City of Glasgow College

Board of Management

Meeting of the Audit and Assurance Committee

MINUTE OF 4th MEETING HELD ON WEDNESDAY 26 MAY 2021 AT 1500 HRS (AAC4)

Present	
Graham Mitchell (GM) Convener	Ronnie Quinn (RQ)
Lorna Hamilton (LH)	
In attendance	
Paul Clark, College Secretary (PC)	Sheila Lodge (SL)
Gary Devlin (Azets) (GD)	Alex Stewart (AS)
Stuart Inglis (Henderson Loggie) (SI)	Stuart Thompson (ST)
Paul Little (PL)	Ann Butcher (Minute)
Apologies for absence	
Paul Hillard (PH)	

Item AAC4-1	Apologies for Absence	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	Apologies were received from PH. Stuart Inglis attended the meeting in the absence of David Archibald.	

Item AAC4-2	Declarations of Interest	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	SI declared an interest under item 5.6, Internal Audit Tender Update. It was agreed that this item would be taken at the end of the meeting and SI would not be present during discussion.	

Item AAC4-3	Items to be Discussed Privately with Auditors	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	There were no items raised to be discussed privately with the auditors.	

Item AAC4-4.1	Minute of the Meeting held on 24 11 20	
Paper No: AAC4-A	Lead: Convener	Action requested: Approve
Decision/Noted	That the minute be approved.	

Item AAC4-4.2	Minute of the Meeting held on 24 02 21	
Paper No: AAC4-B	Lead: Convener	Action requested: Approve
Decision/Noted	That the minute be approved. **Matters Arising** **Insurance Claim** ST reported that independent advice on the UMAL insurance claim is being progressed. Initial discussions have been undertaken and appropriate paperwork has been provided. Feedback from the insurance adjudicator is expected to be received by Tuesday (01 06 21). Outcome of the findings will be circulated to members and appropriate action will then be agreed.	

Item 5.9 was taken at this time to allow GD to attend another meeting.

Item AAC4-5.9	External Audit Plan 202021	
Paper No: AAC4-J	Lead: G Devlin	Action requested: Discuss
Discussion	GD advised that the retender process for External Audit (EA) will be undertaken by Audit Scotland during the forthcoming summer period with the appointment made and in place for session 2021-22. GD provided a brief summary of the EA framework for review. He particularly drew attention to the working level of materiality used throughout the audit which is used to determine the nature, timing and extent of audit procedures carried out. This is set at a value less than the overall materiality for the financial statement as a whole and is based on approximately 1.5% of the College's 2019-20 expenditure. The key audit risks in the financial statements, including how the scope of the EA responds to these risks were highlighted. The four wider scope audit dimensions which include the identification of one significant risk under Financial Sustainability relating to the financial challenges and uncertainty over the next two years as the sector manages the impact of the COVID-19 pandemic were summarised and noted. The schedule of audit outputs which align to the Board of Management's 2021 schedule of Audit & Assurance Committee and Board meetings and proposed audit fee were reviewed.	
Decision/Noted	To note the External Audit Plan 2020-21.	

Item AAC4-5.2	Assurance Framework Review	
Paper No: Verbal	Lead: P Clark	Action requested: Discuss
Discussion	PC updated the Committee on the partial assurance recorded under People and Skills. Whilst appropriate quality control checks are in place, partial compliance particularly relates to external organisations which are not entirely within College control. Whilst appropriate interventions and KPIs are in place, increased checks will be required. A full review,	

including an update on the Fourth Line of Defence developments will be provided at the next meeting.

PC suggested that a programme of review would be undertaken at the 1st and 3rd meetings of the AAC each session. This was agreed.

| Decision/Noted | To provide a full update at the next meeting. |

Item AAC4-5.3	Data Protection Update	
Paper No: AAC4-D	Lead: S Lodge	Action requested: Discuss
Discussion	SL provided the Committee with an update on the work plan for Data Protection. The new DPO is making good progress on the various actions required with no RED risks being reported. Mandatory Data Protection training has now been provided to ELT and will be rolled out across the College. LH suggested that this training also be provided to Board members. This was agreed and will be progressed by SL. PL referred to a recent FOI issue relating to use of temperature monitors and the potential for recording of facial biometric data. PL confirmed that personal data was neither collected nor recorded, and therefore the operation of the devices did not fall under data protection legislation. For clarity and assurance, it was agreed that this should be recorded in the minute. SL advised that the current work plan focussed on the outcomes of the Internal Audit Report, however assured the Committee that appropriate logs are kept and a full report is produced at the end of the year. In light of the significant progress being made, RQ suggested that the overall Risk Score be reviewed under item 5.1.	
Decision/Noted	• To note the update report. • To provide DP training to Board members.	

Item AAC4-5.4	IT Effectiveness Report Update	
Paper No: AAC4-E	Lead: S Thompson	Action requested: Discuss
Discussion	ST provided an update on the progress in implementing the recommendations from the external auditor's IT effectiveness report. The overall target dates have been updated. 11 actions have now been achieved, 7 are making good progress with completion anticipated early next session. 2 targets have recommendations with longer term dates for achievement. These specifically relate to the requirement to undertake a tender process for a new service desk solution and the recruitment of two new project management posts which are currently being advertised. PL further advised the Committee of the additional functions undertaken within the IT section recently including the support and mitigation of digital poverty through distribution of student laptops. He further advised on a current cyber security issue which had been averted today. GD reminded the Committee that in addition to the planned delivery of improvements, a separate delivery of outcomes and efficiency	

	improvement report would also be required. A "Lessons Learned" report will be provided. Members were encouraged by the level of progress being made particularly during remote working.
Decision/Noted	• To note the progress made. • To provide a Lessons Learned report.

Item AAC4-5.5	**Finance Effectiveness Report Update**	
Paper No: **AAC4-F**	Lead: S Thompson	Action requested: Discuss
Discussion	ST provided an update on the progress in implementing the recommendations from the external auditor's Finance Effectiveness Review report. Dates have now been updated with the majority expected to be completed by the end of this session. Extended dates for completion also relate specifically to progression of the Project Management Office and the creation and appointment of a new Finance Director which has now been approved by ELT. No areas of concern were reported. SL added that interview dates for the Project Management positions have now been scheduled during early June and will in place to commence at the start of next session.	
Decision/Noted	• To note the progress made. • To provide a Lessons Learned report.	

Item AAC4-5.7	**Internal Audit Review Reports**	
Item AAC4-5.7.1	**General Ledger Report**	
Paper No: **AAC4-H**	Lead: S Inglis	Action requested: Discuss
Discussion	SI provided a summary overview of the outcomes following the review of the College's processes for month-end financial closure; year-end financial closure; updating of user access rights on the financial system; and core financial controls for validating the financial records of the College. One Priority 3 weakness was identified. Members were informed that documented procedures are in place and are supported by checklists which document key tasks involved in the production of month and year-end reports. Monthly financial reports are also produced and user access to the Finance systems are controlled with a process for authorisation, creating and deletions of user accounts. However it was recommended that an automated approach for the processing of journals should be put in place.	
Decision/Noted	To note the overall level of assurance as Good.	

Item AAC4-5.8	**Internal Audit Progress Report**	
Paper No:	Lead: S Inglis	Action requested: Discuss

AAC4-I		
Discussion	The summary of progress made in the delivery of the annual plan for 2020-21 was noted. SI informed that the potential changes as discussed at the previous meeting of AAC i.e. inclusion of Health and Safety, Student Welfare and Cleaning Management provided during COVID-19 had yet to be agreed and suggested that this could be undertaken under one COVID related review relating to the College response to the pandemic. It was agreed that the Capital Projects report be deferred and replaced by the COVID response review. Members requested that a College report on the status of Capital Projects be provided as a separate item at the next meeting. This was also agreed.	
Decision/Noted	• To note the progress on the Internal Audit report as at May 2021. • To include the COVID response review (and defer the Capital Projects review). • To provide a separate Capital Projects update at the next meeting.	

Item AAC4-5.1	Strategic Risk Review	
Paper No: **AAC4-C**	Lead: P Clark	Action requested: Discuss
Discussion	PC provided an update on the risks that have been identified as highest scoring risks, and those risks which are the particular responsibility of the Committee, i.e. Risks 1, 7, 10, 11, 12, 15, 16, 22, 24 and 27. Updated mitigations and commentary were reviewed by the Committee. RQ referred to Risk 1 '*Failure to support student success'* and highlighted that as reporting on achievement of good student outcomes was scored 10 (AMBER) and given the apparent similarities, he queried why failure to support student success was current scored at a higher level ie 15 (RED). PC provided clarity on the differences in management and processes between the risks, however suggested these Risks should be further reviewed by the Learning and Teaching Committee and the distinction made clearer. This will be further considered by the Learning and Teaching Committee. The following Risk Scores were particularly discussed: Risk 12 '*Failure of Business Continuity'*. A further revision of the Risk Score was considered. In light of the current Cyber Security attack, it was agreed that the Score remain at 3 x 4 = 12 (AMBER). Risk 16 '*Failure to maximize income via diversification'*. PC advised that whilst the Development Committee agreed that the impact of the coronavirus crisis would likely continue to affect commercial and international income, given the successful and ongoing development of various initiatives with partner organisations, it was agreed to reduce the likelihood to 4 resulting in a revised Risk Score 4 x 5 = 20 (RED). Risk 22 '*Negative Impact of Brexit'*. Members considered that currently there had been no significant impact as a result of Brexit and suggested a reduction in the Risk Score. PL reminded that advice on continuation or replacement of funding streams had not yet been provided by the SFC and the situation was still uncertain. It was agreed that the Risk Score would remain 3 x 4 = 12 (AMBER).	

Risk 24 '*Failure of Compliance with the General Data Protection Regulations (GDPR)*'. As previously reported, progress on addressing the outcomes arising from the Internal Audit Report has now reduced the likelihood of failure of compliance with GDPR. It was agreed that the likelihood be reduced to 2 resulting in a reduced Risk Score 2 x 4 = 8 (AMBER).

Risk 27: '*Failure to manage acute threats relating to coronavirus outbreak*'. The Committee considered that acute threats relating to COVID were being well managed by the Executive and staff within the College. It was agreed that the likelihood be reduced to 2 with a reduced Risk Score 2 x 4 = 8 (AMBER). This will be revisited at the next meeting.

Decision/Noted	• To update the Risk Scores as agreed. • That the Learning and Teaching Committee further review Risks 1 and 3 with the possibility of combining these Risks.

Item 5.6 was taken at this time. ST and GD left the meeting.

Item AAC4-5.6	Internal Audit Tender Update	
Paper No: Verbal	Lead: S Thompson	Action requested: Discuss
Discussion	ST reported that the Internal Audit Tender was combined and also includes Glasgow Clyde College and Glasgow Colleges Regional Board. He informed that the Internal Audit Tender documents were shared and reviewed with appropriate members and the agreed documents were published on 12 05 21 with bidder submission required by 02 06 21. The evaluation and scoring process will then commence in advance of presentations which are scheduled for 30 06 21. It was suggested that the recommended bid/award process report be presented to the AAC remotely or by a separate single item meeting in July. This has yet to be agreed.	
Decision/Noted	To note the update report.	

Item AAC4-6	Any Other Notified Business	
Paper No: Verbal	Lead: S Thompson	Action requested: Discuss
Decision/Noted	**Cyber Security** ST reported on information received during the meeting. The deadline for password update has now been extended to 1830 hours today. A reduced timeline was discussed however it was agreed that the extension would remain in place.	

Item AAC4-7	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 AAC4-8	Date of Next Meeting	
Paper No:	Lead:	Action requested: Note
Decision/Noted	Wednesday 15 September 2021	

The meeting closed at 1645 hours.

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
AAC4-4.2 26 05 21	**Insurance Claim**: Circulate feedback via email to members.	ST	01 06 21
AAC4-5.3 26 05 21	**Data Protection Update**: Provide DP training to Board members.	SL	ASAP
AAC4-5.4 26 05 21	**IT Effectiveness Report Update**: Provide Lessons Learned Report.	ST	ASAP
AAC4-5.5	**Finance Effectiveness Report Update**: Provide Lessons Learned Report	ST	ASAP
AAC4-5.8 26 05 21	**Internal Audit Progress Report**: Include COVID response review in Plan for Session 2021-22.	ST/SI	ASAP
AAC4-5.8 26 05 21	**Internal Audit Progress Report**: Provide Capital Projects Update at next meeting.	ST	15 09 21
AAC4-5.1 26 05 21	**Strategic Risk Review**: Update Risks as agreed.	PC	ASAP
AAC4-5.1 26 05 21	**Strategic Risk Review**: Consider Risk Scores and descriptions of Risks 1 and 3 at Learning and Teaching Committee	PC	LTC Mtg 07 09 21

ACTION POINTS ARISING FROM PREVIOUS MEETINGS

Item	Description	Owner	Target Date
AAC3-4.1 24 02 21	**Minute Approval**: Submit 24 11 20 minute for approval.	PC	26 05 21 **Complete**
AAC3-4.3 24 02 21	**Internal Audit Plan 20-21**: Include additional audit scopes as agreed.	ST/SI	ASAP **Complete**
AAC3-5.1 24 02 21	**Strategic Risk Review**: Include further detail on risks associated with impact of Covid-19.	PC	ASAP **Complete**
AAC3-5.2 24 02 21	**Audit Assurance Framework Review**: Resubmit and agree review programme. Report on "partial assurance" implications.	PC/ALL	26 05 21 **Complete**
AAC3-6.1 24 02 21	**Data Protection Update**: Provide updated work plan at next meeting.	SL	26 05 21 **Complete**
AAC3-6.3 + 6.4 24 02 21	**Effectiveness Review Reports**: Provide updated Action Plans at next meeting.	ST	26 05 21 **Complete**
Additional 24 02 21	**Insurance Claim**: Seek independent advice from insurance expert.	PL/ST	ASAP **Complete**
AAC3-6.2 24 02 21	**Internal Audit Tender Update**: Liaise with procurement to include agreed members in tender process.	ST	ASAP **Complete**
AAC2-5.5.3	**Internal Audit Follow-up Reviews**: Provide update on progress.	SL/ST	24 02 21 **Complete**