

## Board of Management

### Meeting of the Audit and Assurance Committee

MINUTE OF 3<sup>rd</sup> MEETING HELD ON WEDNESDAY 24 FEBRUARY 2021 AT 1500 HRS  
(AAC3)

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| <b>Present</b>                        |                      |
| Graham Mitchell (GM) Convener         | Lorna Hamilton (LH)  |
| Paul Hillard (PH)                     | Ronnie Quinn (RQ)    |
| <b>In attendance</b>                  |                      |
| Paul Clark, College Secretary (PC)    | Sheila Lodge (SL)    |
| Gary Devlin (Azets) (GD)              | Alex Stewart (AS)    |
| Stuart Inglis (Henderson Loggie) (SI) | Stuart Thompson (ST) |
| Paul Little (PL)                      | Ann Butcher (Minute) |
| <b>Apologies for absence</b>          |                      |
| George Galloway (GG)                  |                      |

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| <b>Item AAC3-1</b> | <b>Apologies for Absence</b>   |                        |
| Paper No:          | Lead: Convener   | Action requested: Note |
| Decision/Noted     | Apologies were received from GG. Stuart Inglis attended the meeting in the absence of David Archibald. |                        |

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| <b>Item AAC3-2</b> | <b>Declarations of Interest</b>   |                        |
| Paper No:          | Lead: Convener  | Action requested: Note |
| Decision/Noted     | SI declared an interest under item 6.2, Internal Audit Tender Update. It was agreed that SI would not be present during this discussion. It was noted that External Audit would not be eligible to compete for Internal Audit services therefore no conflict was recorded for GD, Azets External Auditor. |                        |

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| <b>Item AAC3-3</b> | <b>Items to be Discussed Privately with Auditors</b>                    |                        |
| Paper No:          | Lead: Convener  | Action requested: Note |
| Decision/Noted     | There were no items raised to be discussed privately with the auditors. |                        |

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| <b>Item AAC3-4.1</b> | <b>Minute of the Meeting held on 24 11 20</b> |                           |
| Paper No:            | Lead: Convener                                | Action requested: Approve |

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| AAC3-A         |  |
| Decision/Noted | The minute of the AAC meeting held on 24 11 20 was not available at the meeting. This was deferred for approval at the next meeting. |

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| <b>Item AAC3-4.2</b> | <b>Committee Terms of Reference Review</b> |
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| Paper No:<br>AAC3-B | Lead: P Clark  | Action requested: Approve |
| Discussion          | The Committee Terms of Reference were submitted for review. There were no recommended changes. |                           |
| Decision/Noted      | To endorse the Terms of Reference without amendment for approval by the full Board.            |                           |

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| <b>Item AAC3-4.3</b> | <b>Internal Audit Plan 2020-21</b> |
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| Paper No:<br>AAC3-C | Lead: S Inglis/S Thompson   | Action requested: Approve |
| Discussion          | GM requested that Student Welfare and Cleaning Management topics be added or considered under current outline audit scopes. This was agreed and will be further discussed with Internal Auditors. |                           |
| Decision/Noted      | ST to discuss and include additional audit scopes with IA.  |                           |

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| <b>Item AAC3-5.1</b> | <b>Strategic Risk Review</b> |
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| Paper No:<br>AAC3-D | Lead: P Clark  | Action requested: Discuss |
| Discussion          | <p>PC provided an update on the risks that have been identified as highest scoring risks, and those risks which are the particular responsibility of the Committee, ie Risks 1, 7, 10, 11, 12, 15, 16, 22, 24 and 27. Updated mitigations and commentary were reviewed by the Committee. The following revised Risk Scores were discussed:</p> <p>Risk 1 '<i>Failure to support student success</i>'. PC reminded members that the Board had agreed to increase the Risk Score to 4 x 5 = 20 (RED). This was approved.</p> <p>Risk 22 '<i>Negative Impact of Brexit</i>'. Whilst uncertainties on final outcomes remain, the current crisis has reduced the focus and discussion on the future impact of the UK leaving the EU. A change of risk score was proposed 3 x 4 = 9 (remaining AMBER). This was approved.</p> <p>Risk 24 '<i>Failure of Compliance with the General Data Protection Regulations (GDPR)</i>'. The Committee were advised that a dedicated Data Protection Officer (from Thornton's) is now in place. Further discussion on the proposed reduction in Risk Score was deferred pending a review on progress of achievements and milestones as detailed under Item 6.1.</p> <p>GD suggested that further clarity on risks associated with the impact of Covid-19 would be beneficial such as risks identified through remote working, online learning, student and staff welfare and security issues, etc. The Committee agreed that whilst these risks have been identified</p> |                           |

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| <b>Decision/Noted</b> |

and are being mitigated, further detail would be captured under new or current Risks as appropriate.

- With exception of Risk 24, the proposed revised risk scores were approved.
- That further detail on risks associated with the impact of Covid-19 be provided.

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| <b>Item AAC3-5.2</b> | <b>Assurance Framework Review</b> |  |
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| <b>Paper No:<br/>AAC3-E</b> | Lead: P Clark | Action requested: Discuss |
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| <b>Discussion</b> | <p>PC introduced the Assurance Framework checklist which provides the Committee with a map of College assurances set under the Three Lines of Defence Model and is linked to the College strategic themes, priorities and strategic risks. The grid is assessed by ELT and areas with no or partial assurance will be followed up with relevant owners. The document is further linked to internal audit needs assessment.</p> <p>The additional concept of a Fourth Line of Defence is currently being addressed through the development a new College Project Management Office. The Associate Director leading the Project Office will ensure that a consistent and flexible approach is applied to all current and future transformational change projects delivered in College. A separate in-house role of Internal Auditor, reporting to the Principal or Depute Principal, is also being considered.</p> <p>The Committee noted that some entries in the checklist, e.g. under People and Skills” were marked as “Partial Assurance” and requested that the implications of this indication be clarified.</p> <p>The Assurance Framework will be resubmitted at the next meeting and an ongoing programme of review will be agreed.</p> |  |
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| <b>Decision/Noted</b> | <p>To report on the nature of “partial assurance” re People and Skills<br/>         To note the Assurance Framework checklist.<br/>         To agree a programme of review at the next meeting.</p> |  |
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| <b>Item AAC3-6.1</b> | <b>Data Protection Update</b> |  |
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| <b>Paper No:<br/>AAC3-F</b> | Lead: S Lodge | Action requested: Note |
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| <b>Discussion</b> | <p>SL provided members with an update on progress and achievements in relation to the College’s data protection arrangements. The College has now withdrawn its DPO agreement with HEFESTIS and a new DPO service (three days per week) has been entered into with the Director of Data Services at Thornton’s. Additional help and support for emergencies can also be provided. SL further advised that regular meetings are undertaken with the DPO to review progress and set future milestones and dates for actions.</p> <p>The areas that require immediate reinforcement to support data protection compliance were reviewed. SL reassured that all actions are on target for completion by due dates.</p> |  |
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|  | Referring to earlier discussion (Item 5.1), the Risk Score for Risk 24 was reviewed. The Committee agreed the amended Score of 3 x 4 = 12 (AMBER). The DP work plan will be resubmitted at the next meeting for further update on achievements. The Score will be further reviewed at that time. |
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| <b>Decision/Noted</b> | <ul style="list-style-type: none"> <li>To update Risk 24 Risk Score to 12 (AMBER).</li> <li>To submit an updated DP work plan at the next meeting.</li> </ul> |
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*Items 6.3 and 6.4 were taken at this time.*

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| <b>Item AAC3-6.3</b> | <b>IT Effectiveness Report Update</b> |  |
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| <b>Item AAC3-6.4</b> | <b>Finance Effectiveness Report Update</b> |  |
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| <b>Paper No:<br/>AAC3-H<br/>AAC3-I</b> | Lead: S Thompson | Action requested: Note |
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| <b>Discussion</b> | <p>Members were provided with update RAG rated Action Plans following on from the external auditor's IT and Finance Effectiveness reports. ST provided an overview on the progress made towards implementing the recommendations. Outstanding actions are monitored and regular update reports are provided at ELT meetings.</p> <p>PL advised that due to extensive planning and implementation of the College digital transformation undertaken during lockdown and, considering the issues and complexities involved as a result of the recent additional SFC funding allocations, there has been a slight delay in implementing some of the recommendations. It was agreed that implementation dates would be updated and the reports will be resubmitted at the next meeting.</p> <p>Members noted that the senior finance staff restructure is still in progress and will form part of the current workforce planning process. A detailed finance team proposal is still under discussion.</p> <p>Disclosability of the External Audit IT and Finance Effectiveness Reports were discussed. GD confirmed that both documents are deemed to be disclosable by External Audit. However, given the ongoing police investigation, the Committee agreed that both reports should remain non-disclosable at this time.</p> <p>PL updated the Committee on the status of the UMAL Insurance Claim. Following a recent meeting with the CEO. Despite legal input from College solicitors, UMAL are not willing to increase their offer of settlement stating that the claim is not covered. GM suggested that an independent insurance expert should review the terms of the policy. This was agreed.</p> |
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| <b>Decision/Noted</b> | <ul style="list-style-type: none"> <li>To provide update Action Plans at the next meeting.</li> <li>That the reports remain non-disclosable at this time.</li> <li>To seek independent advice from insurance expert re insurance claim.</li> </ul> |
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*SI left the meeting at this time. Item 6.2 was taken.*

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| <b>Item AAC3-6.2</b> | <b>Internal Audit Tender Update</b> |  |
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| <b>Paper No:</b> | Lead: S Thompson | Action requested: Note |
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| <b>AAC3-G</b>         |   |  |
| <b>Discussion</b>     | <p>ST advised that the current Internal Audit contract expires on 21 09 21. A tender process will now commence over the next few weeks by way of a Mini Competition undertaken through the relevant APUC framework. In order to align to the audit timetable, the new contract will be awarded by the end of July.</p> <p>ST welcomed Committee members' interests in the process. It was agreed that GM and LH would be involved in tender documentation review, presentations, scoring and award process.</p> |  |
| <b>Decision/Noted</b> | <p>ST will liaise with procurement and share appropriate documentation on the process with GM and LH.</p>   |  |

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| <b>Item AAC3-7</b>          | <b>Any Other Notified Business</b> |                        |
| <b>Paper No:<br/>Verbal</b> | Lead: Convener                     | Action requested: Note |
| <b>Decision/Noted</b>       | None                               |                        |

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| <b>Item AAC3-8</b>          | <b>Disclosability of Papers</b>  |                        |
| <b>Paper No:<br/>Verbal</b> | Lead: P Clark  | Action requested: Note |
| <b>Decision/Noted</b>       | The disclosability status of all other papers as described on respective cover sheets were retained. |                        |

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| <b>Item AAC3-9</b>    | <b>Date of Next Meeting</b> |                        |
| <b>Paper No:</b>      | Lead:                       | Action requested: Note |
| <b>Decision/Noted</b> | Wednesday 26 May 2021       |                        |

*The meeting closed at 1645 hours.*

## ACTION POINTS ARISING FROM THE MEETING

| Item                          | Description   | Owner  | Target Date |
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| AAC3-4.1<br>24 02 21          | <b>Minute Approval:</b> Submit 24 11 20 minute for approval.  | PC     | 26 05 21    |
| AAC3-4.3<br>24 02 21          | <b>Internal Audit Plan 20-21:</b> Include additional audit scopes as agreed.  | ST/SI  | ASAP        |
| AAC3-5.1<br>24 02 21          | <b>Strategic Risk Review:</b> Include further detail on risks associated with impact of Covid-19.                         | PC     | ASAP        |
| AAC3-5.2<br>24 02 21          | <b>Audit Assurance Framework Review:</b> Resubmit and agree review programme. Report on “partial assurance” implications. | PC/ALL | 26 05 21    |
| AAC3-6.1<br>24 02 21          | <b>Data Protection Update:</b> Provide updated work plan at next meeting.   | SL     | 26 05 21    |
| AAC3-6.3 +<br>6.4<br>24 02 21 | <b>Effectiveness Review Reports:</b> Provide updated Action Plans at next meeting.  | ST     | 26 05 21    |
| Additional<br>24 02 21        | <b>Insurance Claim:</b> Seek independent advice from insurance expert.  | PL/ST  | ASAP        |
| AAC3-6.2<br>24 02 21          | <b>Internal Audit Tender Update:</b> Liaise with procurement to include agreed members in tender process.                 | ST     | ASAP        |

## ACTION POINTS ARISING FROM PREVIOUS MEETINGS

| Item                 | Description  | Owner | Target Date                 |
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| AAC2-4.1             | <b>Whistleblowing Policy:</b> Update as agreed.  | PC    | ASAP<br><b>Complete</b>     |
| AAC2-4.1             | <b>Effectiveness Review Reports:</b> Provide an update on progress.  | PL/ST | 24 02 21<br><b>Complete</b> |
| AAC2-5.4             | <b>Assurance Framework:</b> Provide a further update at the next meeting.  | PC    | 24 02 21<br><b>Complete</b> |
| AAC2-5.5.3           | <b>Internal Audit Follow-up Reviews:</b> Provide update on progress.   | SL/ST | 24 02 21                    |
| AAC1-4.5             | <b>Whistleblowing Policy:</b> Further consider as agreed and discuss Whistleblowing Champion with Vice Chair of the Board. | PC    | ASAP<br><b>Complete</b>     |
| AAC1-5.5<br>AAC1-5.6 | <b>Reviews of Effectiveness:</b> Coordinate a response report for review by the Committee                                  | PL/ST | Ongoing<br><b>Complete</b>  |