Board of Management

Meeting of the Audit and Assurance Committee

MINUTE OF 1st MEETING HELD ON WEDNESDAY 6 SEPTEMBER 2022 AT 1500 HRS (AAC1)

Present	
Graham Mitchell (GM) Convener	Paul Hillard (PH)
Lorna Hamilton (LH)	Ronnie Quinn (RQ)
In attendance	
David Archibald (Henderson Loggie) (DA)	Sheila Lodge (SL)
Catriona Biggs (Azets) (CB)	Stuart Thompson (ST)
Mark Drummond (MD)	
Paul Little (PL)	Ann Butcher (Minute)
Apologies for absence	
Gary Devlin (Azets) (GD)	Nicola MacKenzie (Azets) (NM)

Item AAC1-1	Apologies for Absence	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	GD and NM submitted their apologies. CB attended the meeting in their absence.	

Item AAC1-2	Declarations of Interest	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	There were no declarations of interest.	

Item AAC1-3	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 AAC1-4.1	Minute of the Meeting held on Wednesday 24 May 2022	
Paper No: AAC1-A	Lead: Convener	Action requested: Approve
Decision/Noted	Subject to one minor amendment, the minute was approved. **Matters Arising**	

Internal Audit Overview Report
It was agreed that an update report would be submitted at the next meeting.

Financial Plans
GM referred to discussion under item AAC5-5.6 regarding review of the College's medium-term financial plans and enquired on any significant findings that should be brought to the attention of the Committee. CB confirmed that no significant issues had been raised at this time. G Devlin will provide updates if required.

IT + Finance Effectiveness Reports
A summary closure report will be presented at the next meeting.

All other outstanding actions were reviewed and updated.

Item AAC1-4.2	Programme of Work 2022-23	
Paper No: AAC1-B	Lead: S Lodge (for M Cross)	Action requested: Approve
Discussion	The proposed Programme of Work which provides a list of essential work and approvals throughout 2022-23 was submitted for review.	
Decision/Noted	To approve the Programme of Work for 2022-23.	

Item AAC1-4.3	Lessons Learned Report	
Paper No: AAC1-C	Lead: S Lodge	Action requested: Approve
Discussion	SL reported that following closure of the Fraud Case, the Scottish Funding Council had requested a Lessons Learned report for publication and dissemination across the sector. The Lessons Learned document was presented to the Committee and reflected detail on the control weaknesses, additional procedures adopted, actions and wider issues for the sector. Subject to minor amendment under Item 3.1.1, Pt 11 and additional information on level and type of insurance cover, the report was approved. Any references to the employee concerned will be made 'gender neutral'.	
Decision/Noted	That subject to minor amendment/addition, the report was approved for provision to the SFC via the Glasgow Colleges Regional Board.	

Item AAC1-4.4	Anti-Bribery and Corruption Policy	
Paper No: AAC1-D	Lead: M Drummond	Action requested: Approve
Discussion	MD reported that the biannual review of the Anti-Bribery and Corruption Policy has now been completed and proposed minor changes were submitted for review. Members noted that the only substantive update was revision of the Corruption Perceptions Index (Appendix 1) for the latest available year (2021).	
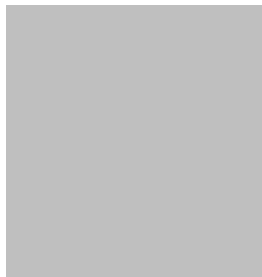
	MD further confirmed that the Policy applies to the whole College Group however it was agreed that paragraph 1 (Introduction) should include specific reference to the College Company. It was also confirmed that direct invitations for members to attend College hospitality events, for example award dinners, would not need to be recorded in the Register of Gifts.
Decision/Noted	That subject to agreed amendment, the Policy was approved.

Item AAC1-5.1	**Assurance Framework Review**	
Paper No: AAC1-E	Lead: S Lodge	Action requested: Discuss
Discussion	SL provided the Committee with an update on the work being done by the Compliance Auditor on the review of the Assurance Framework. Whilst good progress has been made, the Compliance Auditor is now on maternity leave, and some items still need to be finalised. GM referred to the Assessment of Sources of Assurance document and noted that the columns would benefit from being numbered. The descriptions of the first, second and third lines of defence may be misaligned. GM suggested that it would be helpful to add a note on the Compliance Auditor's qualifications, background and experience in relation to her role as a line of defence. RQ referred to Page 4 (Line 1 Defence) of the Assurance Framework and suggested that management should seek reassurance, perhaps on a quarterly basis, that front-line operations are running smoothly. Additional reference to oversight taking place at Committee and Board level should also be included under Page 5, 4.2, specifically Line 2 – Oversight of Management Activity. SL thanked members for the helpful feedback received and confirmed this would be taken on board. The Sources of Assurance document will be completed as early as possible and an update will be submitted at a future meeting.	
Decision/Noted	• To update as agreed. • To submit final Sources of Assurance document at a future meeting.	

| Item AAC1-5.2	**Internal Audit Report(s)**	
Item AAC1-5.2.1	**Health and Safety**	
Paper No: AAC1-F	Lead: D Archibald	Action requested: Discuss
Discussion	DA advised that an update review of Health and Safety arrangements, specifically focused on policies; procedures; other relevant documentation; training; risk assessment completion; accidents & incidents reporting and reporting to Senior Management and the Board had been undertaken. The overall level of assurance was noted as 'Satisfactory' with six low level weaknesses identified.	

A number of good practice areas identified show good progress has been made following the audit undertaken in April 2019 which reported a number of areas for improvement.

Members noted that the recommendations to review and update the Health and Safety Policy annually and the Fire Safety Policy to align with current practices are in progress. It was suggested that the revised Fire Safety Policy be submitted to AAC for approval.

Improvements in the risk assessment process and a review of accident and incident form completion are being conducted. A more efficient process to report risks identified as 'near misses' will also be put in place. A Health and Safety walk around process will be implemented which will include an appropriate action tracker, monitoring and follow up process.

SL confirmed that the recommended dates for completion had been reviewed and agreed by the Executive Director of HR and were considered achievable.

Decision/Noted	To note the report.

Item AAC1-5.2.2	**Business Continuity**	
Paper No: AAC1-G	Lead: D Archibald	Action requested: Discuss
Discussion	DA reported on the review of business continuity planning which included specific focus around the work undertaken to allow operations to continue during the pandemic and reopen campuses after lockdown. Student experience through the lockdown period was also reviewed. The Committee noted that fundamental arrangements are in place including 16 departmental Business Recovery Plans (BRP) covering all College activities and locations. These proved extremely valuable during the pandemic and have been subject to regular review. The overall level of assurance was 'Good' with five low level opportunities for improvement highlighted including: formalised BRP arrangements for specialist spaces and resource recovery strategies (to include remote working); additional guidance on level of recording within the Recovery Log; development of a testing plan and; implementation of a standard method for consistent recording and allocation of actions.	
Decision/Noted	To note the report.	

Item AAC1-5.2.3	**Business Development and International Activities**	
Paper No: AAC1-H	Lead: D Archibald	Action requested: Discuss
Discussion	DA reported that following the review of the Business Development and International Activities (with particular focus on controls over international commercial activities), the overall level of assurance was 'Good'. The Committee were reassured that key controls and a comprehensive International Partnership Agreements process were in place. No control weaknesses or improvements were suggested. Members commended the positive outcome which was extremely encouraging.	
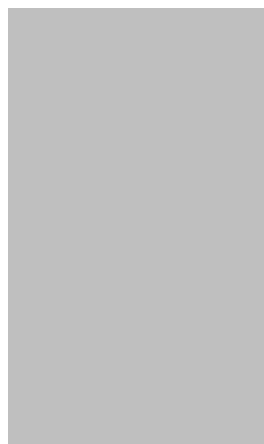
Recognising the period of investment required to accumulate profit, members raised the ongoing issue of financial reporting (ie income generated against costs for delivery of business) which has proved complex and challenging to produce. The Committee was advised that this matter is still under development and an update report will be provided at the Development Committee meeting.

PL reminded of the importance of continued entrepreneurship and pursuit of new business links and opportunities. DA agreed however acceptable levels of risk would need to be kept under review by the Board and relevant Committees.

Decision/Noted	To note the report.

Item AAC1-5.2.4	Follow Up Reviews	
Paper No: Verbal	Lead: D Archibald	Action requested: Discuss
Decision/Noted	To note that the follow up review process is ongoing and appropriate evidence is being gathered. The final report will be submitted to the Committee at the next meeting.	

Item AAC1-5.3	Internal Audit Progress Report	
Paper No: AAC1-I	Lead: D Archibald	Action requested: Discuss
Decision/Noted	To note the report.	

Item AAC1-5.4	Update on Financial year End & Upcoming External Audit	
Paper No: Verbal	Lead: M Drummond	Action requested: Discuss
Discussion	MD referred to previous challenges concerning the year end audit process and confirmed that engagement and current progress with Azets for this year's External Audit (EA) is progressing well. A draft version of the Financial Statement and Accounts will be submitted to EA by 04 10 22 with the main fieldwork commencing on 10 10 22. Smooth transition and handover to the new audit team was affirmed. The Committee was reassured that progress was on track.	
Decision/Noted	To note the update.	

Item AAC1-5.5	Strategic Risk Review	
Paper No: AAC1-J	Lead: S Lodge	Action requested: Discuss
Discussion	SL advised that all Risk MAPs have now been reviewed and the high scoring risks (7, 15 and 16) and associated Risk MAPs were submitted. ST reminded the Committee that following extensive discussion at the August 2022 Board meeting on the financial challenges faced, it was proposed that the Risk Score for Risk 15 - *Failure to achieve operating*	

surplus via control of costs and achievement of income targets, be revised. The proposal to increase the Risk Score to 5 (Impact) x 5 (Likelihood) – 25 (RED) was considered. The Committee agreed that given the significant forecast deficit and tight mitigation timescales, the Risk Score should be increased. This will be kept under regular review.

PH referred to current employment market and recruitment difficulties and queried any potential impact within the College which may directly affect Risk 9 - *Failure to attract, engage, and retain suitable staff*. PL confirmed that in general, the number of applicants for positions within the College have reduced however candidates have been of high calibre and currently no recruitment issues have been recorded. It was agreed that the Risk Score remain at 4 (GREEN). SL will feedback on this matter for further review by SSEC.

ST added that due to current financial challenges, recruitment is limited. Staff resource requests are being closely monitored, controlled and approved by ELT.

Decision/Noted	• To note the updated Risk MAPs and Risk Register dated 10 August 2022. • To agree the revised Risk Score of 25 for Risk 15.

Item AAC1-6.1	**Data Protection (DP)**	
Item AAC1-6.1.1	**Data Protection Report**	
Paper No: AAC1-K	Lead: S Lodge	Action requested: Note
Discussion	SL presented the data protection gap analysis report as at August 2022. The current levels of DP compliance and methodology used by the Data Protection Officer for assessment were noted. Areas requiring improvement, those currently in the process of being addressed and areas where there is a non-conformity to be addressed were submitted for information. Members noted that progress in implementing controls to mitigate compliance risks is under way. SL confirmed that all Records of Processing Activities (ROPAs) will be complete by the end of 2022.	
Decision/Noted	An update report with timelines will be submitted at the next meeting.	

Item AAC1-6.1.2	**Data Breaches**	
Paper No: AAC1-L	Lead: S Lodge	Action requested: Note
Discussion	SL advised that the College suffered six data breaches during academic year 2021-22 (three fewer than in 2020-21). No serious issues were reported. Consequently, a new GDPR training module has been procured which all staff will be required to complete. Members commended staff reportage of data breach incidents which helps inform and potentially improve processes.	
Decision/Noted	To note the report.	

Item AAC1-6.2	Fraud Prevention Policy - Update	
Paper No: AA	Lead: S Lodge	Action requested: Note
Discussion	The Committee noted the biannual review of the Fraud Prevention Policy. Proposed changes will be reviewed by the Finance and Physical Resources Committee for approval on 14 09 22. No additional amendments were proposed.	
Decision/Noted	To note the proposed updates.	

Item AAC1-7	Any Other Notified Business	
Paper No: Verbal	Lead: Convener	Action requested: Note
Decision/Noted	None.	

Item AAC1-8	Disclosability of Papers	
Paper No: Verbal	Lead: M Cross	Action requested: Note
Decision/Noted	The disclosability status of all other papers as described on respective cover sheets were retained.	

Item AAC1-9	Date of Next Meeting	
Paper No:	Lead:	Action requested: Note
Decision/Noted	Tuesday 29 November 2022	

The meeting closed at 1625 hours.

ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
AAC1-4.1 06 09 22	**Matters Arising: IT + Finance Effectiveness Reports**: A summary closure report will be presented.	ST	29 11 22
AAC1-5.1 06 09 22	**Assurance Framework Review**: Submit final Sources of Assurance Document.	SL	Future AAC Mtg
AAC1-5.2.4 06 09 22	**Follow Up Reviews**: Submit final report at next meeting.	DA	29 11 22
AAC1-6.1.1 06 09 22	**DP Report**: Update with timelines.	SL	29 11 22

ACTION POINTS ARISING FROM PREVIOUS MEETINGS

Item	Description	Owner	Target Date
AAC5-4.1 24 05 22	**Matters Arising, COVID Impact Report:** Circulate to Committee in advance of Board meeting.	SL/MC	Prior to BoM Mtg 15 06 22 **Complete**
AAC5-4.1 24 05 22	**Matters Arising, Finance Effectiveness Report**: Circulate to GD.	ST	ASAP **Complete**
AAC5-5.2 24 05 22	**Internal Audit Overview**: Include as a Standing Item.	KA	ASAP **Complete**
AAC5-5.2 24 05 22	**Internal Audit Overview**: Update as agreed.	SL (for KA)	~~06 09 22~~ 29 11 22
AAC5-5.3 24 05 22	**Data Protection Officer Report**: Clarify methodology of evaluation and higher level gradings.	SL	06 09 22 **Complete**
AAC4-A 02 03 22	**IT + Finance Effectiveness Reports**: Ensure all aspects are compliant.	KA	Ongoing **Superseded**
AAC4-5.1 02 03 22	**Assurance Framework Review**: Review and feedback.	KA	September AAC Meeting **Complete**
AAC4-5.4 26 05 21	**IT Effectiveness Report Update**: Provide Lessons Learned Report.	ST	In Progress **Complete**
AAC4-5.5 26 05 21	**Finance Effectiveness Report Update**: Provide Lessons Learned Report	ST	In Progress **Complete**