revised and approved by respective Committees. GD highlighted the Committee's reliance on SPFM and the SFC Memorandum and suggested that the Committee consider these annually. He also suggested that all relevant Audit Scotland National Reports be submitted at meetings for information.	
Decision/Noted	To approve the Schedule of Approvals and Audit Committee Programme of Work for 2017-18.	

Item AC1-7	Strategic Risk Review	
Paper No: **AC1-D**	Lead: P Clark	Action requested: Discuss
Discussion/ **Matters Arising**	PC reminded members that all risks were significantly reviewed at the previous meeting and all Risk Management Action Plans were now presented with updated mitigations, commentary and scores. Discussion followed on the overall drift towards increased risk and suggested that it would be helpful to provide this within additional commentary. PC advised that the Risk Register highlights the overall picture and risk movements. It was agreed that a year on year trend analysis be provided. The Committee noted that the three highest scoring risks related to IT security failure impact upon Business Continuity, failure to achieve an operating surplus, and Failure to agree a sustainable model and level of grant funding within Glasgow Region.	
Decision/Noted	• To note the various high-scoring risks and recently changed risk scores. • To approve the associated Risk Management Action Plans. • To provide a trend analysis (e.g. year on year) within the report. • To consider 'Failure of IT Security' as a separate risk.	

Item AC1-8	Internal Audit Review Reports	
Item AC1-8.1	Curriculum Planning	
Paper No: **AC1-E**	Lead: S Inglis	Action requested: Discuss
Discussion/ **Matters Arising**	SI advised that following a review of the systems in place for curriculum planning, the overall level of assurance was satisfactory with some weaknesses present. The College is involved in a wide range of activities and continues to review and refresh its curriculum. There are robust processes in place to ensure that sufficient course provision is planned to meet credit targets. It was noted that greater controls would be required to ensure sufficient employer engagement activity within all Faculties. This should be formally recorded. A formal process for new course approvals was also identified however this is being planned for 2017-18. Four low priority areas of action were identified and will be addressed. PC informed that the report had subsequently been reviewed by SMT with a few minor suggested changes being proposed. SMT also suggested that participating staff members should be included with all management responses to be actioned by a member of the Senior Management Team. This was agreed.	
Decision/Noted	To note the Report.	

Item AC1-8.2	Planned Maintenance	
Paper No: AC1-F	Lead: S Inglis	Action requested: Discuss
Discussion/ Matters Arising	Following the review of arrangements in place to monitor the performance of GLQ against the terms of the contract in relation to planned maintenance, the overall level of assurance was satisfactory with some weaknesses present. Whilst the responsibilities of GLQ regarding planned maintenance were clearly set out, with monthly reports being provided and closely monitored by the College. The successful application of facilities management standards have achieved recurring monthly deductions resulting in significant financial clawbacks. A number of opportunities for improvement in the systems operated by GLQ were identified including the inclusion of a quality standard setting out the level of detail required to be recorded and retained. It was recognised that this was outwith the control of the College however it was deemed necessary that the College raise these matters for GLQ to ensure all weaknesses were addressed. It was suggested that GLQ should demonstrate that all contractors have the necessary skills to undertake all necessary repairs. GLQ should also ensure that contractors have undertaken relevant PVG checks. The four low priority areas of action were noted and are being addressed.	
Decision/Noted	To note the Report.	

Item AC1-8.3	Budgetary Control	
Paper No: AC1-G	Lead: P Clark	Action requested: Discuss
Discussion/ Matters Arising	The Budgetary Control review focussed on the budget monitoring procedures in place centrally and within a sample of Faculties and Support Services. The various strengths were noted including the preparation of a long-term financial plan based on a range of possible scenarios. Budget holders are provided with monthly budget reports with monthly meetings being held with the management Accountant. Two minor weaknesses were identified however actions are already planned to address these. No priority areas of action were identified and the overall level of assurance was noted as good.	
Decision/Noted	To note the Report.	

Item AC1-8.4	IT Network Arrangements/Security	
Paper No: AC1-H	Lead: S Inglis	Action requested: Discuss
Discussion/ Matters Arising	SI advised that the review assessed the College's network architecture and design from a security perspective to determine whether adequate security mechanisms were in place and were operating effectively. Overall the network was operating well, with no deficiencies. Three minor priority recommendations were identified. It was acknowledged that many development actions have already been informally identified however these should now be documented to allow prioritisation. The development of an IT operational risk register should also be considered. It was also noted that supporting processes and procedures relating to the IT Acceptable Use Policy and Information Security Policies would be required. Development of resilience by way of knowledge transfer across the IT Team should also be addressed.	
Decision/Noted	To note the Report.	

Item AC1-8.5	Student Admissions/MIS (Business Process Review)	
Paper No: AC1-I	Lead: S Inglis	Action requested: Discuss
Discussion/ Matters Arising	SI advised that as part of the Audit Programme, a business process review was undertaken to identify areas for possible improvement in working practices in relation to the curriculum and admissions processes. He reminded that this was different in format from the Audit Report reports whereby many staff were involved through focus groups and interviews. A small number of areas for further investigation or improvement were identified and a detailed list of improvement points were provided. PC advised that SMT had discussed this report, and had considered the process involved to be time consuming, and that the overall format of the report could be more useful eg that the action points be prioritised. SI reminded the Committee that the various actions should only be considered as potential changes rather than matters of non-compliance. He suggested that the style and process could be further discussed and amendments agreed. Members considered the document to be lower level and operational in form, and not in the preferred format of an Internal Audit Report for their consideration.	
Decision/Noted	To note the Report.	

Item AC1-9	Internal Audit Progress Report	
Paper No: **AC1-J**	Lead: S Inglis	Action requested: Discuss
Discussion/ Matters Arising	SI provided a brief review of the progress with the Annual Plan for 2016-17. The Corporate Planning and Student Welfare – Duty of Care reports have now been provided in draft and will be brought to the Committee in November. Fieldwork on the follow-up reviews has been undertaken with some information requested still outstanding. Fieldwork on the credits audit will commence on 18 September.	
Decision/Noted	To note the Report.	

Item AC1-10	National Fraud Initiative (NFI)	
Paper No: **AC1-K**	Lead: S Thompson	Action requested: Discuss
Discussion/ Matters Arising	ST advised that the College is voluntarily participating in the NFI. Payroll and creditor data was submitted with one potential fraud being identified. This was a known overpayment which was unrecoverable and was not considered a fraud.	
Decision/Noted	To note the Report.	

Item AC1-11	General Data Protection Regulations (GDPR)	
Paper No: **AC1-L**	Lead: S Thompson	Action requested: Note
Discussion/ Matters Arising	Members were reassured that SMT had considered the likely impact and actions required in relation to the forthcoming changes to the data protection legislation. Immediate organisation wide actions are being considered. The GDPR will come into force from 25 May 2018.	
Decision/Noted	To note the Report.	

Item AC1-12	Any Other Notified Business	
Paper No: **Verbal**	Lead: S Thompson	Action requested: Note
Discussion/ Matters Arising	**ESF Project - Repayment** ST advised the Committee on advice received from the Scottish Government that 9 ESF projects which undertaken by Glasgow Metropolitan College during 2008-10 have now been decommitted. A decision taken by the Managing Authority has requested the College to repay £1 253 157.54 of the ESF funding previously provided. The projects were subject to intense scrutiny and during this time the College undertook all necessary work requested to rectify any issues identified. This culminated in a final sample verification check of the revised claims followed by agreement and subsequent final payment in December 2015. It was considered that the College has not breached any guidelines and received no information that the project claims had been decommitted. The College is currently appealing against this request.	

Decision/Noted	To provide update report.

Item AC1-13	Disclosability of Papers	
Paper No:	Lead: P Clark	Action requested: Note
Discussion/ Matters Arising	It was agreed that Papers AC4-1 and AC1-K were non-disclosable.	
Decision/Noted	Noted.	

Item AC1-14	Date of Next Meeting	
Paper No:	Lead:	Action requested: Note
Decision/Noted	Wednesday 15 November 2017	

The meeting closed at 1840 hours.

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
AC1-7	**Strategic Risk Review**: Provide a trend analysis over time of overall risk score rating and consider 'Failure of IT Security' as a separate risk.	PC	15 11 17
AC1-12	**ESF Project – Repayment:** Provide update report.	ST	15 11 17

ACTION POINTS ARISING FROM PREVIOUS MEETINGS

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 **Complete**
AC4-5	**Whistleblowing Policy:** Submit revised Policy and Procedures at next meeting of the Board.	PC	21 06 17 **Complete**
AC4-6	**Strategic Risk Review:** Update as agreed.	PC	21 06 17 **Complete**
AC4-7	**Committee ToRs:** submit for approval.	PC	21 06 17 **Complete**
AC3-9	**AONB:** Consider possible impact of consolidated accounts within Glasgow Region at a future meeting.	ST	Ongoing **Complete**