

## Audit and Assurance Committee Meeting

Date of Meeting	Tuesday 17 January 2023
Paper Title	Updates from Assigned College Audit Committees
Agenda Item	14
Paper Number	AAC2-J
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.
- 3.2** Members should also note that the attached report, and an update from this meeting of the GCRB Audit and Assurance Committee, is provided to the College Audit Committees.

### 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  
Glasgow Kelvin College Audit & Risk Committee 29 November 2022**

**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.**

Topic of Discussion	Summary and Outcome of Discussion	Impact on GCRB (if any)
Internal Audit Reports	<p><u>Asset/Fleet Management</u> Members noted the report that had been graded as 'satisfactory' and a discussion took place in relation to the actions that are being carried out in respect of the minor recommendations to tighten procedures further.</p> <p><u>Student Activity Data (Credits Annual Audit)</u> Members noted the report which had two minor recommendations.</p> <p><u>Student Support Funds (Covers EMA and Bursary Audit/Childcare and Hardship)</u> Members noted the positive report, which had no recommendations.</p>	Provides GCRB with assurance of the receipt of positive audit reports with minor recommendations.
Audit and Risk Committee – Annual Report 2021/22	The Chair of the Audit and Risk Committee provided an Annual Report of the business conducted by the Audit and Risk Committee over Academic Year 2021/22. This would also be presented to the Board of Management at their December 2022 meeting.	Provides GCRB with assurance that the Audit and Risk Committee are giving the complete Academic Year an in-depth overview.
Internal Audit Progress Report 2021/22 – Annual Plan, Internal Audit Annual Plan – 2022/23 and Audit Action Plan	<p><u>Internal Audit Progress Report 2021/22 – Annual Plan</u> The above report provided a complete overview of the various internal audit reports presented to the Committee throughout the academic year 2021/22.</p>	Provides GCRB with assurance of College monitoring of internal audit reports and progress.

	<p><u>Internal Audit Annual Plan 2022/23</u> Committee members noted the various areas planned for audit commencing in January 2023 with a Cyber audit as per Audit and Risk Committee request.</p> <p><u>Audit Action Plan</u> The re-vamped Audit Action Plan was discussed which completely aligned with the document produced by Henderson Loggie. This is getting discussed each fortnight at SMT so that an overview of audit recommendations could take place and deadlines adhered to. Members pleased with this enhancement and the small number of low grade audit recommendations.</p>	<p>Provides GCRB with assurance that Audit &amp; Risk members are reviewing the annual audit plan and requests they make are adhered to.</p> <p>Provides GCRB with assurance that audit recommendations are being tracked rigorously by members of SMT to ensure adherence to audit deadlines.</p>
Assurance Framework	The Audit and Risk Committee reviewed a revamped Assurance Framework; this was approved. Further work will be carried out on this in due course. It was noted that an Assurance Framework was part of the Code of Good Governance and due cognisance was taken in relation to the Assurance Framework Handbook recently provided by the Standards Commission.	Provides GRCB with assurance that the College is ensuring adherence with the Code of Good Governance and producing up to date and relevant documentation.
Policies	The Audit and Risk Committee reviewed various policies i.e. Anti-Bribery, Anti-Fraud and Anti-Corruption Policy, Gifts and Hospitality and Public Interest Disclosure Statement. These had been reviewed in line with the various Codes that had been received from the Standards Commission. These policies would be placed onto the Board of Management agenda as appropriate for the December 2022 meeting.	Provides GCRB with assurance the Board governing documents are receiving regular reviews and updates in line with governance schedules.
Governance Action Plan	The Audit and Risk Committee reviewed the Governance Action Plan and noted the actioned undertaken and those outstanding which would be taken forward in the New Year.	Provides GCRB with assurance that Board members are reviewing Board actions,

		noting progress made and actions outstanding.
External Audit Update	Members noted their thanks to Azets for their audit services over the years. Audit Scotland will now undertake this service for the College.	No impact on GCRB.
Risk Management Update	<p>Members received a comprehensive update on all matters affecting risk across the College including Risk Management Activities, Risk papers reviewed, Funding, Mental Health Challenges, Fire Risk Assessment update, Cladding, Campus Re-investment Project, Social and Economic Impacts and Land at Springburn. Team Risk Registers were also reviewed and noted. The College Risk Register was discussed and the recent changes that had been made by the Risk Management Committee were denoted in red text for member ease of location. These changes were approved. It was further noted that an improvement suggested by Audit and Risk members to the report had also been made.</p> <p>This full update report would also be presented to the Board of Management at their December 2022 meeting.</p>	Provides GCRB with notification of the various risks that the College is considering and assurance that Audit and Risk Committee members are receiving sight of all relevant 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.
Corporate Governance Update	Members received a corporate governance update in relation to the following areas i.e. Copyright Licensing Agency Royalties Data Collection Survey 2022 – this had run for 6 weeks and was now concluded, Ethical Standards Commission Consultation Questionnaire – a return had been made by the College, Code of Good Governance update – a review had been undertaken of changes to the Code and these were highlighted to members. A number of other papers were available in relation to governance and these were in the process of being reviewed by the Secretary to the Board and the Director of Corporate Services, In-person Charity Trustee Training had been attended by the Director of Corporate Services and the notes shared with the Audit and Risk Committee members and a complaint that had been escalated to SPSO would receive a response by their deadline date.	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.

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**A joint meeting of the Audit and Risk Committee and Finance and Resources Committee was held on the same evening to go over the following two items:**

<b>Topic of Discussion</b>	<b>Summary and Outcome of Discussion</b>	<b>Impact on GCRB (if any)</b>
Draft Annual Report and Financial Statements – Year Ended 31 July 2022	Members reviewed in full the documentation and noted the unqualified opinion of the auditors and agreed to endorse the draft College Annual Report and Financial Statements for the 12 months ended 31 July 2022, prior to final approval by the Board at their meeting on 12 December 2022.	Provides GCRB with assurance of the unqualified opinion of internal auditors.
Draft External Audit Report to the Board of Management – 2021/22 – Report by External Auditor	<p>The external auditor informed members that it was the intention to propose an unqualified opinion on the College Annual Report and Financial Statements. The audit had gone well and that the Audit Team have a good working relationship with the Finance Team of the College. It was further stated that the accounts are high quality, true and fair.</p> <p>This report would go for final approval by the Board of Management at their meeting on 12 December 2022.</p>	Provides GCRB with assurance of the unqualified opinion of external auditors and their praise of the quality of the College accounts and good working relationship with College staff members.

**Update from Assigned College Audit Committees**

**College: Glasgow Clyde College**

**Date of Meeting: 23 November 2022**

Topic of Discussion	Summary and Outcome of Discussion	Impact on GCRB (if any)
Final Internal Audit Annual Report 2021/22	This was the report from the internal auditor, Henderson Loggie, following the completion of their fieldwork, which summarised their reports completed for 2021/22 and their results and conclusions. The report included their overall opinion that the College has adequate and effective arrangements for risk management, control and governance, and that proper arrangements are in place to promote and secure value for money. They indicated that that this opinion was arrived at taking into consideration the work they have undertaken during 2021/22 and the previous years since initial appointment. The report was discussed and agreed by the Committee.	
Draft Annual Report from Audit Committee to Board of Management	This was the annual summary of the activity of the Audit Committee for reporting to the Board. The Committee's conclusion was that it was satisfied as to the adequacy and effectiveness of Glasgow Clyde College's internal financial and management systems as reviewed by internal audit and external audit for the financial period 2021/22. The report includes the Committee's remit which now has an added element of Climate Change Action Plan monitoring and it was agreed to add some narrative in the report on this process at Committee. There are also appendices on the College's assurance framework and mapping process and a summary of the 2021/22 activity of all the other College Committees. With the amendment to add the climate	

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	change action plan progress reporting the report was agreed by the Committee to thereafter be submitted to the Board of Management at its December meeting.	
Draft Annual Financial Statements for year ending 31 July 2022	This paper contained the annual financial statements for the College for 2021/22 including a narrative overview of the performance for the year. The format of the statements had been updated at the request of the Committee last year. It was discussed by the Committee and accepted, noting the adjusted operating surplus for the financial year.	
Key Accounting Judgements	<p>This purpose of this report was to provide information to the Committee in relation to key accounting judgements in respect of the 2021/22 Financial Statements. This included a section on the judgements on going concern, income recognition, asset valuation and the Strathclyde Pension Fund actuarial valuation.</p> <p>There was significant discussion on the accounting judgement on recognition of the pension asset valuation and members questioned whether there was a recognisable asset or whether it should be held at nil value in relation to the criterion of if it had a “likely inflow of economic benefits”.</p> <p>The Committee discussed the judgements report and endorsed the assumptions with the proviso that further work be done on the pension asset recognition.</p> <p>There was then a further meeting with Hymans on the pension valuation and thereafter it was agreed to include the valuation amount as an asset.</p>	<p>There were different views of Committee members on the recognition of the pension valuation as an asset having moved to a significant asset value from previously being a liability. After further discussion with Hymans this approach was accepted however different treatments are possible. The treatment adopted of recognition of the asset is consistent with the other two Glasgow Colleges.</p>

Topic of Discussion	Summary and Outcome of Discussion	Impact on GCRB (if any)
<p>Draft External Audit Annual Report for year ending 31 July 2022</p>	<p>This was the external auditor’s annual audit report to the Board of Management and Auditor General for Scotland as prepared by Azets Audit Services. The auditors confirmed they had provided an unqualified audit opinion. Their wider scope audit covered the areas of Financial Sustainability, Financial Management, Governance and Transparency and Value for Money.</p> <p>Their report stated that the financial position of the College is challenging as it is forecasting operating deficits in the next five-year period. Deficit projections range from £8.4million to £11.9 million over the forecast period, depending on which assumptions are adopted and that all working assumptions confirm that the College will have to set difficult decisions spending priorities in the coming years.</p> <p>They further stated that there remain a number of uncertainties in relation to staff pay awards, inflation and sector wide issues which contribute to increased financial risk and uncertainty.</p> <p>The external auditor’s report was discussed and accepted by the Committee.</p>	<p>The College’s financial plans include a planned VS scheme which has recently been approved by GCRB</p>



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2021/22 Student Activity Data Audit Report	This is the annual report on the credits activity of the College as prepared by Henderson Loggie for 2021/22. Their report indicated their conclusion that the student data returns had been compiled in accordance with all relevant guidance, adequate procedures were in place to ensure the accurate collection and recording of the data, and on the basis of their testing, they provided reasonable assurance that the FES return on student activity data contains no material misstatement. The report made no recommendations. The Committee received and noted the report.	
2021/22 Student Support Funds Audit Reports	This was the annual report on the Student Support Funds as prepared by Henderson Loggie for 2021/22. Their report stated that they were able to certify all student support fund statements for the year and submit these to the appropriate bodies. There were no new recommendations in the report. The Committee received and noted the report.	
College Strategic Risk Register	This report provided the updated College Strategic Risk Register, which is reported to each Audit Committee.	
Climate Change Action Plan Update	Following approval of the College Climate Change Action Plan at the June Board of Management, it was agreed that updates on progress on the Climate Change Action Plan would be submitted to the Audit Committee quarterly and this was the second of these updates.	
College Cyber Security Posture	This report provided a summary update of the College's Cyber Security posture. The report included information on IT governance and cyber attacks, Cyber Essentials Plus accreditation, and global threat intelligence.	

Topic of Discussion	Summary and Outcome of Discussion	Impact on GCRB (if any)
	The Committee noted the report which is provided twice per year to the Committee.	
Internal and External Audit Rolling Action Plan	This paper was the regular update report to Committee on implementation of previous internal and external audit recommendations. This rolling plan is reported to each Committee.	
Strathclyde Pension Fund Actuarial Valuation Report July 2022 – Accounting Assumptions	A paper was presented to the Committee to explain the movement in the Strathclyde Pension Fund in the 2021/22 financial statements. At the Committee meeting there was a full discussion on the significant asset now resulting from the pensions valuation at end July 2022 and whether the asset should be recognised in the statements or held at nil value. After the Committee meeting a further follow up discussion was held with Hymans and the Chair of the Committee following which it was decided to include as an asset in the statements.	There had also been a meeting prior to this with the other two Glasgow Colleges which were planning to recognise the asset.
Audit Committee Schedule of Work	This was a summary of the Schedule of Work for the Committee which is reported to each meeting.	
Private Meeting with Internal and External Auditors	This was the annual private meeting with the internal and external auditors at which there were no College staff present.	

**Update from Assigned College Audit Committees**

**College:** City of Glasgow College

**Date of Meeting:** 29 November 2022

Topic of Discussion	Summary and Outcome of Discussion	Impact on GCRB (if any)
Draft Annual Report and Accounts 2021-22	The Committee noted that the paper demonstrated another successful year amidst difficult financial and public health challenges. Members approved the draft Annual Report and Accounts 2021-22, subject to minor amendments. The Annual Report and Accounts 2021-22 were then tabled at the Finance and Physical Resources Committee (7 December 2022) and the Board of Management (14 December 2022) for further and final approvals.	Internal Audit Assurance
External Audit Annual Report 2021-22	The Committee welcomed what was described as a good report in challenging circumstances and noted the unqualified audit opinion. Members approved the External Audit Annual Report 2021-22, subject to a minor amendment.	Internal Audit Assurance
Ex-Employee Fraud Report Update	The Committee received an update on the ex-employee fraud case. Members agreed that the Principal would engage the SFC on the matter and update the Committee at a future meeting.	Governance Assurance
Register of Interests Update Report	The Committee noted that all Board member Register of Interests are up-to-date and are published on the College's website.	Governance Assurance
Data Protection	The Committee received a paper that provided oversight of data protection across the College. Members welcomed the progress that had been made and approved the report.	Data Protection
Internal Audit Reports	The Committee considered several internal audit reports, including: 2021-22 Student Activity Data; Internal Communications; Data Protection; IT/Digital Strategy; and Follow Up Reviews. Members discussed all internal audit reports, which ranged from satisfactory to good outcomes.	Internal Audit Assurance
Internal Audit Annual Plan 2022-23	The Committee reviewed the Internal Audit Annual Plan for 2022-23. After a discussion, members agreed minor changes to the plan and agreed that an update would be provided at a future meeting.	Internal Audit Assurance
Strategic Risk Review	The Committee considered the Strategic Risk Register and revised risk Management Action Plans (MAPs). Members approved the Strategic Risk Register and the revised risk MAPs.	Governance Assurance

IT & Finance Effectiveness-Summary Closure Reports	The Committee were informed that the 30 recommendations that came from work between the College and the External Auditor were now fully implemented. Members welcomed this update.	Internal Audit Assurance
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