

Board of Management

Meeting of the Audit and Assurance Committee

MINUTE OF 4th MEETING HELD ON WEDNESDAY 2 MARCH 2022 AT 1500 HRS (AAC4)

Present	
Graham Mitchell (GM) Convener	Paul Little (PL)
Lorna Hamilton (LH)	Ronnie Quinn (RQ)
Paul Hillard (PH)	
In attendance	
Karen Acheson (KA)	Stuart Inglis (Henderson Loggie) (SI)
Paul Clark, College Secretary (PC)	Stuart Thompson (ST)
Gary Devlin (GD)	
Mark Drummond (MD)	Ann Butcher (Minute)
Apologies for absence	
None	

GM welcomed KA to the meeting.

Item AAC4-1	Apologies for Absence	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	There were no apologies.	

Item AAC4-2	Declarations of Interest	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	GD informed that an employee from Azets is currently serving as Interim Finance Director at the Scottish Funding Council. He further reported that this employee would have no personal involvement with any College audit during the period of his secondment to the SFC.	

Item AAC4-3	Items to be Discussed Privately with Auditors	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	None.	

Item AAC4-4.1	Minute of the Meeting held on 23 11 21	
Paper No: AAC4-A	Lead: Convener	Action requested: Approve

Decision/Noted	<p>Subject to two amendments, the minute was approved.</p> <p>Matters Arising Lessons Learned Reports The Committee were informed that the Auditor General would not proceed with a Section 22 report. Audit Scotland are satisfied with the mitigations, actions taken, and effectiveness and measures leading to final closure of the College fraud investigation. All issues of concern have been adequately resolved. The Lessons Learned reports are being completed; however these are likely to remain confidential and for internal purposes only. It was agreed that KA review the effectiveness reports ensuring all aspects are compliant. The College annual accounts will now be laid before parliament.</p> <p>All other outstanding actions were reviewed and updated.</p>
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Item AAC4-4.2		Minute of the Meeting held on 06 12 21	
Paper No: AAC4-B	Lead: Convener	Action requested: Approve	
Decision/Noted	Subject to one amendment, the minute was approved.		

Item AAC4-4.3		Committee Terms of Reference Review	
Paper No: AAC4-C	Lead: P Clark	Action requested: Approve	
Discussion	<p>Members reviewed the Committee Terms of Reference. GM requested some reference be made regarding oversight of the governance function and matters relating to the financial audit of City of Glasgow International Ltd (CGI Ltd). GD added that CGI Ltd accounts will be consolidated within the College accounts. However separate governance matters of the 'College Group' should be included within the Committee remit. The following amendment to Point 1 was agreed:</p> <p><i>'To review the processes for ensuring the effectiveness of the financial, and other internal control and governance systems of the College and College Group'.</i></p> <p>PH also suggested that an additional risk covering the College Group be included within the College Risk Register. A strategic Risk ID referencing the CGI Ltd Risk Register will be added.</p>		
Decision/Noted	<ul style="list-style-type: none"> To update the Terms of Reference as agreed for approval at the June Board meeting. To provide an additional College Group Risk on the College Risk Register. 		

Item AAC4-4.4		Internal Audit Planning 2021-2024	
Paper No: AAC4-D	Lead: S Inglis	Action requested: Approve	
Discussion	SI presented an overview of the scopes and objectives for the audit assignments and approach in the draft annual operating plan for the year ended 31 July 2022. The Plan is based on audit days allocated for 2021-		

22 as set out in the draft Audit Needs Assessment (ANA) and Strategic Plan 2021-24. Detailed scopes for each audit area will be finalised following discussion with responsible managers.

A copy of the Strategic Plan covering 2021-22 to 2023-24 was also submitted. All risk categories have been grouped by 'Priority' i.e. High, Medium and Low. The number of audit days allocated and the position in the cycle has been determined with reference to combined risk factors identified in the ANA along with previous internal and external audit coverage.

GM referred to the allocation of Student Experience audit days currently scheduled for 2022-23 and suggested that this be brought forward particularly given the challenges and impact on students arising from the Covid crisis. ST agreed that the Student Experience audit (covering funding, learning support, welfare, engagement and the Students' Association) be scheduled by December 2022.

GM further queried the timescale for the Teaching Staff Utilisation/Timetabling audit i.e. during 2023-24. Given current blended learning activity and ongoing financial pressures, he suggested that this be undertaken during 2022-23. PL advised that evaluation of the blended learning approach and continuation of the hybrid working would likely continue next academic session and should be reviewed as part of the audit. He considered that the assessment would be more effective following the return of a higher proportion of students to onsite learning and at the end of the full academic session (i.e. early 23-24). This was agreed.

The appropriate timescale for inclusion of the College Group within the audit scope was discussed. As full operation of the College Company has yet to be established, it was agreed that this would be included in year three of operation. Any shared systems with the College would be considered under relevant College wide audits.

Decision/Noted

To submit the final Internal Audit Plan including timescales, scopes and objectives at a future meeting of the Committee.

Item AAC4-5.1		Assurance Framework Review	
Paper No: AAC4-E	Lead: P Clark	Action requested: Discuss	
Discussion	PC presented the current Assurance Framework document, which includes an outline of the three-lines of Assurance model and further highlights the "fourth line" of assurance via the Compliance Auditor (KA), appointed in February 2022. Members considered that provision of additional detail under management responses would be beneficial. The nature and rigour of the management assurance approach will be further reviewed by KA for consideration at the September meeting, which will constitute the required Assurance Framework review. Reference to the College Group will also be included.		
Decision/Noted	KA to review and feedback at the September 2022 AAC meeting.		

Item AAC4-5.2		FOISA Report 2020-21	
Paper No: AAC4-F	Lead: P Clark	Action requested: Discuss	
Discussion	<p>PC provided an overview on the nature and volume of requests received during AY 2020-21 in relation to Freedom of Information and Environmental Information requests.</p> <p>He informed members that the volume of individual requests received have fallen from its peak during 2017-18. Whilst the volume has reduced, this does not represent the complexity associated when dealing with difficult requests, which can be time consuming - particularly requests that require a review of the initial decision and appeals to the Scottish Information Commissioner.</p> <p>The high success rate of responses within the 20-day timescale was noted.</p>		
Decision/Noted	To note the report.		

Item AAC4-5.3		Strategic Risk Review	
Paper No: AAC4-G	Lead: P Clark	Action requested: Discuss	
Discussion	<p>PC provided an update on highest scoring and significant changes to risks under the Committee's remit. The following risk changes were discussed:</p> <p>Risk 10 - <i>Negative impact of statutory compliance failure</i>. Whilst the DP Officer and Compliance Auditor positions have now been appointed, PC added that progress relating to the web and app accessibility compliance failure is still ongoing. A project plan has been developed with support from the PMO. It was agreed that the current risk score 2 x 5 = 10 (AMBER) remain unchanged until completion of the project.</p> <p>Risk 12 – <i>Failure of Business Continuity</i>: In light of the successful implementation of business continuity planning, a reduction in likelihood was considered. Members agreed that the current score should remain at 12 (AMBER) for further review after the upcoming Business Continuity audit.</p> <p>Risk 15 - <i>Failure to achieve operating surplus via control of costs and achievement of income targets</i>. Due to the 2021-22 poor financial performance, which is currently projecting a loss of £2, it was agreed that the Risk Score be changed to 5 (likelihood) x 4 (impact) = 20 (RED). ST reported that mitigations are in place to reduce costs and increase income however a year-end breakeven position is unlikely.</p> <p>Risk 16 – <i>Failure to maximise income via diversification</i>. Given the reduced commercial and international income target assumptions for 2021-22, delivery of income growth is still in the recovery phase. The Risk Score agreed by the Development Committee i.e. 4 x 5 = 20 (RED) was accepted.</p> <p>Risk 22 – <i>Negative Impact of Brexit</i>. ST reported that the implications of Brexit were not as anticipated and the likelihood has reduced. A reduced Risk Score of 3 x 3 = 9 (AMBER) was agreed.</p>		

GD recommended that in terms of risk, more reference be made to Environmental, Social and Governance (ESG) criteria and standards within the Risk Register. Recognising this is captured within the College Strategy, and in some initiatives (such as Commercial & International growth and activity towards achieving tDAP), PC agreed that a higher profile of current ESG priorities would be required. This will be progressed.

GD referred to the unresolved lecturer pay negotiations and informed members of EIS intention to hold a ballot for industrial action. The potential impact on Risk 14 – Negative Impact of Industrial Action was considered. PL confirmed that service to stakeholders would be maintained and any negative impact would be managed. The Risk Score 12 AMBER remained unchanged.

RQ sought assurance on any potential adverse effects arising from the current political crisis in Ukraine and resulting sanctions imposed on Russia. PL reported that currently, no adverse effects were anticipated. The College will remain responsive to the needs of students and staff affected.

As previously discussed, an additional “College Group” Risk will be added to the Risk Register.

Decision/Noted

- To update the Risk Register and Risk Scores as agreed.
- To reference to (ESG) criteria and standards within the Risk Register.

Item AAC4-6.1		Update on National Fraud Initiative (NFI)	
Paper No: AAC4-H	Lead: S Thompson	Action requested: Note	
Discussion	ST provided the Committee with a brief overview of the bi annual National Fraud Initiative (NFI) data collection and analysis report. All matches identified were reviewed and closed with no issues of concern reported.		
Decision/Noted	To note the report.		

Item AAC4-7		Any Other Notified Business	
Paper No: Verbal	Lead:	Action requested: Note	
Decision/Noted	<p>Whistleblowing An anonymous whistleblowing accusation has been received and is being investigated. The Board Whistleblowing Champion has been kept fully informed.</p> <p>External Audit Tender GD informed that the Audit Scotland External Audit tender process has now concluded and appointment of the new External Auditor will be announced next week. The 2021-22 College Accounts will be audited by Azets.</p>		

Item AAC4-8	Disclosability of Papers	
Paper No: Verbal	Lead: P Clark	Action requested: Note
Decision/Noted	The disclosability status of all other papers as described on respective cover sheets were retained.	

Item AAC4-9	Date of Next Meeting	
Paper No:	Lead:	Action requested: Note
Decision/Noted	Wednesday 25 May 2022	

The meeting closed at 1640 hours.

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
AAC4-A 02 03 22	IT + Finance Effectiveness Reports: Ensure all aspects are compliant.	KA	Ongoing
AAC4-C 02 03 22	Committee Terms of Reference Review: Update as agreed.	PC	BoM 15 06 22
AAC4-4.4 02 03 22	Internal Audit Planning 2021-24: Submit final Internal Audit Plan.	ST/DA	ASAP
AAC4-5.1 02 03 22	Assurance Framework Review: Review and feedback.	KA	September AAC Meeting
AAC4-5.3 02 03 22	Strategic Risk Review: <ul style="list-style-type: none"> Update as agreed (including additional College Group Risk). Reference ESG criteria and standards. 	PC	ASAP

ACTION POINTS ARISING FROM PREVIOUS MEETINGS

Item	Description	Owner	Target Date
AAC2-4.1 23 11 21	Matters Arising: Covid Impact and management Report to be submitted at next meeting.	JG	02-03-22 25 05 22
AAC2-5.1 23 11 21	EA Annual Report: Further discuss on 06 12 21.	ALL	06 12 21 Complete
AAC2-5.3 23 11 21	Fraud Closure Report: Update as agreed.	SL	In Progress Complete
AAC2-5.4 23 11 21	DPO Report: Provide update report.	SL	25 05 22
AAC4-5.3 26 05 21	Data Protection Update: Provide DP training to Board members.	SL	ASAP Complete
AAC4-5.4 26 05 21	IT Effectiveness Report Update: Provide Lessons Learned Report.	ST	In Progress
AAC4-5.5	Finance Effectiveness Report Update: Provide Lessons Learned Report	ST	In Progress