

## Board of Management

### Meeting of the Audit and Assurance Committee

MINUTE OF 2<sup>nd</sup> MEETING HELD ON TUESDAY 29 NOVEMBER 2022 AT 1500 HRS (AAC2)

Present	
Graham Mitchell (GM) Convener	Lorna Hamilton (LH)
Ronnie Quinn (RQ)	
In attendance	
Gary Devlin (Azets) (GD)	Drew McGowan (DM)
Mark Drummond (MD)	Stuart Thompson (ST)
Stuart Inglis (Henderson Loggie) (SI)	Stuart Inglis (Henderson Loggie) (SI)
Paul Little (PL)	Steven Smyth (Minute)
Apologies for absence	
Paul Hillard (PH)	Sheila Lodge (SL)
David Archibald (Henderson Loggie) (DA)	Nicola MacKenzie (Azets) (NM)

Item AAC2-1	Apologies for Absence	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	PH, SL and DA submitted their apologies. SI attended in DA's absence.	

Item AAC2-2	Declarations of Interest	
Paper No:	Lead: Convener	Action requested: Note
Decision/Noted	There were no declarations of interest.	

Item AAC2-3	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 AAC2-4.1	Minute of the Meeting held on Tuesday 06 September 2022	
Paper No: AAC2-A	Lead: Convener	Action requested: Approve
Decision/Noted	The minute was approved.	
	<b>Assurance Framework Review</b>	

Item AAC-5.1 Assurance Framework Review to come back to the next meeting for the Committee's consideration.

Item AAC2-4.2		Annual Report and Accounts 2021-22
Paper No: AAC2-B	Lead: D McGowan and M Drummond	Action requested: Approve
Discussion	<p>DM and MD provided the Committee with an overview of the Annual Report and Accounts 2021-22.</p> <p>DM recognised the efforts of MD and MC in preparing the report that was tabled for the Committee's approval. The Annual Report, DM said, is an important document for our stakeholders and one that records the College's achievements and performance and offers assurance in governance and compliance. He highlighted that this year's annual report highlights another successful year for the College, despite the formidable financial and public health challenges City, and the wider sector, faced.</p> <p>MD provided a summary of the College's financial performance and accounts for 2021-22. The College made an underlying deficit of £0.5m which, MD told the Committee, was an improvement on the budgeted £0.75m deficit and was achieved despite the continued impact of COVID-19. MD noted that the College's net current liabilities amounted to £3.5m but explained that this was due to the inclusion of the Non-Profit Distributing contract. MD also informed the Committee that the College's headline cash position (£15m) continues to be healthy but emphasised that underlying free cash (£7.4m) is lower and is also forecast to reduce in 2022-23.</p> <p>Members praised the brevity of the report and acknowledged that efforts to streamline the annual document were limited by statutory requirements. Subject to minor amendments, the Committee approved the Annual Report and Accounts 2021-22.</p>	
Decision/Noted	To approve the Annual Report and Accounts 2021-22, subject to minor amendments.	

Item AAC2-5.1		External Audit Annual Report 2021-22
Paper No: AAC2-C	Lead: G Devlin	Action requested: Approve
Discussion	<p>GD introduced the External Audit Report 2021-2022 and summarised Azets key findings. At the outset, GD praised the College's efforts to make information more accessible and the excellent communication between both parties throughout the audit. GD told the Committee that this was a good report for the College in difficult circumstances and that Azets were pleased to be issuing an unqualified opinion on the College's accounts.</p> <p>The Committee commended the College and Azets for their work. Members noted a number of recommendations for the College and discussed the auditors' findings on financial sustainability and governance. The Committee approved the report, subject to staff names being anonymised by the auditors. The Convener acknowledged that this</p>	

	was Azets' final audit and thanked GD and his team for their work over the past several years.
<b>Decision/Noted</b>	To approve the External Audit Annual Report 2021-22, subject to a minor amendment.

<b>Item AAC2-5.2</b>	<b>External Audit Letter of Representation</b>	
<b>Paper No:</b>	Lead: G Devlin	Action requested: Note
<b>Discussion AAC2-D</b>	The Committee received an overview of the letter of representation from GD.	
<b>Decision/Noted</b>	To note the External Audit Letter of Representation.	

<b>Item AAC2-5.3</b>	<b>Ex-Employee Fraud Report Update</b>	
<b>Paper No: Verbal</b>	Lead: P Little	Action requested: Discuss
<b>Discussion</b>	PL advised the Committee that the College had shared a report outlining the lessons learned from the ex-employee fraud cause with the Scottish Funding Council. No response had yet been received. Following a discussion, the Committee agreed that PL would contact the SFC to confirm if funds would be made available for the legal costs to potentially pursue the individual for recovery due to the interests of the wider public sector in this case.	
<b>Decision/Noted</b>	PL to engage the SFC and update the Committee at a future meeting.	

<b>Item AAC2-5.4</b>	<b>Register of Interests Update Report</b>	
<b>Paper No: Verbal</b>	Lead: D McGowan	Action requested: Discuss
<b>Discussion</b>	DM confirmed that all Board member Registers of Interest are up-to-date and are published on the College's website.	
<b>Decision/Noted</b>	To note the update.	

<b>Item AAC2-5.5</b>	<b>Data Protection</b>	
<b>Paper No: AAC2-E</b>	Lead: D McGowan	Action requested: Approve
<b>Discussion</b>	DM offered SL's apologies and spoke to the paper in her absence, explaining that it provides the Committee with oversight of data protection across the College. While noting that there was still work to do in this area, members welcomed the progress made to date and commended the DPO for their efforts. The Committee approved the report.	
<b>Decision/Noted</b>	To approve the Data Protection report.	

<b>Item AAC2-5.6</b>	
<b>Item AAC2-5.6.1 2021-22 Student Activity Data</b>	
Paper No: AAC2-F	Lead: S Inglis      Action requested: Discuss
Discussion	SI outlined the recent audit of student activity data. He described it as a good, clean report and confirmed to the Committee that it would be submitted to the SFC. The findings of the audit are that the College's returns were done in accordance with the guidance. The Committee noted the recommendations.
Decision/Noted	To note the internal audit opinion.
<b>Item AAC2-5.6.2 Internal Communications</b>	
Paper No: AAC2-G	Lead: S Inglis      Action requested: Discuss
Discussion	SI highlighted that the recent internal communications audit found several areas of good practice in the College and discussed the two minor recommendations within the report, which focus on operational planning staff surveys, with the Committee.
Decision/Noted	To note the internal audit opinion.
<b>Item AAC2-5.6.3 Data Protection</b>	
Paper No: AAC2-H	Lead: S Inglis      Action requested: Discuss
Discussion	SI provided an overview of the recent audit on data protection within the College. A number of areas of current practice were praised by auditors, including the recent gap analysis of the College's compliance with the ICO framework and work undertaken to address any identified shortcomings. SI informed the Committee that a small number of weaknesses were identified, including no regular reporting of data protection to the Board and the Record of Processing Activities being incomplete. The Committee agreed that an annual report to the Board on data protection would be appropriate.
Decision/Noted	To note the internal audit opinion and agree that a data protection report is tabled for the information of the Board annually.
<b>Item AAC2-5.6.4 IT/Digital Strategy</b>	
Paper No: AAC2-I	Lead: S Inglis      Action requested: Discuss
Discussion	SI reported that the recent IT/digital strategy audit identified several strengths and no significant weaknesses, with the overall level of assurance being 'good'. The Committee welcomed the findings of the report.
Decision/Noted	To note the internal audit opinion.
<b>Item AAC2-5.6.5 Follow Up Reviews</b>	
Paper No: AAC2-J	Lead: S Inglis      Action requested: Discuss
Discussion	SI informed the Committee that follow up reviews of the recommendations made in the internal audit reports issued during 2020/21 had been

	undertaken. The review, SI said, identified that of the 45 recommendations made, 31 had been fully implemented, 13 partially implemented and 1 with little/no progress. The Committee noted that the outstanding recommendation was related to the Customer Relationship Manager system, which is due to be delivered by June 2023.
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Decision/Noted	To note the follow up review.
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<b>Item AAC2-5.7</b>	<b>Internal Audit Annual Report 2021-22</b>	
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Paper No: AAC2-K	Lead: S Inglis	Action requested: Discuss
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Discussion	SI tabled the Internal Audit Annual Report, which summarises all internal audits undertaken in 2021-22, for the Committee’s consideration. The report, SI told members, finds that the College has adequate and effective measures in place for risk management, control, governance and value for money. The Committee was pleased to receive the report and welcomed its conclusions.	
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Decision/Noted	To note the summary of internal audit opinions.	
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<b>Item AAC2-5.8</b>	<b>Internal Audit Annual Plan 2022-23</b>	
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Paper No: AAC2-X	Lead: S Inglis	Action requested: Discuss
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Discussion	A draft of the Internal Audit Annual Plan for 2022-23 was tabled by SI for discussion. The Committee agreed that a smaller timeframe be allocated to College Subsidiary Company audit, which is brought forward from 2023/24 to 2022/23. ST recommended, and the Committee agreed, that the Cleaning Management audit is moved from 2022/23 to 2023/24. Members agreed that the internal auditors discuss the plan with the Senior Management Team and update the Committee at a future meeting.	
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Decision/Noted	To note the Internal Audit Annual Plan 2022-23. To agree changes to the Internal Audit Annual Plan 2022-23 and for an update to be provided at a future meeting of the Committee.	
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<b>Item AAC2-5.9</b>	<b>Strategic Risk Review</b>	
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Paper No: AAC2-M	Lead: D McGowan	Action requested: Discuss
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Discussion	DM highlighted that no alterations to the scores reported to the Committee were proposed at this time; however, highlighted that risk MAPs 15 and 16 had been updated by ST and tabled for the Committee’s information. It was noted that the score on risk MAP 15 was incorrect. The Committee were content with the scoring of the risks under its remit.	
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Decision/Noted	To approve the Strategic Risk Register and the risk MAPs for risks 15 and 16, subject to a minor change.	
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<b>Item AAC2-6.1</b>	<b>IT &amp; Finance Effectiveness-Summary Closure Reports</b>	
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Paper No: AAC2-N	Lead: S Thompson	Action requested: Note
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Discussion	ST reminded the Committee that the external auditor was engaged to review the performance, processes and structures of Finance and IT services following the fraud case. This work, ST said, produced 30	
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	recommendations – all of which were now fully implemented. The Committee welcomed the update.
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<b>Decision/Noted</b>	To note the IT & Finance Effectiveness Summary Closure Reports.
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<b>Item AAC2-7</b>	<b>Any Other Notifiable Business</b>
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<b>Paper No: Verbal</b>	Lead: Convener	Action requested:
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<b>Decision/Noted</b>	None.
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<b>Item AAC2-8</b>	<b>Disclosability of Papers</b>
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<b>Paper No: Verbal</b>	Lead: D McGowan	Action requested: Note
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<b>Decision/Noted</b>	The Disclosability status of all other papers described on the respective cover sheets were retained.
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<b>Item AAC2-9</b>	<b>Date of Next Meeting</b>
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<b>Paper No: Verbal</b>	Lead: Convener	Action requested: Note
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<b>Decision/Noted</b>	To note the next meeting of the Committee is Tuesday 7 March 2023. To agree that future meetings of the Committee are in-person by default.
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## ACTION POINTS ARISING FROM THE MEETING

Item	Description	Owner	Target Date
AAC1-5.1 06 09 22	<b>Assurance Framework Review:</b> Submit final Sources of Assurance Document.	SL	07 03 23
AAC2-5.3 29 11 22	<b>Ex-Employee Fraud Report Update:</b> PL will engage the SFC to confirm funds available to support recovery and update the Committee.	PL	07 03 23
AAC2-5.6.3 29 11 22	<b>Data Protection:</b> Annual data protection report to be tabled at the Board for information.	SL	19 06 23
AAC2-5.8 29 11 22	<b>Internal Audit Annual Plan 2022-23:</b> Requested changes to be made to the plan and an update to be provided at the committee's next meeting.	ST/SI	07 03 23
AAC2-6.1 29 11 22	<b>Strategic Risk Review:</b> Score of risk MAP 15 to be corrected.	DM	ASAP

## ACTION POINTS ARISING FROM PREVIOUS MEETINGS

Item	Description	Owner	Target Date
AAC1-4.1 06 09 22	<b>Matters Arising: IT + Finance Effectiveness Reports:</b> A summary closure report will be presented.	ST	29 11 22 <b>Complete</b>
AAC1-5.2.4 06 09 22	<b>Follow Up Reviews:</b> Submit final report at next meeting.	DA	29 11 22 <b>Complete</b>
AAC1-6.1.1 06 09 22	<b>DP Report:</b> Update with timelines.	SL	29 11 22 <b>Complete</b>
AAC5-4.1 24 05 22	<b>Matters Arising, COVID Impact Report:</b> Circulate to Committee in advance of Board meeting.	SL/MC	Prior to BoM Mtg 15 06 22 <b>Complete</b>
AAC5-4.1 24 05 22	<b>Matters Arising, Finance Effectiveness Report:</b> Circulate to GD.	ST	ASAP <b>Complete</b>
AAC5-5.2 24 05 22	<b>Internal Audit Overview:</b> Include as a Standing Item.	KA	ASAP <b>Complete</b>
AAC5-5.2 24 05 22	<b>Internal Audit Overview:</b> Update as agreed.	SL (for KA)	<del>06-09-22</del> 29 11 22
AAC5-5.3 24 05 22	<b>Data Protection Officer Report:</b> Clarify methodology of evaluation and higher level gradings.	SL	06 09 22 <b>Complete</b>
AAC4-A 02 03 22	<b>IT + Finance Effectiveness Reports:</b> Ensure all aspects are compliant.	KA	Ongoing <b>Superseded</b>
AAC4-5.1 02 03 22	<b>Assurance Framework Review:</b> Review and feedback.	KA	September AAC Meeting <b>Complete</b>
AAC4-5.4 26 05 21	<b>IT Effectiveness Report Update:</b> Provide Lessons Learned Report.	ST	In Progress <b>Complete</b>
AAC4-5.5 26 05 21	<b>Finance Effectiveness Report Update:</b> Provide Lessons Learned Report	ST	In Progress <b>Complete</b>