

## Audit and Assurance Committee Meeting

Date of Meeting	Tuesday 16 January 2024
Paper Title	Updates from Assigned College Audit Committees
Agenda Item	12
Paper Number	AAC2-H
Responsible Officer	Martin Boyle, Executive Director
Status	Disclosable
Action	For noting

### 1. Executive Summary

- 1.1** Consider updates on key items of business undertaken by the audit committees of the assigned colleges.

### 2. Recommendations

- 2.1** The Committee is invited to **note** this report and the audit updates provided by the assigned Glasgow colleges.

### 3. Background

- 3.1** The Committee receives updates from the audit committees of the assigned colleges on key matters considered at each of their meetings, in order to support identification of opportunities for cross-region collaboration in areas of shared interest.

### 4. Risk and compliance implications, financial and resources implications, equalities implications and learner implications

- 4.1** Other than as reported, there are no specific aspects to be considered under these headings.

**Update from Assigned College Audit Committees**

**College:** City of Glasgow College

**Date of Meeting:** 5 December 2023

Topic of Discussion	Summary and Outcome of Discussion	Impact on GCRB (if any)
Items to be Discussed Privately with Auditors	The Committee met briefly in a private session with the internal and external auditors without attending officers present.	Governance/audit assurance
Appointment of Convener	Members agreed to appoint P Hillard as the Convener.	Governance assurance
Draft Annual Report & Accounts 2022-23	The Committee approved the draft Annual Report and Accounts for 2022-23 and agreed to recommend it for final approval by the Board.	Governance assurance
External Audit Annual Report 2022-23	Members discussed the External Audit Annual Report for 2022-23. In addition to confirming that an unqualified opinion had been issued, the auditor highlighted to members that the College has a clear vision and strategy and appropriate financial and governance arrangements in place.	External audit assurance
External Audit Letter of Representation	The Committee approved the External Audit Letter of Representation.	Governance/audit assurance
Register of Interest Status Report	Members noted that the Board's Register of Interests is up-to-date and published on the College's website.	Governance assurance
Internal Audit Reports: Student Funding Business Process Review Student Support Funds 2022-23 Fraud Prevention, Detection & Response 2022-23 Student Activity Data	The Committee considered four reports from the internal auditors concerning fraud prevention and detection, student funding and activity data. Following a discussion about the findings and recommendations, members noted that the internal audit on fraud prevention and detection received a 'good' rating, the highest level of assurance attainable, and welcomed this outcome.	Internal audit assurance
Internal Audit Annual Report 2022-23	The Committee welcomed that no major internal control weaknesses were identified and the internal audit opinion that the College continues to have	Governance/audit assurance

	adequate and effective arrangements for risk management, control and governance in place.	
Quarterly Internal Audit Overview	The College's in-house Compliance Auditor provided a quarterly update to the Committee on the College's progress in implementing the recommendations from previous internal/external audit reports.	Internal audit assurance
Strategic Risk Review	The Committee considered the Strategic Risk Register and Management Action Plans for risks within its remit.	Governance assurance
Public Interest Disclosure Report	The Principal apprised the Committee of the outcome of the Public Interest Disclosure investigation. He confirmed that the investigation did not uphold any of the three points raised in the PID.	Governance assurance
Papers for Noting	The Committee noted the following reports: Data Protection Officer Quarterly Report SFC Financial Memorandum Delegated Limits & Expenditure Annual Report Staff Compensation Payments Report	Governance assurance

**Update from Assigned College Audit Committees**

**College: Glasgow Clyde College**

**Date of Meeting: 22 November 2023**

Topic of Discussion	Summary and Outcome of Discussion	Impact on GCRB (if any)
<p><b>CYBER SECURITY RISKS</b></p>	<p>The Head of ICT provided the committee with an update on cyber security risks and college arrangements to mitigate the impact of attacks.</p> <p>A summary of recent cyber attacks on the college was provided all of which were fully mitigated.</p> <p>College has made Cyber-Security training a mandatory requirement for all staff with the first set of training material currently being completed by staff. The Committee requested that further detail be provided at the next meeting.</p> <p>Steps have been taken to start the process to re-certify the College's Cyber Essentials accreditation, which is the self-certification element, before proceeding to the Cyber Essentials Plus element which involves the active testing of the College's infrastructure.</p>	<p>None</p>
<p>Final Internal Audit Annual Report 2022/23</p>	<p>The Internal Auditor (Henderson Loggie) confirmed its independence from the College and the requirement as internal auditors to provide a summary of the work undertaken in the closing financial year including conclusions and recommendations.</p>	<p>None</p>

Topic of Discussion	Summary and Outcome of Discussion	Impact on GCRB (if any)
	<p>As well as summarising the internal audit work completed during the year, they provided their overall opinion which concluded that the College has adequate and effective arrangements for risk management, control and governance and proper arrangements are in place to promote and secure value for money. This is based on the work undertaken in the year and in the previous years since the initial appointment.</p> <p>The Internal Auditor confirmed that all of the internal auditor's work conducted in 2022/23 assessed systems was classified as either 'Good' or 'Satisfactory' and provided an unqualified audit opinion. However, an observation was referred to in the Education Maintenance Allowance (EMA) year-end return report which related to a minor over-claim in 2022/23 of £480 which was corrected by the College after the year end.</p>	
<p><b>DRAFT ANNUAL REPORT AND FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2023.</b></p>	<p>The Committee reviewed the various elements of the draft report and financial statements for the year to 31 July 2023. The Committee also considered the Executive Summary Report which provides explanations for significant movements between 2021/22 and 2022/23.</p> <p>For the twelve-month period from August 2022 to July 2023, the College is reporting a deficit of £964k. There was an unrealised surplus of £5,108k on Revaluation of Land and Buildings and an asset impairment of £4,394k has been recognised in the financial statements in respect of the Anniesland campus windows and the RAAC which was identified at the Cardonald campus. Actuarial losses on Defined Benefit Pension Plans for the period were £11,357k. Therefore, the Total Comprehensive Income for the period is reported as negative £11,607k.</p>	<p>None</p>

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	<p>After adjusting for non-cash items that are out of the control of the College, such as pensions and net depreciation, the adjusted operating position for 2022/23 is a deficit of £496k, the equivalent of 0.9% of total income.</p>	
<p><b>KEY ACCOUNTING JUDGEMENTS</b></p>	<p>The Committee reviewed a report which provided information in relation to the key accounting judgements in the 2022/23 Financial Statements. Due to uncertainty in respect of pay and non-pay inflation and other wider economic factors the College will be required to keep the budgetary assumptions under review on an ongoing basis.</p> <p>The Committee discussed in detail the assessment of the going concern basis in the financial statements. It was agreed that this section should be amended to ensure that the distinction between going concern and the College’s financial sustainability is clear to the reader.</p> <p>With regard to the Strathclyde Pension Fund, the Committee noted the July 2023 actuarial Valuation resulted in a Net Asset of £33.2million resulting in a favourable movement of £13million. Through the 2023 reporting process, the College commissioned an additional Asset Ceiling report. Based on the information in this report, it was agreed with Regional Partners and the external auditor, that, for the purposes of the financial statements, the pension asset value would be capped at zero for 2022/23 and the 2021/22 figures in the annual report would also restated accordingly. This has resulted in an adverse movement of £24.655m.</p> <p>The Committee discussed the approach of capping the pension asset value at zero for 2022/23 and restating the</p>	<p>GCRB to note the position of the Glasgow Clyde College Audit Committee (ratified by the Board of Management on 13 December 2023) with regard to the restatement of 2021/22 and implications for regional accounts consolidation.</p>

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	<p>2021/22 figures in the annual report. The Committee expressed its comfort with the assumptions in the actuarial report and the implications on the funding of the pension scheme. However, after considering the Asset Ceiling report and the actuarial report, the Committee reached the view that the criteria for restating the 2021/22 figures had not been met. The Committee was aware that this approach was not aligned with the other Glasgow Colleges and GCRB. It was agreed that the Chair would discuss the approach of removing the prior year adjustment with the Chair of Finance and Resources Committee and GCRB should also be notified of the position.</p>	
<p><b>DRAFT EXTERNAL AUDIT ANNUAL REPORT FOR YEAR ENDED 31 JULY 2023</b></p>	<p>Audit Scotland as the College’s External Auditors presented their first annual report. The Committee noted that the report proposes an unqualified audit opinion on the 2022/23 financial statements, on regularity and on other prescribed matters.</p> <p>Audit Scotland drew the Committee’s attention to the approach taken to asset impairment and net pension.</p> <p>The Committee considered the content of the draft Annual Report and asked for further detail of how Audit Scotland considered the College’s arrangements in relation to best value could be strengthened. It was agreed that further detail would be provided. Also, it was agreed that the wording around asset impairment should be amended to ensure it is clear that the College was aware of the position and had taken appropriate steps.</p>	<p>None</p>

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	<p>Audit Scotland confirmed that there were no other matters to draw to the College's attention and their view was that, overall, the College was well governed and well managed.</p> <p>The Committee noted that it was content with the draft report, subject to some minor changes being made. Subject to these minor adjustments being made and the position with regard to pensions being updated, the Committee endorsed the signing of the related letter of representation by the Chair of the Board of Management and the Principal.</p>	
<b>STUDENT ACTIVITY DATA AUDIT REPORT 2022/23</b>	The internal auditors provided a positive report on their audit of student activity data against SFC targets. The report contained no recommendations.	None
<b>STUDENT SUPPORT FUNDS AUDIT REPORT 2022/23</b>	The internal auditors certified that all fund statements for the year and submit them to the appropriate bodies. All statements were submitted without reservation or qualification except for an observation in respect of the EMA return in relation to a low value claim adjustment which was rectified by the College after the year end. There were two low priority recommendations in the report and the related auditor letters and supporting returns were provided to the Committee. Henderson Loggie commended the standard of management oversight within the College.	None
<b>DRAFT ANNUAL REPORT FROM AUDIT COMMITTEE TO BOARD OF MANAGEMENT</b>	The Committee confirmed that it was satisfied as to the adequacy and effectiveness of the College's internal financial and management systems as reviewed by internal audit and external audit for the financial period 2022/23. Subject to the report being updated to reflect earlier discussions, particularly in relation to the pension position, the	None



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	Committee approved the report for submission to the Board of Management.	
<b>CLIMATE CHANGE ACTION PLAN</b>	The Committee was updated on with the progress on the Climate Change Action Plan until 13 November 2023. A key development since the previous Committee update was the submission of a Scottish Government Energy Efficiency Grant scheme pre-capital funding application for £60k to progress the feasibility stage to enable the College to plan for future sustainability projects. An update will be provided to the Committee on whether this submission is successful.	None
<b>NATIONAL FRAUD INITIATIVE 2022/23 EXERCISE</b>	The Committee noted a report on the approach adopted by the College in relation to the submission of data, investigation and response to the queries raised during the 2022/23 National Fraud Initiative (NFI) exercise.	None

**Update from Assigned College Audit Committees  
Glasgow Kelvin College Audit & Risk Committee 16 November 2023**

**Please note agenda and all papers are published on the College web site 1 week after the meeting date except where they need to be withheld from the public domain.**

<b>Topic of Discussion</b>	<b>Summary and Outcome of Discussion</b>	<b>Impact on GCRB (if any)</b>
Audit and Risk Committee Annual Report 2022/23	The Audit and Risk Committee reviewed the Annual Report for 2022/23 which provided members with an overview of the work undertaken by the Audit and Risk Committee during the academic/financial year 2022/23. This report will be presented to the Board of Management on 13 December 2023 and, once authorised by the Board, the Principal will forward the Annual Audit Report (and its appendices) to the Scottish Funding Council/GCRB.	Provides GCRB with assurance that the Audit and Risk Committee have reviewed this required Annual Report in detail before it is presented to the Board of Management for final approval.
Henderson Loggie – Internal Audit Report – Student Activity Data	Henderson Loggie discussed the Student Activity Data Audit Report noting that the student data returns had been completed in accordance with all relevant guidance, that adequate procedures are in place to ensure the accurate collection and recording of the data and that reasonable assurance could be provided that the FES return is free from material misstatements. It was further noted that this was a positive report.	Provides GCRB with assurance that the Audit and Risk Committee are receiving reports from Internal Audit which are discussed in full and which are positive in nature.
Henderson Loggie – Internal Audit Report – Student Support Funds	Henderson Loggie discussed the Student Support Funds Audit Report which covered Discretionary, Childcare, Bursary and EMA funding. Henderson Loggie was able to certify all fund statements for the year and that the outcome compared favourably to that of other colleges.	Provides GCRB with assurance that the Audit and Risk Committee are receiving reports from Internal Audit which are discussed in full and which are positive in nature.
Henderson Loggie – Annual Report to the Board of Management and Principal on the provisions of Internal Audit Services for 2022/23	Henderson Loggie summarised the work undertaken during Academic Year 2022/23 and stated that, in Henderson Loggie’s opinion, the College had adequate and effective arrangements for risk management, control and governance.	Provides GCRB with confidence that Internal Audit are reporting favourably on the controls within Glasgow

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	<p>Henderson Loggie highlighted that following audits for year 2022/23 had now been completed and noted the Overall Level of Assurance for each:</p> <table border="0" data-bbox="692 376 1420 552"> <tr> <td>Environmental Sustainability</td> <td>Overall Grade: Good</td> </tr> <tr> <td>Cyber Security</td> <td>Overall Grade: Good</td> </tr> <tr> <td>Payroll</td> <td>Overall Grade: Good</td> </tr> <tr> <td>Budgetary Control/Financial Planning</td> <td>Overall Grade: Good</td> </tr> <tr> <td>Health and Safety</td> <td>Overall Grade: Good</td> </tr> </table> <p>Furthermore, Henderson Loggie provided members with a summary of the progress in implementing recommendations from Internal Audits carried out during the previous Academic Year 2021-22. The College had made excellent progress in implementing the recommendations followed-up as part of our review, with overall 18 (95%) of the 19 recommendations followed-up being assessed as 'fully implemented'. One recommendation was assessed as 'partially implemented'.</p>	Environmental Sustainability	Overall Grade: Good	Cyber Security	Overall Grade: Good	Payroll	Overall Grade: Good	Budgetary Control/Financial Planning	Overall Grade: Good	Health and Safety	Overall Grade: Good	<p>Kelvin College and that the assurance levels for the areas audited have all been awarded a "Good" grade.</p> <p>GCRB will also note that Glasgow Kelvin College continue to make excellent progress in implementing audit recommendations.</p>
Environmental Sustainability	Overall Grade: Good											
Cyber Security	Overall Grade: Good											
Payroll	Overall Grade: Good											
Budgetary Control/Financial Planning	Overall Grade: Good											
Health and Safety	Overall Grade: Good											
Audit Action Plan	<p><u>Audit Action Plan</u></p> <p>The Audit Action Plan was discussed in detail. It denoted that 13 low level actions remain. The College considers 4 of these low-level actions fully complete with another 5 partially implemented. It was noted that the SMT members review this document fortnightly in order that audit recommendations can be actioned and deadlines adhered to. Members noted this plan and the detailed text contained therein.</p>	Provides GCRB with assurance that audit recommendations are being tracked rigorously by members of SMT to ensure adherence to audit deadlines with full and transparent reporting being made to Audit and Risk Committee members.										
Risk Management Update	<p>Audit and Risk Committee members received a very full and comprehensive update on all matters affecting risk across the College including Risk Management Activities, Risk Management Committee papers reviewed, previous Risk Management Committee approved minutes and an overall report on the context the College was operating in, i.e. cost of living, energy costs, strike action in the school sector, lengthy NHS waiting lists for medical care,</p>	Provides GCRB with notification of the various risks that the College are considering and provides assurance that Audit and Risk Committee members are receiving sight of all relevant										

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	<p>the ongoing threat of cyber-attacks, new Scottish Fire and Rescue Service procedures and funding concerns.</p> <p>It was noted that lecturing staff were now marking students' work and that the certification process could now commence; a Graduation Ceremony had been scheduled for 7 February 2024.</p> <p>The Risk Appetite settings for the various categories was discussed and it was agreed that a more in depth discussion could take place at the next Audit and Risk meeting.</p> <p>Team Risk Registers were also noted and Audit &amp; Risk members noted that a risk register had been established for the College Environment works following the Scottish Government Grant received and that there was risk register in relation to the West End Campus.</p> <p>The College Risk Register was discussed in full; it was noted that scores and text had been fully reviewed by the Risk Management Committee and Senior Management Team. Some changes had been made as follows:</p> <p>8: Environment: The Inherent Impact (II) has reduced from 4 to 3 due to the work scheduled to take place in relation to energy efficiency capital works as per the award to the College from Scottish Government of £2.6m.</p> <p>13: Industrial Action/Action Short of Strike Action: The Inherent Impact (II) has reduced from 5 to 3 as Action Short of Strike Action has ended and the students' assessments are now being resulted by teaching staff members. This enables certificates to be generated for students as evidence of qualifications gained. The Residual Impact (RI) has subsequently dropped from 4 to 3 which has brought the overall Risk Rating (RR) from 16 to 12 and the Category "Very High" down to "High."</p>	<p>documentation. Also, that the Risk Management Committee members have been fully involved in all risk considerations. All papers available to the Audit and Risk Committee members.</p>

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	Updated/changed wording within the Risk Register was denoted in red text for ease of location.	
Corporate Governance Update	Members received a corporate governance update on various items that were being progressed at present, i.e. SFC Unallocated College Capital Maintenance Fund for FY 23-24, Trade Union Nominees on Boards (Incorporated Colleges and Regional Strategic Bodies) – Revised Timescales for Implementation, Environmental and Sustainability Update (Scottish Government Energy Efficiency Project and Public Sector Climate Change Duties Report), West End Campus which was now up for sale/lease, Code of Good Governance which would also be reviewed in December 2023 as part of the annual review and an update on Audit Scotland Fees and the calculations for these.	Provides GCRB with assurance of College governance operations and other considerations being made in this arena. Adherence and overview of all relevant documents are being attended to prudently with associated actions being carried out accordingly.
Governance Action Plan (GAP)	Audit and Risk Committee members noted the updated GAP which covers key actions deriving from – the Code of Good Governance for Scotland’s Colleges, Guidance Notes for Boards in the College Sector, issues identified through audit processes, developments identified internally and through the Board’s annual self-evaluation, items for improvement identified through the Externally Facilitated Effectiveness Review. Completed actions denoted in green which would now be moved onto a separate sheet. Progress made was duly noted.	Provides GCRB with assurance of College governance operating in an effective way and logging actions and reporting back on progress made.
Business Continuity Update	Audit and Risk Committee members noted the report and link to the Business Continuity Plan which was tested twice each year. Members received an overview of the various activities that had taken place within the College in this regard, the Tabletop Exercises undertaken and the Lesson Learned from these exercises. It was noted that, in relation to Martyn’s Law, a Standard Terrorism Evaluation in the form of a 6-Task Plan will require to be completed. Contingencies were also discussed.	Provides GCRB with assurance that the Business Continuity Plan is a live document that is regularly tested and updated and due cognisance is taken of emerging legislation.