

Board of Management

Meeting of the Audit Committee

MINUTE OF 2nd MEETING HELD ON WEDNESDAY 15 NOVEMBER 2017 AT 1700 HRS
(AC2)

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

G Mitchell chaired the meeting in the absence of C McMurray.

Item AC2-1	Apologies for Absence	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	Absences noted: AP, CM and PL. ETT was not in attendance.	

Item AC2-2	Declarations of Interest	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	None.	

Item AC2-3	Items to be Discussed Privately with Auditors	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	There were no items raised to be discussed privately with the auditors.	

Item 11 was taken under 'Matters Arising'.

Matters Arising		
Paper No:	Lead: Convener	Action requested: Discussion/Decision
Discussion/ Matters Arising	ESF Project – Repayment (Item AC2-11) ST updated members following his recent meeting with the Principal and Government officials. Whilst the meeting had been very positive, no confirmation was received on the outcome of the College's appeal against the request for repayment.	

	<p>Discussion followed on how the potential accrual of the repayment for £1 253 157.54 be represented within the Annual Accounts 2016-17. GD reminded that the accounts would need to be signed off by the end of December 2017 although the College could seek to extend this to the end of January 2018. If the accounts are not approved within this timescale then a technical non-compliance would be issued by the External Auditors.</p> <p>ST anticipated that a definitive answer would not be received prior to the next full Board meeting on 06 12 17 and suggested that an extension should be sought from the SFC.</p>
Decision/Noted	<ul style="list-style-type: none"> • To note the update report. • To seek approval from the Chair of the Board to extend the approval date for the College Annual Accounts to the end of January 2018.

Item AC2-4	Minute of the Audit Committee meeting held on 13 September 2017	
Paper No: AC2-A	Lead: Convener	Action requested: Approve
Decision/Noted	That the minute was approved.	

Item AC2-5	Annual Report and Accounts 2016-17 (Draft)	
Paper No: AC2-B	Lead: P Clark	Action requested: Approve
Discussion/ Matters Arising	<p>PC introduced the Annual Report 2016-17, in particular the narrative section which is constructed around individual Committee Annual Reports, including the Art Foundation, and highlights staff, student and College successes and achievements. The report will be further developed to include images and design elements for final publication. The narrative section (excluding the Financial Statements) will be published in advance as the College Annual Review 2016-17.</p> <p>ST provided a detailed overview of the Remuneration and Staff Report which includes disclosure of senior management remuneration and pension interests. Employment costs for staff shows a significant increase and the ongoing financial pressures for the College were recognised. Spend of the College's cash budget priorities and the impact on the underlying operating position were reviewed in detail. ST confirmed that whilst the financial statement of comprehensive income shows a deficit of £3.3 m, the key figure was the underlying operating position which shows a surplus of £534k.</p> <p>Members acknowledged the excellent work undertaken by staff to reach this overall position.</p>	
Decision/Noted	That subject to resolution of the repayment of historical ESF Projects, the draft Annual Report 2016-17 was endorsed for approval by the Board.	

Item AC2-6		Strategic Risk Review	
Paper No: AC2-C	Lead: P Clark	Action requested: Discuss	
Discussion/ Matters Arising	<p>The Risk Management Plans (MAPs) with updated mitigations, commentary and scores for Risks 10, 11, 12, 15 and new Risks 23, 24 and 25 were presented.</p> <p>PC referred to Risk 12 – Failure of Business Continuity and advised on the recent incident involving loss of water supply at City Campus which invoked the Business Continuity Plan (BCP). The Emergency Response Team met immediately and appropriate BCP checklists and processes were followed. Feedback on elements that worked well and lessons learned are now being considered. It was agreed that the risk score be retained, following the recent review of the risk likelihood and impact which resulted in an increased risk score of 20 (RED). PC further advised that a review (funded by College insurers) of Business Continuity arrangements would be undertaken by Jermyn Consultants.</p> <p>The Committee noted that Risks 17 and 18 have now been combined to form new Risk 23 – Failure to agree a sustainable model and level of grant funding within Glasgow Region. Additional new Risks 24 – Failure of Compliance with the General Data Protection Regulations and Risk 25 – Failure of IT System Security have also been added.</p> <p>There followed some discussion on student safeguarding and possible reputational damage to the College. PC confirmed this was covered under Risk 6 – Negative impact on College Reputation and assured members that appropriate procedures were in place to deal with matters relating to these issues.</p>		
Decision/Noted	<ul style="list-style-type: none"> To note and approve the new risks, recently changed risk scores and associated MAPs. 		

Item AC2-7		Internal Audit Review Reports	
Item AC2-7.1		Corporate Planning	
Paper No: AC2-D	Lead: D Archibald	Action requested: Discuss	
Discussion/ Matters Arising	<p>DA informed that following a review of the Corporate Planning framework in the College, the overall level of assurance was satisfactory with some weaknesses present. Whilst appropriate corporate planning frameworks are in place including the College Strategic Plan, delivery strategies, Operational Plans and Personal Development Reviews, not all areas had Operational Plans in place. The format for some Operational Plans could also be improved ensuring that all actions were SMART. Enhanced guidance and monitoring requirements should also be considered.</p> <p>The 7 low priority and 1 area requiring improvement have been identified and will be addressed.</p>		
Decision/Noted	To note the Report.		

Item AC2-7.2		Student Welfare – Duty of Care	
Paper No: AC2-E	Lead: D Archibald	Action requested: Discuss	
Discussion/ Matters Arising	<p>Following the review of the systems in place relating to the college's Duty of Care to students, the overall level of assurance was satisfactory. A SLWG has been set up to address any issues in relation to the College's Corporate Care arrangements. The Safeguarding Policy and Procedure have now been updated with annual reporting of safeguarding incidents being reported to SMT and the SSEC. A detailed Corporate Parenting Plan has been established with specific staff members assigned to responsibilities to assist the College in meeting its statutory duties. Whilst some training has been delivered within the College, a detailed training plan is being produced to ensure that the College will meet these duties.</p> <p>The 3 low priority actions were noted.</p>		
Decision/Noted	To note the Report.		

Item AC2-7.3		2016-17 Student Activity Data	
Paper No: AC2-F	Lead: D Archibald	Action requested: Discuss	
Discussion/ Matters Arising	<p>The mandatory review of systems and procedures relevant to the collection and recording of student data which ensures accuracy when compiling the College student activity data return for 2016-17 was undertaken during September. The auditor's opinion confirmed that the returns had been compiled in accordance with all relevant guidance and adequate procedures are in place to ensure the accurate collection and recording of the data. On the basis of audit testing, the internal auditors had given the SFC reasonable assurance that the FES return contains no material mis-statement.</p> <p>The Committee congratulated all staff involved in completing the return.</p>		
Decision/Noted	To note the Report.		

Item AC2-7.4		Follow Up Report	
Paper No: AC2-G	Lead: D Archibald	Action requested: Discuss	
Discussion/ Matters Arising	<p>DA advised that the follow up review assessed the recommendations made in previous reports and is undertaken to ensure that appropriate implementation has been made or that progress is being made towards implementation. Of the 19 outstanding recommendations, 13 have now been fully implemented with 6 partially implemented. These will be subject to a further follow up review next year. It was noted that no high risk recommendations are outstanding.</p>		
Decision/Noted	To note the Report.		

Item AC2-8		Internal Audit Annual Report 2016-17	
Paper No: AC2-H	Lead: D Archibald	Action requested: Discuss	
Discussion/ Matters Arising	<p>The summary of all internal audit work carried out on behalf of the College during 2016-17 was reviewed and it was noted that all work in 2016-17 had assessed systems as either 'Good' or 'Satisfactory'. No significant issues were identified and in general procedures were operating well in the areas selected. A few areas for further strengthening were identified and action plans have been agreed to address these issues.</p>		
Decision/Noted	<p>To note the audit opinion that the College has adequate and effective arrangements for risk management, control and governance and proper arrangements are in place to promote and secure Value for Money.</p>		

Item AC2-9		Annual Internal Audit Plan 2017-18	
Paper No: AC2-I	Lead: D Archibald	Action requested: Approve	
Discussion/ Matters Arising	<p>The draft plan which sets out the outline scope and objectives for each audit assignment to be undertaken during 2017-18, together with the audit approach. These were previously agreed during the Audit Needs Assessment process undertaken during February 2017. DA suggested that given the review of Business Continuity to be undertaken by Jermyn Consultants this could be rescheduled.</p> <p>ST confirmed that the Plan had yet to be reviewed by SMT and appropriate consultation would be required.</p>		
Decision/Noted	<ul style="list-style-type: none"> • To approve the proposed Plan subject to agreed amendment by SMT. • To circulate the final Plan by email to members. 		

Item AC2-10		External Audit Annual Audit Report 2016-17	
Paper No: AC2-J	Lead: G Devlin	Action requested: Discuss	
Discussion/ Matters Arising	<p>GD introduced the Report and outlined the main elements of the external audit in 2016-17.</p> <p>GD confirmed that External Audit (EA) intended to provide an unqualified opinion on the annual accounts, the regularity of transactions and other prescribed matters. They were also satisfied that there were no matters which were required for report by exception.</p> <p>With reference to earlier discussion, GD restated that whilst the audit was substantially complete, EA is aware of the post balance sheet event relating to ESF funds being reclaimed. EA will work with the College to ensure the disclosures in the financial statement relating to the ESF funds represent a true and fair position.</p> <p>GD agreed to forward a summary report to PC for inclusion in the College Annual Report and Accounts 2016-17.</p>		
Decision/Noted	<p>To note the report.</p>		

Item AC2-12		Departmental Expenditure Limit Update	
Paper No: AC2-K	Lead: S Thompson	Action requested: Note	
Discussion/ Matters Arising	An update on the Departmental Expenditure Limits as stated in the College Financial Regulations for the Year 2016-17 were noted. Members raised concern with regard to the non-compliant procurement expenditure. A full report was presented to the Finance & Physical Resources Committee during September with clear instruction that the College completely eliminate all non-compliant procurement expenditure. The College is currently working on increased tender activity, changing suppliers and working with senior managers.		
Decision/Noted	To note the Report.		

Item AC2-13		Report on Staff Compensation Payments	
Paper No: AC2-L	Lead: S Thompson	Action requested: Note	
Discussion/ Matters Arising	Details of the staff compensation payments made during 2016-17 were submitted for information.		
Decision/Noted	To note the Report.		

Item AC2-14		Any Other Notified Business	
Paper No: Verbal	Lead: S Thompson	Action requested: Note	
Discussion/ Matters Arising	<p>Annual Report and Accounts 2016-17 - GCRB</p> <p>ST advised that GCRB have requested full copies of the College Annual Report and Accounts for 2016-17, prior to the next meeting of CoGC full Board on 06 12 17. Members agreed that the Report was not in a final state of completion and considered that it was not currently disclosable.</p> <p>The External Auditor also confirmed that the External Audit Report 2016-17 was also non-disclosable in its current draft form.</p>		
Decision/Noted	It was agreed that the final decision be referred to the Chair and Principal.		

Item AC2-15		Disclosability of Papers	
Paper No:	Lead: P Clark	Action requested: Note	
Decision/Noted	It was agreed that Papers AC2-A, AC2-B, AC2-I, AC2-J and AC2-L were non disclosable.		

Item AC2-16		Date of Next Meeting	
Paper No:	Lead:	Action requested: Note	
Decision/Noted	Wednesday 21 February 2018.		

PRIVATE SESSION WITH AUDITORS		
Paper No:	Lead:	Action requested: Note
Decision/Noted	<ul style="list-style-type: none"> To note that no items were recorded that members wished to raise. To consider a private session after the February meeting. 	

The meeting closed at 2000 hours.

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
AC2-11	ESF Project – Repayment: Seek approval from Chair & Principal to extend the approval date for the Annual Accounts.	ST	Urgent
AC2-9	Annual Internal Audit Plan 2017-18: Submit to SMT for feedback and circulate final Plan to members.	ST	Next meeting of SMT
AC2-14	AONB – Annual Report & Accounts 2016-17: Refer decision on the advanced provision of the Annual Accounts to GCRB.	ST/PL	Urgent

ACTION POINTS ARISING FROM PREVIOUS MEETINGS

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 Complete
AC1-12	ESF Project – Repayment: Provide update report.	ST	15 11 17 Complete