GCRB | Glasgow Colleges' Regional Board

Audit Committee Meeting

Date of Meeting	Monday 15 May 2017
Paper Title	Joint Audit Meeting
Agenda Item	4
Paper Number	AC4-
Responsible Officer	Jim Godfrey, Interim Finance and Resources Director
Status	Disclosable
Action	For noting

1. Report Purpose

1.1. This paper provides an update for GCRB in respect of the joint meeting of the audit committees.

2. Recommendations

2.1. The committee is invited to **note** this report.

3. Background

3.1. The joint meeting of the audit committees was arranged following a request from this committee. As a result, a meeting was held on Friday, 5 May 2017 at the Cardonald Campus of Glasgow Clyde College. The meeting was in the style of a workshop and was facilitated by David Archibald (Henderson Loggie).

3.2. The meeting was attended by members of this committee alongside colleagues from the three assigned colleges. A note of the meeting has been provided to attendees and is attached as an appendix to this report for information. It is anticipated that the note will be shared with the audit committee of each assigned college.

4. Risk Analysis

4.1. The purpose of the meeting was to share practice, develop channels of communication and discuss common issues such as shared risks.

5. Legal Implications

5.1. There are no legal implications arising from this report.

6. Financial Implications

6.1. The costs of the event were the facilitators time and catering with the other cost non-cash costs being the provision of facilities and member/staff time.

7.   Regional Outcome Agreement Implications

    7.1. This report does not have a direct impact on the Regional Outcome Agreement, although it does contribute to the wider objective of effective governance.

Glasgow Region Audit Planning Workshop – 5 May 2017

Attendees:

GCRB	Paul Buchanan (Chair)
	Grahame Smith
	Caroline MacDonald
GKC	Ian Patrick (Chair)
	Bryan Ross
	Joe Wilson
Clyde	David Watt (Chair)
CoGC	George Black
	Anne Peters
Exec	Robin Ashton
	Jim Godfrey
	Penny Davis
Facilitator	David Archibald (Henderson Loggie)

The purpose of the meeting was outlined by Paul Buchanan and Robin Ashton. The key objectives for the session were to provide an opportunity to build relationships, share learning, identify common themes/risks and help to inform future audit plans.

Key Issues for Audit Planning

Following this, David Archibald (Henderson Loggie) provided an overview of some key issues in respect of audit plans. This included:

- The common themes from the current internal audit plans of GCRB and the Assigned Colleges for 2016/17. Some common themes (that are in the plans of more than one organisation) include Budgetary Control, Corporate Planning and IT Network Arrangements/Security.
- The 'outliers' in audit plans were also identified. Of the internal audit work over a minimum 3-year period, a total of 36 areas are being covered. Of these just over half are being covered in more than one college with just under half covered in only one. Of the issues being covered in only one college, the majority of these are being conducted in City of Glasgow College. It was identified that City of Glasgow College has a comparatively larger number of audit days per annum.
- Outliers in current internal audit plans include; curriculum planning, quality assurance and improvement, international activity, innovation and research, business development, partnership working and systems development.
- Four significant emerging issues were also identified;
  - Quality of learning and teaching – e.g. the new quality arrangements,
  - Workforce – e.g. succession planning, skills development and behavioural analysis,
  - Access and inclusion – e.g. strategy and evidencing how funding is used, and
  - IT – e.g. cloud services, learner expectations, use of data and security.

A copy of the powerpoint presentation used to accompany this session has been provided for information.

Risk Identification

The next part of the session was to split into two groups to consider the 'Big Picture' risks facing the further education sector and secondly to consider the issues facing the Glasgow region. The two groups worked independently on these questions before providing feedback to the whole group.

The group sessions generated lots of useful discussion and the notes from both groups have been collated and attached for information.

Next Steps

Following the group discussion of risks the conversation naturally progressed onto a discussion about how this work can be taken forward. There was a consensus that the meeting had been beneficial and had enabled a range of issues to be shared and discussed. It was important that the opportunities to develop this channel of communication should continue.

It was agreed that a note of the meeting and the group sessions should be collated and circulated to attendees. It is anticipated that there will be an opportunity for audit committees of the four institutions to be apprised of this work. The notes will also be provided to the executive of the Assigned College for information.

It was also agreed that four Audit Committee Chairs will meet again. This is likely to be autumn 2017 to coincide with the internal audit planning process.
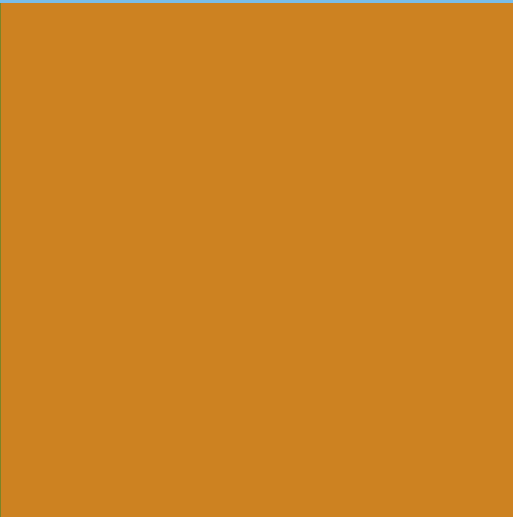
Attendees welcomed the opportunity to develop lines of communication with colleagues and this is something that should continue to develop in the future.

Glasgow Region

Internal Audit Planning Workshop

HENDERSON LOGGIE
Chartered Accountants

Workshop Format

- About Me
- Plenary Session 1
- Group Discussion
- Plenary Session 2
- Handover to Jim to Summarise

About Me

- David Archibald, Director in Audit & Accounting Department.

- Returned to Henderson Loggie in December 16 after 5 years in the NHS.

- Lead the firm's Public Sector & Internal Audit Team.

- Qualified Accountant with over 25 years experience in internal/external audit and performance improvement roles.

- Engagement lead for the delivery of internal audit services to 7 Colleges.

- Have just carried out externally facilitated Board effectiveness reviews in 4 Colleges.

- Background in risk management and performance management.

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Plenary Session 1

Agenda Item 3.1 - Common themes from current internal audit plans

Based on 2016/17 Internal Audit Plans

- To a certain extent reflects where we are in the Strategic Plan Cycle
  - Glasgow Clyde College - Year 2 of 2
  - Glasgow Kelvin College - Year 2 of 3
  - Glasgow Regional Board - Year 1 of 4
  - City of Glasgow College - Year 2 of 4

- Depends on the work carried out by previous internal auditors

- Depends on individual management team's attitude to risk

- Depends on the strength of the internal control framework in place

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Plenary Session 1

Three common areas being looked at in Colleges in 2016/17:

1. Budgetary Control - 'Examination of the College's budgetary control practices and protocols. It will specifically consider budget monitoring procedures in place centrally and within a sample of Academic Faculties and Support Services, and also cash flow reporting to senior management and the Board, and the Scottish Funding Council.'

2. Corporate Planning – 'to consider whether the College's planning process is working effectively, particularly in relation to the development of the Strategic/Development Plan and the linkage between the Strategic/Development Plan, the Regional Outcome Agreement, and the detailed operational plans.'

3. IT Network Arrangements/Security – 'to assess the College's network architecture and design from a security perspective to determine whether adequate security mechanisms are in place and operating effectively.'

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Plenary Session 1

Agenda Item 3.2 – Outliers in Current Internal Audit Plans

- Conducted analysis for period covered by Strategic Plans (minimum of 3 years and maximum of 4 years).

- Coverage over 36 separate audit areas

- Audit Universe covers 77 separate topics

- Highlighted that 19 of 36 areas were being covered in more than one College

- Confirmed that 17 of 36 areas were being covered in only one College

- Most of these 17 are being conducted in City of Glasgow College which has a larger number of audit days and a four year Strategic Planning Cycle.

Plenary Session 1

Agenda Item 3.2 – Outliers in Current Internal Audit Plans

Specific examples of outliers were as follows:

- Curriculum Planning
- Quality Assurance and Improvement
- International Activity
- Innovation and Research
- Business Development
- Partnership Working and Regional Development
- Systems Development & Implementation

Plenary Session 1

Agenda Item 3.3 – Emerging issues on the audit horizon

Can be grouped into four main groups:

1. Quality of Learning and Teaching
2. Workforce
3. Access and Inclusion
4. IT

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Plenary Session 1

Agenda Item 3.3 – Emerging issues - Quality of Learning and Teaching

New Quality Framework

- New arrangements for assuring and improving the quality of provision and services.

- Integration of SFC requirements for monitoring of outcome agreements with Education Scotland and to plan for improvement.

- Establish evaluation and performance reporting which utilises core national performance data in a regional context.

- Focus on ensuring appropriate challenge is built into college evaluation arrangements through independent stakeholder involvement.

Plenary Session 1

Agenda Item 3.3 – Emerging Workforce issues

- Succession Planning – Loss of experienced staff is an issue for both teaching and support staff.

- Skills Development/Retraining to fit future roles and to widen skills base to meet future challenges (i.e. project management skills, IT skills).

- Behavioural Analysis – Are your workforce signed up to your strategic vision and objectives? What motivates them?

Plenary Session 1

Agenda Item 3.3 – Emerging access and inclusion issues

- SFC College Outcome Agreement Guidance for 17/18 specifically references the need for Colleges to develop an evidence based Access and Inclusion Strategy.

- Must be able to evidence how the funding is used and the impact it has had.

- Funds intended to support teaching, ICT and welfare so important to plan how this funding can be invested in away which can be evidenced.

- Applies to all students but particular emphasis placed on introductory or access level provision.

Plenary Session 1

Agenda Item 3.3 – Emerging IT issues

- Previous reluctance to embrace virtualisation and cloud services technology will diminish.

- Cloud computing will allow teaching staff and learners to adapt the way that courses are delivered to a new generation of tech savvy students.

- Learners' expectations of their College experience has changed with learners having an increased need to have always-on access to course materials and College services.

- The education sector now embraces the value of data-based decision making and the use of analytics-based modelling is expected to grow - using data to make more accurate predictions about performance.

Plenary Session 1

Agenda Item 3.3 Emerging issues from a GCRB perspective

Current year GCRB planned internal audit activity:

- Compliance with SFC Financial Memorandum

- Risk Management

- Receipt of Funds and Funding Allocation

Future year GCRB planned internal audit activity:

- GCRB Governance

- Corporate Plan/ROA Development

Group Discussions

Agenda Item 4.1 - What are the Big Picture Risks for the Sector?

Can we spend **10 minutes** in groups discussing the key risks facing the College sector moving forward?

- Can include Scottish Further and Higher Education context.

- Public Sector in general in Scotland and the UK.

- Wider issues such as Brexit and the impact this will have on the ability of learners to come to Scotland to study and the impact this may have on UK citizens ability to travel and work abroad.

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Group Discussions

Agenda Item 4.2 - What are the key risks facing the Glasgow Colleges?

Can we spend **15 minutes** discussing in groups the key risks facing the **3** Colleges in Glasgow currently and in the near future?

Would suggest breaking this down into key governance areas such as Learning & Teaching, Finance (incl. Commercial Activity), Property, Human Resources (incl. Health & Safety) and Partnership Working.

Group Discussions

Agenda Item 4.3 – What are the key risk facing the Regional Board?

Can we take **10 minutes** to discuss in groups what, in your view, are the key risks facing the Glasgow Colleges' Regional Board in discharging their duties as an organisation and successfully working in partnership with the **3** assigned Colleges.

Would be helpful if we could focus on issues from a Regional Board perspective which could be included in a future iteration of the GCRB Risk Register.

Group Discussions

Agenda Item 4.4 - What are the perceived key risks of regional partnership working?

Can we spend **10 minutes** in groups discussing the wider risks of regional partnership from a College perspective?

How will this impact on the ability of Colleges to plan and deliver their strategic objectives within the framework of a Regional Outcome Agreement?

Plenary Session 2

Feedback on Group Discussions

Agenda Item 5.1 - Can one person from each group please summarise the outcome of the discussions in their group against each of the 4 questions set at Agenda Items 4.1 to 4.4?

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Plenary Session 2

Agenda Item 5.2 – How effectively are we managing the risk described in the feedback?

- What could we do to manage these risks more effectively?

- What needs to change?

- How will the Regional Board receive assurances on College risk management arrangements?

- How will risks identified by individual Colleges, which impact on GCRB, be relayed to GCRB for consideration and potential inclusion on their risk register?

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Plenary Session 2

Agenda Item 5.3 – Which items require to be factored into the future audit plans for :

a) Individual Colleges

b) GCRB

- Are there any obvious gaps in planned coverage?
- Can they be managed in another way (external inspection, self evaluation, peer review)?

HENDERSON LOGGIE
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Contact Details

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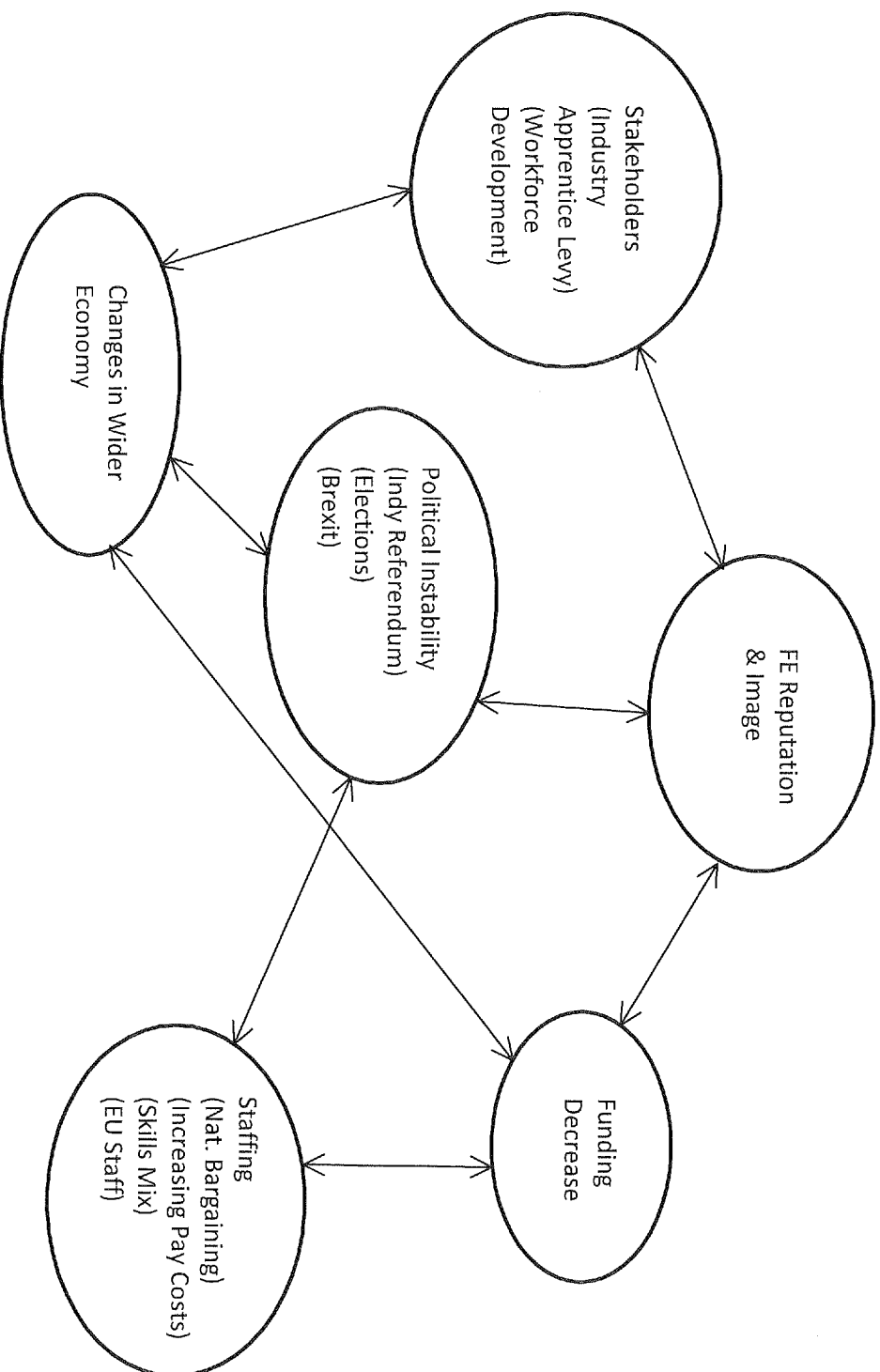Tel: 01382 200055

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Risks – Group 1

1. Financial Risk – Particular Issue for Glasgow
2. Need to look at how colleges and universities work together
3. More scope for apprenticeships. Focus now on 'Learning on the Job'
4. More discretion now in terms of 'what we do with the available regional funding'. So opportunities there.
5. Challenges of the 'hard to reach'. How do we deliver successful outcomes? Cost is greater per student.
6. Emphasis on full-time and move away from part-time. Has had a detrimental impact on 'hard to reach'.
7. Need to factor in geography/travel costs in planning provision across Glasgow.
8. Delivery of efficiencies agenda – impact of the Christie Commission.
9. Wide range of directions which individual colleges can go in but is focus on 'more with less' the right one?
10. Diversity is a risk as well as a strength. Where should the attention be focussed? (Move to HE, increase focus on 'hard to reach)
11. Brief from the Government is to focus on employability. Not achievable unless we change. Employment outcomes vary between FE and HE.
12. HNC/HND meaning has changed. Now seen as a route to a degree rather than a technical qualification leading to work.
13. Learner journey doesn't need to be linear.
14. Certain courses have high attrition rate. Not fast/modern enough. Have to adapt to meet learner needs & expectations.
15. Need to change perception that students can dip in and out of FE (in a way which can't be done in HE).
16. Need to be able to challenge the notion of what HE & FE is there to deliver.
17. Still a mismatch between qualifications achieved and employer needs. Role for regional boards in challenging the status quo with a regional voice. Needs collective agreement about what the regional message is.
18. Perhaps a need for looking at best practice in dealing with legislative requirements e.g. Freedom of Information, Data Protection and Publication Scheme.

Stakeholders
(Industry
Apprentice Levy)
(Workforce
Development)

Changes in Wider
Economy

Political Instability
(Indy Referendum)
(Elections)
(Brexit)

FE Reputation
& Image

Staffing
(Nat. Bargaining)
(Increasing Pay Costs)
(Skills Mix)
(EU Staff)

Funding
Decrease

Glasgow Risks

Boards & Executive

Regional objectives, Role, 'Move On'

Fail to grasp opportunities

Lack of: Confidence, Trust, Partnership.

Internal Relationships

Financially Sustainable

'Big Picture Risks' @ Glasgow Level

Different: Vision, Direction, Ethos, Strategy.

Fail to speak with one voice

Fail to address challenges, e.g. Deprivation, skills