



Glasgow Kelvin College
Board of Management
Audit and Risk Committee
Minute

Minute of the Audit and Risk Committee meeting held at 5pm on 17 May 2022 via Microsoft Teams

1. Sederunt

John Hogg (Chair);
Deborah Thomson (Vice Chair);
Michael O'Donnell;
Dr Elaine Clafferty;
Dermot Grenham; and
Fiona Taylor.

In Attendance:

Linda Evans, Secretary to the Board;
Derek Smeall, Principal and Chief Executive;
Jeanette Evans, Vice Principal Operations;
Lisa Clark, Director of Corporate Services;
Alan Carr, Head of Finance;
David Archibald, Henderson Loggie;
Adrian Kolodziej, Azets; and
Annette McKenna, Governance & Executive Support Manager (*for recording purposes*).

2. Apologies

No apologies were recorded. The Chair welcomed members to the last meeting of the Audit and Risk Committee in academic year 2021/22.

3. Terms of Reference

It was noted the meeting was quorate with 6 members in attendance.

4. Declaration of Interest and Connection

a. Interest

D Archibald declared an interest in *item 11 - Internal Audit Contract Extension* as he is a partner at Henderson Loggie. The Chair reminded members that D Archibald would leave the virtual meeting at this item then return.

The Chair reminded members that they could declare an interest during the meeting.

5. Minute of the Previous Meeting held on 22 February 2022

Members accepted the minute as an accurate record of the business conducted at the meeting held on 22 February 2022.

6. **a. Matters Arising from the Previous Meeting held on 22 February 2022**
There were no items arising from the previous meeting held on 22 February 2022.

b. Action List – Audit and Risk Committee Action Log as at May 2022.

The Chair reminded members that he had contacted them in relation to the action noted on the Action List '*deep dive into one or more risks in detail at future meetings*' to ask if they had a preference for risks to be discussed. He asked those who had not responded to get in touch.

Members noted that the actions highlighted in green had been completed and could be removed from the Action List.

7. **Audit Action Plan**

The Director of Corporate Services spoke to the content of the Action Plan which sought to provide members with the current Audit Action Plan attached as Appendix 1.

L Clark provided members with a summary of her report and highlighted the number of recommendations outstanding as:

- no high or medium grade recommendations outstanding as at May 2022. The one medium grade recommendation reported in February 2022 had been completed; and
- three low grade recommendations.

She reminded members that the outstanding low recommendations are reported to the Committee so they can be tracked but a separate Action Plan is not provided.

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.

8. **Internal Audit Reports – Henderson Loggie**

D Archibald spoke to the content of the two Internal Audit Reports and highlighted that it was unusual for an organisation to receive two 'good' grading consecutively.

a. Publicity and Communications

D Archibald spoke to the content of the Publicity and Communications report.

He highlighted that the report looked at the controls in place to ensure that positive public relations, image and perception of the College allowed recruitment of students, work with employers and secure grant income.

He took members through the summary of main findings noted in the report. He added that the College had already recognised that there were areas for improvement and had been developing a new Communications Framework, in consultation with staff groups, that included both internal and external communications. He added that this had been noted as a recommendation in the report and highlighted that work on the new Framework will be concluded by September 2022.

The Vice Principal Operations noted that it was hoped the new Communication Framework would be considered, for approval, at the Board of Management meeting held in August 2022. She added that the Board of Management had identified the College's external profile as a risk and that it was important that the new Framework is comprehensive and pulls together the current internal and external communication strategies.

M O'Donnell noted that the report was very good and added that any possible negative PR seemed linked to the Business Continuity Plan. In a response to a question from M O'Donnell, J Evans informed that the College did not have a PR Agency on retainer but may want to consider this going forward, to play an active role in media engagement; a cost benefit analysis would be required to be undertaken.

L Clark informed members that following an incident at the College's Springburn Campus, crisis communication training was undertaken by members of the Senior Management Team (SMT), Incident Management Team (IMT) and appropriate college staff. She noted that unfortunately the external training did not deliver what the College was looking for, it was very disappointing. She added that all involved from the SMT and IMT had individual allocated roles to undertake in the event of a crisis.

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

Action: the College new Communications Framework document to be presented to the Board of Management at the first meeting of academic session 2022/23 – Vice Principal Operations.

a. Data Protection

D Archibald spoke to the content of the Data Protection report.

He highlighted that it was particularly unusual to have a 'good' grading report for Data Protection with no recommendations. He added that other organisations have a framework in place but fall-down in applying the processes. He added that the College is consistent in its approach to the framework and paid credit to the Regulations and Compliance Manager for the role undertaken.

In a response to a question from D Grenham, L Clark added that the College does not exceed the data protection requirements. She added that there was a lot involved in setting up the processes when GDPR legislation came into force, for example, road map put in place, procedures and privacy network set up, now it was about constant monitoring of compliance. D Smeall added that the processes were not bureaucratic or onerous due to the way they had been set up.

D Grenham raised the point that the last three Internal Audit Reports had received a 'good' grading, would this be a challenge going forward if the gradings are not 'good'. The Chair added that 'good' gradings required to be put into context, not expected all the time. He noted that the College, in general, sees the internal audit process as a method to improve things.

D Archibald added that a 'good' grading is not a sign that there is no room for improvement. He cited the Publicity and Communication Audit Report as an example, nothing fundamentally was broken, discussion with managers held to show how the situation could be improved, therefore the report was 'good' but with a recommendation.

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

9. External Audit Annual Plan 2021/22 - NOT IN THE PUBLIC DOMAIN

A Kolodziej spoke to the content of the External Audit Annual Plan 2021/22.

He provided members with a comprehensive overview of the report and highlighted the change in the College's risk profile in relation to the funding available, student numbers and the budget for 2022/23. He noted that in terms of the College's financial sustainability this coming year, and future years, would be challenging.

He added that he expected to see no material changes in the asset valuation of the College portfolio of land and buildings.

He highlighted overall materiality on page 20 of his report and noted the expenditure was the same as previous years and would be reviewed at year end to consider if it required to be revised.

In addition, he provided members with a summary of the key audit risks in the financial statements that included pension assumptions. He noted that the colleges in the Glasgow Region may contact the actuary again regarding the assumptions.

In a response to a question from the Chair on the estates policy renewal, A Carr informed members that the last evaluation had been undertaken on an interim basis due to the pandemic, this was not different from a full evaluation. He added that the three Glasgow Colleges were discussing reverting to a 5 year only full evaluation with a desk top evaluation undertaken annually. In addition, they are discussing tendering together for this service to save money on costs.

In a response to a question from the Chair, A Kolodziej described how the College risk profile is calculated and how it relates to fees. He added that he expected External Auditor fees to increase due the new accounting standards being put in place. The Chair provided members with an overview of discussions held by the Committee in the past related to audit fees. Members agreed it may be helpful for members to understand more about the methodology used to calculate the risk profile and associated fees.

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

10. Statutory Accounting Policies

The Vice Principal Operations spoke to the content of the report on Statutory Accounting Policies.

J Evans highlighted appendix 1 to the report and provided a summary of the small changes to the policies prepared for the 2020/21 Annual Accounts. She reminded members that the Statutory Accounting Policies are the basis for which the College Accounts are prepared each year. She noted that the College awaited the Accounts

Direction from the Scottish Funding Council and that the dates would be updated at the year-end process.

Members of the Audit and Risk Committee agreed to:

- i) note the contents of this report and its appendix; and
- ii) approve the Statutory Accounting Policies for the 2021/22 Annual Statutory Accounts.

D Archibald left the virtual meeting at this point.

11. Internal Audit Contract Extension

The Vice Principal Operations spoke to the content of the report which sought an extension to the College's Internal Audit Contract with Henderson Loggie to 31 July 2024.

J Evans informed members that their contract commenced on 1 August 2019 for a period of three years with an option to extend for another twenty-four months at the discretion of the College. She added that the College were happy with the service provided and were comfortable to recommend an extension for an additional two years. She provided members with a summary of her report that included three other options.

In a response to a question by F Taylor, A Carr informed that the fees are in the region of £27k per annum and can vary based on audit dates used and additional work undertaken. He added that, in his opinion, Henderson Loggie were extremely good value for money.

F Taylor asked how much of a risk there was to the College to change both internal and external auditors. A Kolodziej informed that Azets would undertake handover meetings with the new External Auditor, provide a briefing on the College profile and access to their working documents to assist with the transition. A Carr added that year on year both the College and Azets are used to working with new staff.

D Grenham noted the list of Auditors in ranking order on the first page of the report and asked if the list was in order of quality. J Evans confirmed this was not the case and the framework was due to be revised.

Members discussed the timeline for a mini-competition and noted if this was the preferred option, the exercise would need to have been undertaken by this point. The Principal added that normally it is a five year contract with a break point if the service provided isn't working. He added that the College is extremely content with the quality of work provided by Henderson Loggie.

Members of the Audit and Risk Committee agreed to:

- i) approve the extension of the Henderson Loggie Internal Audit Contract to 31 July 2024.

D Archibald rejoined the virtual meeting.

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

D Archibald spoke to the content of the report.

He provided members with a summary of the report that sought to provide and update on progress made in relation to the 2021/22 audits. He reminded members

that the Publicity and Communications and the Data Protection Audit Reports had been considered elsewhere on the agenda.

He noted that the Quality Assurance and the Estates Strategy / Capital Projects audits were underway. He added that these are both important areas of the College and noted that he wanted to ensure management had enough time to consider these reports prior to bringing forward to the Committee for approval; they would be brought to the first Audit and Risk Committee in session 2022/23.

He reminded members that the Asset/Fleet Management audit had been deferred until September 2022 at the request of the Committee. In addition, the Performance Reporting / KPIs audit report was on track to come to the September 2022 meeting of the Committee.

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

Action: Quality Assurance, Estates Strategy / Capital Projects and the Asset / Fleet Management Audit Reports to the Audit & Risk Committee meeting in September 2022 – D Archibald, Henderson Loggie

13. Risk Management Update

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

L Clark provided members with an overview of her report that included:

- Risk Register (RR) – the Learning & Teaching Committee and the Finance & Resources Committee had made suggested additions to the RR, these would be considered by the Risk Management Committee. The RR is attached to the report as appendix 1 with the changes in red;
- Cladding at Springburn Campus – a structural survey will be undertaken;
- Chemical Leak at Springburn Campus – 14 points of action had been concluded at the point of writing the report;
- Insurance Conference – highlighted an almost weekly incident of student suicide;
- Student Experience / Performance Indicator Data – the pandemic has had a negative impact on students in terms of the learner experience. The future funding cuts will also impact on the learner experience;
- Land at Springburn – the College awaits an evaluation from Hydepark Residents Association.

In response to a question from F Taylor, the Principal informed that the Board and the Executive work together to ensure the College voice is consistent in retaining the identity of the College. M O'Donnell suggested that the current College Development Network (CDN) 'Choose College Campaign' might assist the College. The Principal added that the College is involved in a lot of national campaigns via CDN and Colleges Scotland.

D Thomson raised the point of student poor mental health and low attainment. She added that in recent years, understandably, the focus of the College had been on financial sustainability and that her observation was that even more was required in terms of supporting the learner. The Principal agreed and noted his frustration at the work undertaken to get to a stable financial position and now, with the future funding cuts, the College were back to over the next three years focusing on financial survival.

He added that without additional funding from the Scottish Government, the student experience will be impacted. He assured members that the College is striving to maintain the focus on the learners and its communities.

In response to a question from D Grenham, the Principal took members through the mitigations the College has put in place to assist students complete their course during the current EIS industrial action. He highlighted three strands of support:

- guarantee to students due to progress internally with the College;
- working with partner colleges and universities to try and secure an agreement for external progression using alternative forms of student evidence or endorsement where possible; and
- approached Scottish Qualifications Authority (SQA) to consider the use of alternative approaches to assessment.

He added that members of EIS are also engaged in Action Short of Action (ASOS) which meant that they are withholding student results.

D Archibald echoed the Principal's comment in terms of the recent funding announcement and the financial challenges facing the Sector.

The Chair thanked members for the discussions held and added that the Committee would keep a laser focus on these situations as they develop.

Members of the Audit and Risk Committee agreed to note the contents of this report, links and appendices.

14. Governance Update

The Director of Corporate Services spoke to the content of the update which sought to provide an update to members in relation to various areas of corporate governance.

L Clark provided members with a summary of her report that included:

- Business Continuity Tabletop Exercise - scheduled to be held on 30 May 2022;
- Springburn Train Station Regeneration / Access to Springburn Railway Station – the Principal had written to P Sweeney, MSP, to inform him that it is impossible for the College to proceed with the proposals in terms of costs. P Sweeney, MSP, is exploring further avenues of funding;
- Standards Commission's Guidance on Revised Model Code of Conduct – she had attended a Standards Commission Workshop on 23 March 2022 as such it is proposed that the College adopt the Model Code of Conduct in its entirety.

Members discussed the risks and costs to the College in taking forward the proposed access to the Springburn railway station. The Chair noted that members supported the approach taken by the College.

Members of the Audit & Risk Committee agreed to note the content of this report, its link and appendix.

15. Governance Action Plan Update

The Secretary to the Board spoke to the content of the Action Plan Update which sought to update members of the Committee on progress against the Governance Action Plan (GAP).

L Ellison reminded members that the GAP was a key reporting document that provided comfort and assurance that actions related to governance, contained in one report, are captured and progressed. She added that the GAP is routinely reviewed by the Secretary to the Board, the Director of Corporate Services and the Governance & Executive Support Manager.

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; and
- iii) note that this update will be presented to the Board of Management meeting to be held on 13 June 2022.

16. Insurance Cover Update

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

L Clark reminded members that the Committee had requested her to review the cover provided by UMAL with the College's Procurement Manager to ensure this was value for money.

She provided members with a summary of her report and highlighted the comments provided by A Lees, Procurement Manager, in relation to the unsatisfactory performance of another insurance contractors on the APUC Framework. She added that she had been advised by the Procurement Manager to submit a Single Source Justification and retain UMAL for insurance purposes.

The Chair thanked L Clark for undertaking the review at the request of members.

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

17. Audit Scotland

a) Technical Bulletin 2021/3

Members noted the contents of the Technical Bulletin 2021/23.

18. Items of Correspondence – NOT IN THE PUBLIC DOMAIN

- a) Item 18a - Glasgow Kelvin - 2022 Ballot Result Notification Letter**
- b) Item 18b - GKC Certificate of Assurance - Annex B 260422**
- c) Item 18c - External Auditor Appointment AY 2022.23 to 2026.27**
- d) Item 18d - GKC Escalation of ASOS Letter from EIS**

Members of the Audit and Risk Committee noted the content of the items of correspondence that had been covered whilst discharging the agenda.

19. Risk Management

Members agreed that no risk management issues had arisen as a consequence of the business conducted at the meeting held on 17 May 2022.

20. Equality Management

Members agreed that no new equality management issues had arisen as a consequence of the business conducted at the meeting held on 17 May 2022.

21. Data Protection

Members agreed that no new data protection issues had arisen as a consequence of the business conducted at the meeting held on 17 May 2022.

22. Closure

The meeting closed at 6.50pm with the Chair thanking members for their attendance and contribution in academic year 2021/22. He added that he looked forward to working with them in session 2022/23.

23. Date of Next Meeting

To be confirmed.