

Glasgow Kelvin College

Board of Management

Audit and Risk Committee

Minute

Minute of the meeting held on Tuesday 16 May 2023 at 5pm Room MF12/14, East End Campus

1. Sederunt

John Hogg, Chair;
Dermot Grenham, Vice Chair; and
Michael O'Donnell.

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; and
Annette McKenna Governance & Executive Support Manager, *(for recording purposes)*.

2. Apologies

Elaine Clafferty;
Jennifer Lavery; and
Natalie Phillips.

The Chair welcomed members to the last meeting of the academic session. He informed members that due to unavoidable circumstances there was only three non-executive members in attendance, therefore the meeting was not quorate. L Ellison added that the business on the agenda would be considered and approved, if appropriate, by those present and that the items for approval / endorsement would be concluded by email to members not in attendance.

The Chair welcomed S Nugent, External Auditor, to his first Audit and Risk Committee meeting.

3. Terms of Reference

Members noted the Terms of Reference. The meeting was not quorate with three non- executive members in attendance.

4. Declarations of Interests and Connection

- a) Interest**
- b) Connection**

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

D Archibald stated his awareness of the paper at Item 15 and that he would not partake in discussions about this matter.

5. Minute of the Previous Meeting held on 14 February 2023

Members accepted the minute as an accurate record of the business conducted at the meeting held on 14 February 2023 subject to A Carr being added to the sederunt as 'in attendance'.

6. a) Matters Arising from the Previous Meeting held on 14 February 2023

There were no items arising from the previous meeting held on 14 February 2023.

b) Action List

i) Audit and Risk Committee Action Log as at May 2023

The Chair informed members that an update would be provided on the outstanding action related to the land at Springburn whilst discharging item 13 on the agenda.

7. GKC Audit Planning Update

S Nugent provided members with a presentation on Audit Scotland's audit planning for the College as they had taken up a new five-year appointment as the College's External Auditors.

He took members through his presentation that included the audit environment, materiality, financial statement risks, wider-scope and best value auditing, external audit fee for 2022/23 and members of the core audit team.

He informed members that the intention was to conclude their planning work shortly and circulate the Annual Audit Plan to members at the end of June 2023. They would then present the Plan to the next Audit and Risk Committee meeting, for questions, in September 2023. He added the first year of a new contract is the most expensive in terms of time due to getting to know clients and the organisation.

He further informed members that a revised auditing standard had been introduced for this year and required additional consideration of IT risks. J Evans informed that the College had undertaken a lot of work in this area and have recently undergone an internal audit of cyber security and received a 'good' grade. D Archibald offered to liaise and share information with S Nugent regarding the recent internal audit.

S Nugent noted that the external audit fee had been increased across the sector this year and reminded members that they had been provided with the details of the team at Audit Scotland to contact to seek clarification. Various members of the Board of Management voiced their concern in relation to the fees charged.

In a response to a question from D Grenham, S Nugent informed members that the transition from Azets to Audit Scotland had gone smoothly; he had met with G Devlin in February 2023 and had been provided with access to their files.

The Chair noted that the Committee and the College were keen to keep a good relationship with the External and Internal Auditors; relationships have been strong in the past.

J Hogg referred members to the correspondence at item 17 on the agenda and requested that J Evans seek clarification on the significant increase of external audit fees and feedback to the Committee; it would be helpful to know the methodology used for fee setting.

The Chair thanked S Nugent for this presentation.

Members of the Audit and Risk Committee noted the content of the presentation.

8. Internal Audit Reports

a) Budgetary Control and Financial Planning

D Archibald took members through the content of the Internal Audit report. He noted that a huge amount of work had been undertaken by those involved.

He highlighted the work undertaken in relation to the collective involvement and commitment of budget holders in understanding the scale of the financial challenges facing the College and the requirement to deliver the targets set out in the College Operating Plan (COP).

In addition, he highlighted the use of the word “exemplar” within the report and noted this was in relation to the approach the College has taken in generating a long-term financial strategy, a College Operating Plan and the financial reporting and engagement with budget holders. He added that all involved had commented positively on the introduction of a monthly finance meeting that allows for a collective approach to decision making process.

He noted that the COP puts the College in a good position as it is continually revised and allows for actions and solutions to be undertaken timeously and in a transparent manner.

M O'Donnell noted that the exemplar approach undertaken stood out for him in the report. He added that this provides reassurance to members and thanked all involved. J Evans added that the monthly finance meetings had made a significant difference as it allowed budget holders to have a better understanding of the challenges and actions required. The Principal added that the outcome of the audit confirmed all involved are buying into process and are benefiting from it. J Evans highlighted the way in which A Carr and his team work allows for the two Senior Accountants to have financial visibility within the whole College, providing them with the understanding to build the budget.

The Chair thanked D Archibald for his overview on this excellent report.

Members of the Audit and Risk Committee approved the contents of the report.

b) Health and Safety

D Archibald took members through the content of the Internal Audit report.

He highlighted that it was very rare to have no recommendations in this area and that this was due to the visibility of health and safety within the College. He added that health and safety is embedded throughout the College and a consistent application of processes are in place.

D Grenham noted that accidents do happen but the controls in place to respond are important. The Principal reminded members of a recent health and safety incident at the Springburn Campus and noted that lessons had been learned and that a lot of work had been undertaken by G Lawson, Health and Safety Manager, to take forward the recommendations following an investigation.

The Chair thanked D Archibald for his overview of the report.

Members of the Audit and Risk Committee approved the contents of the report.

c) Payroll

D Archibald took members through the content of the Internal Audit report.

He informed members that payroll has become more complex and the College's audit on that area was impressive. He noted that all detailed tests had been carried out and no errors or issues had been identified; this reflects well on payroll and Human Recourses.

The Chair asked if there is an audit practice for the size of the sample tests undertaken during the audit process. D Archibald informed members that if errors are found then the sample size is ramped up, this was not required at the College.

The Chair added that the culture at the College is that if a recommendation is made, it is accepted, learned from and actions put in place.

Members of the Audit and Risk Committee approved the contents of the report.

The Chair requested that the Executive pass on the Committee's appreciation for the work undertaken in the three areas noted above; Budgetary Control and Financial Planning, Health and Safety and Payroll.

9. 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 Audit Action Plan, attached as appendix 1 to the report.

L Cark took members through the list of completed audits and noted that should the content of appendix 1 be accepted there were:

- 0 high,
- 1 medium, that the College considered fully implemented; and
- 25 low recommendations and the College considered 12 to be fully implemented and 3 partially implemented.

She added that the action related to APUC training for Estates staff had been undertaken since the production of the report and noted that 13 actions had been fully completed.

Members of the Audit and Risk Committee recommended to:

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

10. Statutory Accounting Policies

The Vice Principal Operations spoke to the content of the report.

J Evans reminded members that the Statutory Accounting Policies, attached as appendix 1 to the report are the basis of which the Annual Report and Financial Statements are prepared each financial year. She highlighted the changes to the policy are noted in red text and relate to revised dates, there are no changes to the policy.

She highlighted that if any changes were required during the external audit then this would be highlighted to members.

Members of the Audit and Risk Committee recommended to:

- i) note the contents of this report and its appendix; and
- ii) approve the Statutory Accounting Policies for the 2022/23 Annual Statutory Accounts.

11. Internal Audit Progress Report

D Archibald spoke to the content of the report. He informed members that all was on track to deliver the Plan as agreed. He added that the follow up reviews would be considered in September 2023 and that he would liaise with L Clark re. evidence on the completion of the recommendations.

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

12. Risk Management Update and College Risk Register

The Director of Estates and Corporate Services spoke to the content of the report.

L Clark highlighted the link to the College Risk Register on the report as appendix 1. She informed members that a new risk had been considered by the Risk Management Committee; risk 14 Artificial Intelligence (AI) residual risk as 'very high'.

J Evans added that the Vice Principal Curriculum and Quality Enhancement had noted that the 'very high' residual risk may be a bit high and asked for members

comments. Members discussed and agreed that due to the unknowns surrounding AI the residual risk was appropriate at this time; safer to be cautious.

In a response to a question from M O'Donnell, J Evans informed members that the move from West Campus had its own Risk Register. L Clark added that this particular risk register was reviewed every fortnight by the project group dealing with the exit of this campus.

She noted that she had set out the context on which the College was working at present; social and economic environment / impact.

L Clark provided members with an update on the on the cladding at the Springburn Campus.

M O'Donnell thanked L Clark for amending the format of the register to show the narrative of movement in the risks.

The Principal added that a huge amount of work has been undertaken in the area of risk management and thanked all involved.

The Chair requested that this report, going forward, should be placed higher up on the agenda.

Members of the Audit and Risk Committee were recommended to note the comments of this report, appendices and links.

13. Governance Update

The Director of Estates and Corporate Services spoke to the content of the report which provided members with an update of corporate governance.

L Clark provided members with an update on situation regarding the land at Springburn that had been previously reported at meetings of the Committee. She noted that for the College to purchase the land from HydePark Residents Association approximately 262 title deeds would require to be changed; the resulting costs of the legal fees would be far more than the value of the land which had been valued at £25,000 by both parties concerned. She added that relationships are collegiate with the Association and that the Vice Principal Operations planned to offer the residents the College building located on the land to use as a community venue.

She informed members that the Environmental and Sustainability Manager, working with the Head of Facilities and Environmental Sustainability, applied for £2.6m from the Scottish Government Energy Efficiency Grant Scheme. She further informed that an email had been received by the College to inform that the funding had been awarded and that 5 capital projects would be completed over a 2-year period; the formal grant letter is currently awaited.

M O'Donnell applauded the work undertaken by L Clark and her team in obtaining this funding; it would make a great PR story for the College.

L Clark provided members with an overview of the various project work being undertaken over the summer break in relation to the West Campus move.

The Chair congratulated all involved in the £2.6m award from the Scottish Government Energy Efficiency Grant Scheme

Members of the Audit and Risk Committee were recommended to note the content of this report, links and appendices.

14. Governance Action Plan – Update

The Secretary to the Board of Management spoke to the content of the report that sought to update members on progress against the Governance Action Plan (GAP), attached as appendix 1 to the report.

She informed members that the items highlighted in green are believed to be completed and would be removed from the document. She added that any new actions / recommendations following the 2022/23 Board self-evaluation process would be added to the GAP.

Members of the Audit and Risk Committee were asked to:

- i) note the content of this report and its appendix;
- ii) consider and note progress against the Governance Action Plan in Appendix 1; and
- iii) note that this update will be presented to the Board of Management meeting to be held on 12 June 2023.

15. Lessons Learned – City of Glasgow College – NOT IN THE PUBLIC DOMAIN

The Director of Estates and Corporate Services spoke to the content of the report. She informed members that a 'Lessons Learned' report produced by City of Glasgow College, following a case of fraud by a member of staff, had been shared with the College Sector.

She provided members with a summary of the issues raised in the report and the College responses below each item which was denoted in blue text.

She highlighted that a meeting was held with managers responsible for the College Fixed Asset Procedure to identify any possible gaps. She noted that to further strengthen the College procedures a workshop for staff was held and a flowchart of the processes circulated.

The Chair thanked L Clark for her report and noted it provided reassurance for members of the Committee.

Members of the Audit and Risk Committee were recommended to note the content of this report, links and appendix.

16. National Fraud Initiative

The Vice Principal Operations spoke to the content of report which is to provide members with an update in respect of the College participation in the National Fraud Initiative.

J Evans informed members that this report is generally brought to the Committee every two years. She reminded members that it had been missed previously due to a change of staffing and that it had been agreed to bring it back this year to get it back into its normal cycle; will be reviewed, going forward, by this Committee 2 yearly.

She informed members that of the 14,117 invoice transactions uploaded to the NFI database, 156 transactions had been queried, investigated and are now closed. She highlighted that this outcome provides comfort and assurance to the Committee.

Members of the Audit and Risk Committee were recommended to note the contents of this report and the College participation in the National Fraud Initiative.

17.

Audit Scotland – Audit Fees

Members noted the content of the Audit Fees provided for their information.

18.

a) Audit Scotland Technical Bulletin 2023

Members noted the content of the Technical Bulletin provided for their information.

b) Audit Scotland Scottish Qualifications Authority 2021-22

Members noted the content of the report provided for their information.

c) Audit Scotland Encouraging Progress on Education Data

Members noted the content of the publication provided for their information.

d) Audit Scotland - Radical Action Needed on Data

Members noted the content of the publication provided for their information.

19. Risk Management – Risk issues to be considered as a consequence of the consideration of the above agenda

Members agreed that no new risk management issues had arisen as a consequence of the business conducted at the meeting held on 16 May 2023.

20. Equality Management – Equality issues to be considered as a consequence of the consideration of the above agenda

Members agreed that no new equality management issues had arisen as a consequence of the business conducted at the meeting held on 16 May 2023.

21. Data Protection – Data Protection issues to be considered as a consequence of the consideration of the above agenda

Members agreed that no new data protection issues had arisen as a consequence of the business conducted at the meeting held on 16 May 2023.

22. Impact on Students – Student impact to be considered as a consequence of the consideration of the above agenda

Members agreed that no impact on students had arisen as a consequence of the business conducted at the meeting held on 16 May 2023.

23.

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

Members agreed that no new environmental and sustainability issues had arisen as a consequence of the business conducted at the meeting held on 16 May 2023.

24.

Closure

the meeting closed at 6.15pm with the Chair thanking members for their attendance and contribution.

25.

Date of Next Meeting

TBC

26.

Committee Focus Group Self Evaluation – Members Only Session