

Glasgow Kelvin College
Board of Management
Audit and Risk Committee
Minute

Minute of the meeting held at 5pm on Tuesday 6 September 2022 in room MF12/14, East End Campus

1. Sederunt

John Hogg, Chair
Michael O'Donnell
Natalie Phillips
Dermott Grenham (via MS Teams)
Jennifer Lavery (via MS Teams)

In Attendance:

Linda Ellison, Secretary to the Board;
Derek Smeall, Principal and Chief Executive;
Jeanette Evans, Vice Principal Operations;
Lisa Clark, Director of Corporate Services;
Stuart Inglis, Henderson Loggie;
Annette McKenna, Governance & Executive Support Manager (*for recording purposes*).

2. Apologies

Elaine Clafferty.

The Chair welcomed N Phillips and J Lavery to their first meeting of the Audit and Risk Committee.

3. Terms of Reference

Members noted the Terms of Reference. The meeting was quorate with 5 members in attendance.

4. Declarations of Interests and Connection

- a) Interest
- b) Connection

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

5. Minute of the Previous Meeting held on 17 May 2022

Members accepted the minute as an accurate record of the business conducted at the meeting held on 17 May 2022.

6. a) Matters Arising from the Previous Meeting held on 17 May 2022

There were no items arising from the previous meeting held on 17 May 2022.

b) Action List (For Noting)

i) Audit and Risk Committee Action Log as at September 2022

Members agreed that the completed actions, highlighted in green, should be removed from the Action Log.

Items for Approval and Endorsement

7. Internal Audit Reports – Henderson Loggie

a) Performance Reporting – KPIs

S Inglis spoke to the content of the report. He highlighted the scope, objectives and overall findings noted in the report. He took members through the actions, listed on page 2 of the report and noted those that had already been planned by the College, prior to the audit being undertaken. He added that the overall level of assurance was graded Good.

In addition, he took members through the strengths contained in the summary of main findings noted on page 3 of the report and highlighted that no significant weaknesses had been identified during the review.

M O'Donnell noted that the performance information provided to Board members was very strong and it was heartening that the Internal Audit confirmed this.

N Philips noted her interest in the management information real time dashboard being developed by the College. She asked if this would also track information such as child poverty data that could be used when looking to access, for example, cost of living funding for students. The Principal informed members that a Board development session was planned to take place on 6 December 2022 to introduce members to the new dashboard, providing them with an insight into how this will be used in the future. He added that the dashboard will have a high volume of data that could be used in a variety of ways and also has the ability to evolve.

The Vice Principal Operations added that the applications for student funding are completed online so information could be extracted from the information submitted by students.

The Chair noted the Good grade provided by the Internal Auditor and that the report recognised the journey the College is on with regard to performance reporting.

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

b) Estates Strategy and Capital Projects

S Inglis took members through the content of the report. He highlighted the scope, objectives and overall findings noted in the report. He noted the overall level of assurance grade as Satisfactory and the two minor recommendations related to procurement. He provided members with an overview of a weaknesses related to a procurement process and the use of Single Source Justification (SSJ) paperwork, he further highlighted that that the Procurement Procedures and Financial Regulations documents should be updated to ensure the detail contained mirrors each other.

The Principal highlighted that the procurement issue was not ideal and was due to a staffing absences within APUC with no-one available from APUC to undertake a tender exercise. He added that it was during the COVID-19 lockdown period and that the College had consulted with the Head of Glasgow Regional Procurement who had signed off on the process undertaken by the College, quotes had been received and these had been reviewed. He further added that the procurement process in relation to capital funding was required to be undertaken within a tight timescale or the funds returned to GCRB; as such, the College had limited choice in these circumstances and were content with the actions they had taken as APUC had been duly consulted and had signed off on the actions taken.

The Vice Principal Operations noted that the Financial Regulations would be updated to reflect the Procurement Procedures and would be brought to the next meeting of the Finance and Resources Committee in September 2022. She added that a procurement section would be added to the Finance Report considered by the Finance and Resources Committee and any further SSJ paperwork attached as an appendix.

S Inglis re-iterated to members that the College had not disregarded the procurement process and the matter had occurred due to APUC staffing absences. J Evans added that APUC had been made aware that the College could not work at those low staffing levels in future.

He took members through the strengths contained on pages 3 and 4 of the report.

The Chair commented that the process undertaken was appropriate as a consequence of the exceptional circumstances. Members echoed the Chairs comments.

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

c) Quality Assurance

S Inglis spoke to the content of the report. He highlighted the scope, objectives and overall findings noted in the report. He noted the overall level of assurance grade as Good.

He highlighted the strengths noted on page 4 and 5 of the report and added that no Significant weaknesses had been identified during the review.

The Chair highlighted that the auditors had very positive engagement with faculty staff during their review and suggested that when consultation with staff had been undertaken could the numbers of staff, without identifying them, be added to the Audit Approach section of the reports. S Inglis agreed to this suggestion.

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

d) Glasgow Kelvin College Follow Up Reviews 2021/22

S Inglis took members through the content of the report. He reminded members that

as part of the Internal Audit programme follow up reviews are undertaken on recommendations made in Internal Audit reports issued in previous years. This process is undertaken until the recommendations are implemented and removed.

He highlighted the table on page 2 of the report that showed that out of 18 outstanding recommendations, 9 had been fully implemented and 9 partially implemented.

M O'Donnell asked how long is too long for a recommendation not to be fully implemented. S Inglis informed that the College currently has 6 recommendations that have gone past the agreed timescale. He added that this is relatively clean as far as follow ups go, and there is no reason for concern; lockdown had an impact on the deadline dates. He provided members with a flavour of reasons for this.

The Principal added that the narrative in the Updated Action Plan is just as important as the gradings and showed any complexities and progress made in implementing the recommendations.

The Vice Principal Operations informed members that the intention for the College was to develop a table and process that mirrors the Internal Audit Action Plan that would remain as a live document to monitor progress for all recommendations, including low grade. The document will be added as a standing item to the Senior Management Team meetings agenda.

The Chair welcomed the development of the College Audit Action Plan and thanked the staff involved in the implementation of the recommendations.

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

8. Audit Action Plan

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

She highlighted the point made by the Vice Principal Operations whilst discharging item 7d in that it was the intention for the College to produce an Audit Action Plan that reflected the format used by the Internal Audit.

She noted that this would be a live document that would be shared with members at the next meeting of the Audit and Risk Committee.

Members of the Audit and Risk Committee agreed to:

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

Action: produce a College Audit Action Plan that mirrors the External Auditor version and share with members at the next meeting of the Audit and Risk Committee being held on 29 November 2022.

9. External Audit Update

The Chair informed members that due to unforeseen circumstances there would not be a representative from Azets at the meeting. He added that he had been assured everything is on track for the scheduled audit to commence on 27 September 2022.

The Vice Principal Operations added that the Finance Team were currently working on the year end position to allow Azets to review a draft of the Annual Report and Financial Statements at the start of the audit.

The Chair reminded members that this is the final year with Azets as the College's External Auditor.

10. Internal Audit Progress Report – 2021/22 Annual Plan

S Inglis took members through the content of the report.

He reminded members that the report sets out the audit areas planned throughout the year. He noted that all audits were on track and that the Asset/Fleet Management Audit was scheduled to start week beginning 19 September 2022 and will be reported to the Audit and Risk Committee on 29 November 2022.

He added that the Credits, Bursary, Childcare & Hardship Funds and EMA audits would be undertaken during September 2022 and reported to the Audit and Risk Committee on 29 November 2022.

The Chair reminded members that the timing of the Asset/Fleet Management audit had been moved to rebalance the workload of staff involved. He added that the Cyber Security audit date would be confirmed in the Annual Audit Plan for 2022/23 and would be the first audit undertaken in that schedule. He highlighted that four Internal Audit reports would be brought to the Audit and Risk Committee on 29 November 2022.

11. Risk Management Update

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

J Evans highlighted the College's Strategic Risk Register and Risk Register and reminded members these are considered at every meeting of the Audit and Risk Committee and the Risk Management Committee.

She also highlighted section 3 that provided 13 risks that could impact the College's ability to deliver its strategic ambitions.

The Chair reminded members that it had been agreed that a deep dive into one or more risks would be held during meetings of the Audit and Risk Committee. He added that during this meeting it would be held on the risk pertaining to sustainable funding.

The Director of Corporate Services took members through the content of the report and highlighted that any amendments made to the College Risk Register, provided as appendix 1 to the report, were denoted in red for ease.

L Clark provided members with an update on the cladding at the Springburn Campus, Chemical Leak at the Springburn Campus, Campus Reinvestment Project, Land at Springburn and Fire Risk Assessment.

D Grenham noted that it might be worth trying not to make the Risk Register longer without using the context of what had been actioned or changed. M O'Donnell added that it would be good to see the mitigating actions to support the amendments.

J Evans added that a discipline of cleaning up and cleansing the Risk Register was required and that she and L Clark would look at this.

M O'Donnell noted that the summary table at the beginning of the report was helpful. He added that a summary of the change in movement, just one or two lines, would also be helpful. J Evans agreed that she and L Clark would look at the format and presentation of the table.

The Chair opened the conversation to the deep dive on the sustainable funding risk.

N Phillips noted that the Scottish Government's Programme for Government was committing new funding streams for the year ahead in relation to the cost of living crisis and tackling poverty. She asked if the College planned to undertake an exercise on how the College can align this funding as it comes through. The Principal informed members that Colleges Scotland undertakes such analysis on behalf of the sector and this is normally received by the College within 48 hours of a major document being published. He added that some of the funding available would be required to be accessed through the Scottish Funding Council (SFC) and Local Authorities.

The Chair added that the College is distinctive in the College Sector and as opportunities arise it needs to be ready. The Principal added that the College has a lot of unique selling points and is well placed to access funding streams. J Evans echoed the Principal's comments.

In a response to a question from D Grenham, the Principal informed members that according to Scottish Government legislation a public body cannot legally become bankrupt, he cannot as Chief Executive, offer a budget that would lead to insolvency. He added that hard decisions would have to be made to ensure this did not happen.

J Evans added that the College is required to set a balanced budget and provided members with a summary of the scenarios contained within the Financial Forecast Return (FFR).

The Principal informed members that when reviewing the financial implications facing the College and the Sector there are three core elements that the College and the Board of Management requires to remain; financial sustainability, its unique ethos and that students in its communities succeed. He added that given this the only thing that can move is the volume of activity that the College produces and a reduction in staff levels.

Members discussed the financial position of other colleges.

Members agreed to note the contents of this report and its appendices/links.

Actions:

- **look at a discipline to cleaning up and cleansing the Risk Register – Vice Principal Operations and Director of Corporate Services.**
- **review the format and presentation of the Risk Register summary table provided at the beginning of the report - Vice Principal Operations and Director of Corporate Services.**

12. Governance Update

The Director of Corporate Services spoke to the content of the report that sought to provide members with an update in relation to corporate governance matters.

L Clark took members through the content of her report that included:

- a Copyright Licensing Agency Royalties Data Collection Survey 2022 being undertaken in October 2022. She highlighted the purpose of the survey and the preparation required;
- a Business Continuity Tabletop Exercise was conducted in May 2022. The Business Continuity Plan has been updated to reflect lessons learned; and
- GDPR / Data / Freedom of Information Requests Monitoring. She highlighted the chart contained with the report that provided a snapshot of requests received over academic year 2021-22 for and GDPR requests. She added that a full report would be provided to the Committee at the end of the academic year.

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

13. Insurance Cover 2022/23 – NOT IN THE PUBLIC DOMAIN

The Director of Corporate Services spoke to the content of the report that sought to confirm the arrangements for insurance cover for session 2022/23.

She took members through the content of the report and highlighted the total cost payable that included a Loyalty Bonus Discount.

She highlighted appendix 1a and 1b listed as links in the report that provided members with a copy of the insurance cover and confirmation of the costs of the key elements of cover.

In addition, she noted appendix 2 provided members with insurance costs since Academic Year 2019/20 to Academic Year 2022/23 with a note of the costs and comparisons for a full overview of cover.

The Chair reminded members that D Grenham had asked previously that the College undertake market research to ensure the College were receiving value for money. He noted that this had shown that this is the case and it is clear that UMAL provide a good service and value for money. D Grenham thanked L Clark for taking this forward on the Committees behalf.

J Evans informed members that they would consider a report on the National Fraud Initiative in Scotland in May 2022.

Members of the Audit and Risk Committee agreed to:

- i) note the contents of this report and its appendices; and
- ii) note that the insurance cover is in place from 1 August 2022 to 31 July 2023.

14. Audit Scotland

Item 14a – Technical Bulletin 2022.2

Item 14b – Technical Guidance Note 2022.6 – 2021.22 Report for Colleges

Item 14c – Fraud and Irregularity 2021.22

Item 14d – The National Fraud Initiative in Scotland 2022

Members noted the above items provided for their information.

Risk, Equality and Data Protection - Discussion

15. 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 6 September 2022.

16. 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 6 September 2022.

17. 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 6 September 2022.

18. Closure

The meeting closed at 6.45pm with the Chair thanking members from the attendance and contribution.

19. Date of Next Meeting

Tuesday 29 November 2022 via MS Teams.