

Glasgow Kelvin College

Board of Management

Audit and Risk Committee

Minute

Minute of the meeting held on Thursday 16 November 2023 at 5pm via MS Teams

1. Sederunt

Dermot Grenham, Chair
Dr Elaine Clafferty
Jennifer Lavery, Support Staff Member
John Hogg; and
Natalie Philips

In attendance:

Derek Smeall, Principal and Chief Executive
Linda Ellison, Secretary to the Board
Jeanette Evans, Vice Principal Operations
Lisa Clark, Director of Estates and Corporate Services
Alan Carr, Head of Finance
David Archibald, Henderson Loggie
Stuart Nugent, Audit Scotland
Grace Syme, Audit Scotland; and
Debbie Friel, Secretariat (for recording purposes)

2. Apologies

Michele Stevenson
Michael O'Donnell (Vice Chair); and
Stuart Inglis, Henderson Loggie

3. Audit and Risk Terms of Reference

The meeting was quorate with five members in attendance.

The Chair queried if the Committee should be reviewing the Terms of Reference (ToR) more formally. L Ellison advised that although the Terms of Reference (ToR) had a planned formal review date, there remained an opportunity for an additional review if deemed necessary by the Chair.

4. Declarations of Interest

- a) Interest
- b) Connection

No declarations of interest/connections were raised by members. The Chair reminded member that they could raise these at any point throughout the meeting.

5. Minute of the Previous Meeting held on 5 September 2023

Members accepted the minute as an accurate record of the business conducted at the meeting held on 5 September 2023.

6. a) Matters arising from Minute of Previous Meetings held on 5 September 2023

There were no matters arising from the previous minute.

bi) Action List, Audit and Risk Committee Action List as at November 2023

Members noted the completed actions which were denoted in green and agreed that these should be removed from the Action Log.

7. Audit and Risk Committee Annual Report 2022/23

The Vice Principal Operations informed members that the purpose of the report was to provide members with an overview of the work undertaken by the Audit and Risk Committee during the academic/financial year 2022/23.

The Chair thanked members for the work undertaken which was detailed within the report, he highlighted its effective balance between being comprehensive and readable. He thanked the Vice Principal Operations for the work involved in preparing this thorough report; the Vice Principal Operations also asked that thanks be passed to Lisa Clark and Alan Carr for their in-depth involvement in capturing the work of the Audit and Risk Committee carried out over the entire academic/financial year 2022/23.

The Chair welcomed comments.

J Hogg praised the report's excellence and highlighted that the Committee had ongoing discussions regarding its length. He noted that it was therefore deemed necessary to include an Executive Summary section to encapsulate the content of the work reported on throughout the year accurately.

Members of the Audit and Risk Committee agreed to:

- i. approve the Chair of the Audit and Risk Committee's Annual Report for the financial year ended 31 July 2023;
- ii. note the Audit Committee Opinion outlined in section 17 of the Report; and
- iii. note that Report will be presented to the Board of Management on 13 December 2023 and, once authorised by the Board, the Principal will forward the Annual Audit Report (and its appendices) to the Scottish Funding Council/GCRB.

8. Internal Audit Reports – Henderson Loggie

a) Student Activity Data

D Archibald provided members with overview of the content of the Internal Audit Report. He highlighted the conclusion section and drew members' attention to page two of report, and noted:

- the student data returns had been completed in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- reasonable assurance can be provided that the FES return is free from material misstatements.

D Archibald noted that this was a positive report again for this year. He continued to summarise the analytical review and drew members' attention to Appendix 3 of the report which set out a year-on-year comparison. He highlighted that the report indicated a year-on-year decrease of just under 2,800 credits. This, he explained, was due to a drop in the curriculum offering and retention level issues. Furthermore, he highlighted that page 12 reported on the adjusted/unadjusted errors. He noted this amounted to approximately 15 credits which he considered to be relatively minor against the total of approximately 77.5K credits.

He further noted that two of the adjusted credits correlated with two of the recommendations, which were set out within the body of the report. Additionally, he stated that the three recommendations that were highlighted last year were now fully implemented.

He drew members' attention to Appendix 1 of the report, which included a copy of the audit certificate.

The Chair thanked D Archibald for the detailed report.

Members of the Audit and Risk Committee agreed to approve the content of the Internal Audit report.

b) Student Support Funds

D Archibald spoke to the content of the Internal Audit Report and highlighted that the audit report covered areas of Discretionary, Childcare, Bursary and EMA funding.

He provided members with a summary of the findings and conclusion of the audit as noted on page 2 of the report. Additionally, he drew members' attention to Henderson Loggie's covering letter to SASS, highlighting that one observation had been made: *"the College doesn't maintain a separate interest-bearing bank account for the HE Discretionary Fund; instead, all transactions are conducted through the College's primary bank account"*. He went on to explain that the College uses the Government banking service for all of its financial transactions on the instruction from the Scottish Funding Council, and this account does not pay interest. He highlighted that members should note that this is noted purely as an observation and not a reservation. He continued to summarise the Findings and Conclusions from page 2 of the report and noted that Henderson Loggie was able to certify all fund statements for the year.

The Vice Principal commended the staff members involved in these specific areas of the College's work. She acknowledged the reports' positive nature and attributed this success to the dedicated efforts of the respective departments.

D Archibald, following on from J Evans' comments, informed members that the guidance lacked clarity and did not make it easy for teams to interpret them. He also noted that the College's outcome, with very few issues raised, compared favourably to that of other colleges.

Members of the Audit and Risk Committee agreed to approve the content of the Internal Audit report.

9. Henderson Loggie – Annual Report to the Board of Management and Principal on the provisions of Internal Audit Services for 2022/23

D Archibald spoke to the content of the report that summarised the work undertaken by Henderson Loggie, Internal Auditors, during academic year 2022/23.

He advised that all work conducted in 2022/23 assessed systems as 'Good' and there were therefore no significant issues identifying major internal control weaknesses arising from their internal audit work. In addition, in Henderson Loggie's opinion, the College had adequate and effective arrangements for risk management, control and governance.

He highlighted that following audits for year 2022/23 had now been completed and noted the Overall Level of Assurance for each:

Environmental Sustainability	Overall Grade: Good
Cyber Security	Overall Grade: Good
Payroll	Overall Grade: Good
Budgetary Control/Financial Planning	Overall Grade: Good
Health and Safety	Overall Grade: Good

D Archibald provided members with a summary of the follow up reviews undertaken on Internal Audit Reports Issued during 2021-22. The College had made excellent progress in implementing the recommendations followed-up as part of our review, with overall 18 (95%) of the 19 recommendations followed-up being assessed as 'fully implemented'. One recommendation was assessed as 'partially implemented'.

The Chair thanked D Archibald and his Team, on behalf of the Board of Management and staff, for the work undertaken on behalf of the College.

D Archibald thanked the teams across the College for their persistence in ensuring the work was completed. He further noted that the report recognised good progress had been made in respect of the follow up recommendations and to ensuring deadlines were met. He further stated that this highlighted the Colleges enhanced commitment to implementing audit recommendations and painted an overall positive picture.

He went on to say that there were no issues identified throughout the year to give cause for concern. He highlighted the report's overarching conclusion, which emphasised that the Auditors were confident in the College's effective arrangements concerning governance, risk management and controls.

The Chair enquired about the status of plans for the current academic year. D Archibald replied that they were already in progress. Furthermore, all associated dates for these plans have been duly recorded and would be shared in due course.

Members of the Audit and Risk Committee agreed to approve the content of the Internal Audit report.

10. Audit Action Plan

The Director of Estates and Corporate Services spoke to the content of the report that sought to provide members with the current version of the Audit Action Plan.

L Clark informed members that the document had been updated to reflect the current position in respect of the recommendations listed in the plan. She highlighted that the plan consisted of 13 low level actions from the audit recommendations and stated that the College considered 4 of these recommendations to be fully implemented and 5 recommendations to be partially implemented. She drew members attention to the comprehensive plan that was attached as Appendix 1 to the report.

L Clark concluded her presentation by welcoming any comments or questions from the committee.

The Chair thanked L Clark for her report and noted the progress made against the 13 low level actions.

J Hogg referenced that the report portrayed a positive narrative, reflecting that recommendations were embraced, given due consideration and implemented effectively.

He emphasised the significance of not underestimating or taking the organisational culture for granted.

The Principal noted that it was encouraging to hear the feedback from members, especially due to the unprecedented times. He indicated that the College's proactive approach in addressing recommendations in a constructive manner was attributed to a cohesive culture fostering collaborative work without siloed approaches. Furthermore, he observed that HMIE reported, during their recent Thematic Visit to the College, on the College's culture and attitude in rigorously driving progress forward.

D Archibald agreed with the comments from the Principal, on the culture of the College and on the staffs' demeanour in taking forward the recommendations at pace. Additionally, he noted that College had undertaken considerable conversations relating to establishing sensible timelines for implementing recommendations, which results in smoother transitions towards successful delivery.

The Chair thanked L Clark for her report, and members for their comments, and agreed with the College's effective approach in managing the deadlines for recommendations.

Members of the Audit and Risk Committee agreed to:

- i note the contents of this report and its appendices; and
- ii approve the Audit Action Plan.

11. Risk Management Update and College Risk Register

The Director of Estates and Corporate Services spoke to the content of the report and advised members that the Risk Register had been reviewed by both the Risk Management Committee and by the Senior Management Team (SMT). L Clark informed members that the Risk Register was appended within the link as Appendix 1 to the report and that all changes had been denoted in red text. She highlighted that the Risk Management Activities had been noted in point 2 of the report.

L Clark continued to inform members that there were two further Risk Registers, which were regularly reviewed: one pertaining to the West End Campus and the transferring of this curriculum to other campus locations, this activity was completed over summer 2023; and one in relation to the Scottish Government Energy Efficient Grant for the public sector decarbonisation scheme.

She continued to provide an update on the other aspects of the report which included the College Risk Register Review and the movement which had taken place since the last meeting of the Audit and Risk Committee, as follows:

- 8: Environment: The Inherent Impact (II) has reduced from 4 to 3 due to the work scheduled to take place in relation to energy efficiency capital works as per the award to the College from Scottish Government of £2.6m.
- 13: Industrial Action/Action Short of Strike Action: The Inherent Impact (II) had reduced from 5 to 3 as Action Short of Strike Action has ended and the students' assessments are now being resulted by teaching staff members. This enables certificates to be generated for students as evidence of qualifications gained. The Residual Impact (RI) has subsequently dropped from 4 to 3 which has brought the overall Risk Rating (RR) from 16 to 12 and the Category "Very High" down to "High."

In conclusion, she further noted that cognisance had been given to all factors/issues affecting the College on an ongoing basis and noted that these had been listed on page 2 of the report.

L Clark referred to a section within the report in respect of the Risk Appetite which had been set by the Board previously and asked that members consider if this still felt appropriate.

L Clark invited comments or questions.

The Chair raised a question in relation to the Risk Appetite associated with the Student Experience which was set as Open. He queried whether the College was comfortable with the level of this Risk Appetite and how this could be demonstrated. He went on to propose that it would be highly beneficial for the Audit and Risk Committee to dedicate time to a more in-depth discussion solely focused on the Risk Appetite at a future meeting.

J Evans explained that the College considered this risk appetite on an ongoing basis, noting that due to the constantly changing environment and continued pressures, the College and Board had accepted that it was necessary to have a higher risk appetite in relation to the Student Experience. She informed members that it should be noted that, in spite of the funding challenges with the current environment, the Student Satisfaction Survey indicated a high percentage of student satisfaction. Additionally, she highlighted that the sections referring to *“Impact on Students, Risk, Equality, Data Protections, and Environmental & Sustainability* had been included in all Committee reports to specifically monitor these key areas of risks. She further advised members that the College continued to try and mitigate as many of the risks as possible.

Following discussion, *J Evans agreed that the Risk Update paper would be further enhanced moving forward to link Risk Appetite more explicitly to current strategic risks. She further agreed that Risk Appetite would be considered as a separate item at the next scheduled Audit and Risk Committee Meeting.*

The Chair thanked L Clark and J Evans for the very thorough report.

Members of the Audit and Risk Committee agreed to:

- i. note the contents of this report, appendices and links; and
- ii. review the Risk Appetite table and advise if they are content with this or they wish any amendments.

12. Governance Update

The Director of Estates and Corporate Services briefed committee members, stating that the report sought to provide to update members in areas of corporate governance. She proceeded to outline and discuss the key aspects as detailed from the following sections:

- Unallocated College Capital Maintenance Fund for FY 23-24
- Trade Union Nominees on Boards (Incorporated Colleges and Regional Strategic Bodies) – Revised Timescales for Implementation
- Environmental and Sustainability Update
 - Scottish Government Energy Efficiency Project
 - Public Sector Climate Change Duties Report
- West End Campus
- Code of Good Governance
- Audit Scotland Fees

L Clark stated that a full report on the Code of Good Governance would be presented to the Board of Management meeting of 13 December 2023 as per the annual review required.

The Chair welcomed the overview from L Clark and invited questions or comments.

N Philips commented that the report was extensively detailed and comprehensive. She observed that all areas within the report were explicitly covered, making it challenging to ask questions due to the report's significant depth and thoroughness. She commended the Director of Estates and Corporate Services for the report as outlined and additionally on the previous report, Item 11.

13. Governance Action Plan – Update

The Secretary to the Board of Management spoke to the contents of the report. She highlighted that the report was presented to the Board of Management bi-annually and to the Audit and Risk Committee regularly.

L Ellison informed members that the Governance Action Plan (GAP) is a key reporting document that supports the Board of Management in discharging its responsibilities for ensuring effective governance.

The GAP reflects actions that have been identified from a number of sources including:

- Code of Good Governance for Scotland's Colleges
- Guidance Notes for Boards in the College Sector
- issues identified through audit processes
- developments identified internally and through the Board's annual self-evaluation
- any items for improvement identified through the Externally Facilitated Effectiveness Review

L Ellison drew members' attention to Appendix 1 which attached the Governance Action Plan (GAP). She highlighted that the GAP had undergone revisions and updates since its last presentation at the Audit and Risk Committee on 5 September 2023. She noted one of the live action items from the plan related to the 2021-22 Self-Evaluation Sessions. She further advised that the Executive had agreed on running a session in December 2023, thereafter, concluding this action.

J Hogg highlighted that he was aware of the improvements in relation to how the Committees are governed and that he was very supportive of this. He underscored the Board's aspiration for new practices and asked Committee Chairs to gently prompt members at the meeting's onset regarding the informational items below the line, enabling discussion opportunities if members wish to engage.

L Ellison informed members that the Chair had requested that the secretariat include a note in communications sent to Board members along with meeting papers to act as a reminder to members that, if they needed additional clarification on any papers, they could contact the respective author prior to the meeting.

J Evans reminded members that there were opportunities for members to gain clarification on any of the papers outwith the meetings, hence the reason the papers are circulated one week prior to the meeting to allow members time to do so. She highlighted that implementing this approach would lead to shorter meeting durations and a more streamlined process.

Members of the Audit and Risk Committee agreed to:

- i. note the content of this report and its appendix;
- ii. consider and note progress against the Governance Action Plan in Appendix 1

14. Business Continuity Update

The Director of Estates and Corporate Services sought to inform members that the purpose of the report was to provide assurance to members of the Audit and Risk Committee that the College had a robust Business Continuity Plan in place and that it is regularly tested, i.e. normally twice per Academic Year. Furthermore, she added that the Audit and Risk Committee members receive a report every two years on the Business Continuity Plan and related activities.

L Clark highlighted that the Business Continuity Plan (BCP) was attached as Appendix 1 to the report, and she outlined the recent tabletop exercises that had been carried out within the College. She also highlighted the BCP is updated as and when necessary. She went on to explain that a recent tabletop exercise had taken place in relation to Martyn's Law which was in relation to the Manchester bombing; this tabletop exercise had resulted in a six point action plan to progress on.

She welcomed comment or questions.

The Chair queried whether the tabletop exercises solely focused on operational aspects or if they also encompassed financial considerations. L Clark responded that the Incident Management Team, alongside the Senior Management Team, would examine all aspects of the exercise and any emerging issues. If anything was not clear in the Business Continuity Plan or was missing this was logged on Lessons Learned Log and thereafter added to the Business Continuity Plan.

Following a question about power failure, L Clark explained that hard copies of the Business Continuity Plan were provided in all management offices in a bright yellow box file which was easy to spot. The Business Continuity Plan and all related documentation that was deemed necessary was held on the cloud also as a further back-up.

The Chair remarked that the report contained valuable and informative content and thanked L Clark for her report.

The Chair encouraged comments from members on the following items presented for correspondence/ information. No further questions or comments were raised.

15. a) NFI Matters – Autumn 2023

b) UNISON Notice of Official Ballot for Industrial Action – Friday 20 October 2023

For member interest only.

16. Fraser of Allander Institute – Economic Commentary

For member interest only.

17. Impact on Students, Issues to be considered as a consequence of the consideration of the above agenda items.

Members agreed that no issues had arisen as a consequence of the business conducted at the meeting.

18. Risk Management, Issues to be considered as a consequence of the consideration of the above agenda items.

Members agreed that no issues had arisen as a consequence of the business conducted at the meeting.

19. Equality Management – Issues to be considered as a consequence of the consideration of the above agenda items.

Members agreed that no issues had arisen as a consequence of the business conducted at the meeting.

20. Data Protection – Issues to be considered as a consequence of the consideration of the above agenda item.

Members agreed that no issues had arisen as a consequence of the business conducted at the meeting.

21. Environmental and Sustainability – Issues to be considered as a consequence of the consideration of the above agenda items.

Members agreed that no issues had arisen as a consequence of the business conducted at the meeting.

22. Closure

The meeting closed at 5.45pm

23. Date of Next Meeting

Thursday, 20 February 2024, MS Teams