

**GLASGOW KELVIN COLLEGE**  
**BOARD OF MANAGEMENT**  
**AUDIT AND RISK COMMITTEE**  
**MINUTE**

**Minute of the meeting of the Audit and Risk Committee held on Tuesday 15 June 2021 at 5.00pm in Microsoft Teams**

**1. Sederunt**

John Hogg (Chair);  
Michael O'Donnell;  
Fiona Taylor;  
Elaine Clafferty; and  
Anne McTaggart;

**In Attendance:**

Jeanette Evans (Vice Principal Operations);  
Lisa Clark (Director of Corporate Services);  
Alan Carr (Head of Finance);  
David Archibald (Henderson Loggie);  
Adrian Kolodziej (Azets);  
Douglas Wilson (Clerk to the Board);  
Eileen O'Neill (Co-opted Member); and  
Mary Connelly (Senior Committee Coordinator) (for recording purposes)

The Chair welcomed members to the meeting and advised members that Adrian Kolodziej from Azets was in attendance.

**2. Apologies**

Apologies were received from Derek Smeall (Principal), Gerry Lyons and Deborah Thomson.

**3. Terms of Reference**

It was confirmed the meeting was quorate with five members in attendance.

**4. Declaration of Interest**

There were no Declarations of Interest

**5. Minute of the previous meeting held on 23 March 2021**

The minute of the previous meeting was accepted as an accurate record of the business conducted on 23 March 2021.

## **6. Matters Arising from the minutes of the previous meeting held on 23 March 2021**

There were no matters arising from the meeting held on 23 March 2021.

## **7. Governance Update - NIPD**

The Director of Corporate Services reminded members that the purpose of this report is to provide members of the Audit and Risk Committee with a comprehensive governance update at mid-June 2021. L Clark took members through the report in detail, advising that the update report covers:

- OSCR Return
- UNISON – Data Leak
- Assessment of Procedures
- Time for a Change - Sexual Misconduct at Universities and Colleges

L Clark advised members that following receipt of correspondence from the Scottish Funding Council stating that the accounts for Glasgow Kelvin College had been laid before the Scottish Parliament and the Financial Statements could be made publicly available, the annual OSCR return was completed by the deadline of 30 April 2021.

L Clark brought members attention to the normal consultation processes with UNISON and advised that strictly confidential information in relation to post holders who had officially applied for Voluntary Severance was shared with UNISON representatives. Unfortunately, this information was subsequently shared by UNISON representatives to Glasgow Kelvin College UNISON members. In some cases, the posts listed in the email sent by UNISON were held by only one member of staff and, as such, the individual could be clearly identified; this caused a considerable degree of upset to the staff members concerned. The College made a complaint to UNISON and had alerted the Information Commissioner in relation to this matter.

L Clark advised that in response to a Call for Information from the Scottish Funding Council (SFC/C1/03/2021), the College undertook an Assessment of Procedures against recommendations made against the key findings from the University of Strathclyde Inquiry Report and the Independent Review Report at Heriot-Watt University. L Clark brought members attention to Appendix 2. This was also discussed at the Finance and Resources Committee held on 11 May 2021. She stated, the College was already in the process of undertaking various actions in relation to ensuring complaints could be made easily. These actions were being worked on and would be completed over the months ahead.

L Clark advised that UMAL, the College insurers, has provided documentation in relation to the increase in sexual misconduct claims and brought members attention to Appendix 3. Work is underway by the College in relation to awareness raising.

The Chair thanked L Clark for a very thorough report and invited questions.

Members discussed at length the response from UNISON and shared the view that there had likely been a breach in the duty of care of the confidential information. The report of this data breach to the Information Commissioners Office (ICO) was welcomed by members and they were disappointed that there had been no apology issued from UNISON to those affected by the data breach.

J Evans opined that the College believed that there was a clear breach of personal data and it felt it had to protect staff by highlighting concerns to the ICO. She advised that work is continuing with UNISON to rebuild positive relationships.

The Chair thanked all members for the thorough discussion and invited further questions. No further questions arose.

Members of the Audit and Risk Committee agreed to note:

- i) the contents of this report and its Appendices; and
- ii) that the Director of Corporate Services will continue to ensure that governance compliance and adherence is given the highest priority and required deadlines are met.

## **8. College Insurance Update - NIPD**

The Director of Corporate Services advised that the purpose of this report is to provide members of the Audit and Risk Committee with an insurance update which covers the following:

- UMAL Property/Health and Safety Management: Insurance Inspection Update
- UMAL Insurance Liability Renewal Questionnaire
- UMAL Conference – 14 April 2021
- Beazley UK – Cyber Insurance

L Clark reminded members that as previously reported, UMAL conducted an insurance inspection report and produced a list of items for improvement in Estates and Health and Safety. She brought attention to the fully completed action list contained in Appendix 1 and advised that this has also been duly reported to UMAL who are extremely pleased with this.

L Clark attended the annual UMAL conference on 14 April 2021. A presentation was given, and this was covered in detail in Appendix 3. Most notably, she advised that the education sector is under heightened attack from cybercrime due to the levels of sensitive data that such institutions hold as this is regarded as “high value data” by cyber criminals. L Clark advised that the importance of cyber risk management was prominently and consistently stressed throughout the event. Details of fines for data breaches had been provided at the conference and has been fully discussed.

L Clark advised that the College is intending to again purchase cyber insurance for Academic Year 2021/22; she provided to members the lengthy list of information required to submit to simply obtain a quote, detailed in Appendix 4. Currently this is in the process of being completed by the Director of Corporate Services and the Director of Digital Services. She highlighted that some insurance companies are now refusing to offer educational establishments cyber cover due to the heightened levels of attacks across the education sector which have increased significantly over the last year. They can also refuse to provide cyber cover if they are not content with what we state in our application form.

Bringing members attention to UMAL Benchmarking claims data, she advised that the data provided highlights that the College’s claim history compares very favourably to others, with total claims over the four years of 4 with an average cost of £17,251 against

a peer group average of 12 with an average cost of £285,233.

Members discussed their own experience of recent cyber-attacks including one at Glasgow Caledonian University. The impact of the attack was felt by all staff and students at the University and had even infiltrated the marking process which caused a delay of approximately 3 weeks.

Following discussions around the Risk Register entries, J Evans highlighted the risks and control measures in place, advising there was a real appreciation to mitigate this risk as far as possible.

D Archibald advised that in the wake of the cyber-attack on Dundee and Angus College, the sharing of information and collaboration amongst the education sector meant that recovery risks were reduced for the subsequent attack on the University of Highland and Islands. He advised that mitigating the impact was a priority as opposed to preventing an attack.

The Chair opined that collaboration was evident and provided key support across the sector, with an ongoing willingness to strengthen knowledge.

Members of the Audit and Risk Committee agreed to note:

- i) the contents of this report and its Appendices; and
- ii) that the Director of Corporate Services will continue to ensure that insurance/governance compliance and adherence is given the highest priority and required items are prioritised and deadlines are met.

## **9. Internal Audit Progress Report – 2020-21 Annual Plan**

D Archibald spoke to the content of the report in detail, noting the good progress made and the work that has still to go ahead up to the end of the Annual Internal Audit Plan.

D Archibald continued with comments against each report which brought context to the conclusions: one was rated as “Satisfactory” and one “Good”. D Archibald explained that these had been arrived at following discussions with the Head of Finance and Vice Principal Operations.

D Archibald thanked Managers at the College for their efforts to ensure that the plan programme was kept on track, he was very grateful for their cooperation in this matter. He advised that this was a very positive update with nothing to cause concern, including the External Effectiveness Review.

Members of the Audit and Risk Committee agreed to note the content of the report.

## **10 Internal Audit Reports**

### **a) IT Network Arrangements**

D Archibald spoke to the content of the report in detail, advising members that the level of assurance was “Good”. D Archibald reminded members that this review focused on the controls in place to review the College’s IT network arrangements, including cyber security.

D Archibald took members through the Scope and Objectives on page 2, considering the key risks in relation to the specific focus around regarding information and cyber security to advise on areas that should be addressed in line with the latest guidance produced by the National Cyber Security Centre (NCSC), the UK Government's national technical authority for information assurance. This included consideration of the controls in place to mitigate the increased risks arising from home working arising from the impact of the COVID-19 pandemic.

In relation to the strengths and weaknesses, he took members through them in detail on page 3. He advised that throughout the review he observed examples of good practice and welcomed the willingness of the Director of Digital Services to assist and to seek ways to improve security within the College. He concluded that, overall, the College exhibits a high degree of awareness of information / cyber security risks and impacts, and that the control environment demonstrates good practice with the expected cyber security controls, for an organisation of this size and complexity, found to be present in most areas.

D Archibald brought members attention to the areas of weakness on page 4:

- Although the College has a strategic risk management framework and an Information Security Policy, we noted that an overarching information risk management policy, which sets out the College's information risk management approach including risk appetite, roles and responsibilities, the risk management process, monitoring, control, and measurement had not yet been developed.
- Although a comprehensive range of activities are in place to raise awareness of cyber risks and threats, opportunities for testing the effectiveness of training and communications are limited. Mechanisms, such as the use of ethical phishing campaigns, should be established to test the effectiveness of the range of security training provided to staff.
- We noted that Intrusion Detection System (IDS) / Intrusion Prevention System (IPS) or Security Information and Event Management (SIEM) monitoring solutions are not currently deployed on the IT network to actively monitor cyber risks and threats and provide an additional layer of network security.

J Evans advised members that the IDS Software purchase approval had been given and the College would do everything in its power to progress this. The Chair opined that this positive action gave further reassurance.

Members shared their own experiences regarding ethical phishing and J Evans advised that this may be done within the College. Increased awareness by completion of the Cyber Training by all staff will assist the College from being an easy target. Members also agreed that collaboration within Glasgow Region on shared issues was vital.

Members agreed to endorse the report.

## **b) Procurement and Creditors/Purchasing**

D Archibald spoke to the content of the report and advised that the level of assurance was rated "Satisfactory".

D Archibald advised that as part of the Internal Audit programme at the College for 2020/21 he carried out a review of the College's Procurement and Creditors / Purchasing arrangements. The Audit Needs Assessment identified this as an area

where risk can arise and where Internal Audit can assist in providing assurances to the Principal and the Audit and Risk Committee that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

D Archibald explained that in terms of approach, these would have been kept separate in the past however now developed, both elements were added together.

D Archibald took members through the strengths and weakness on page 3 in detail. He reminded members that this was a big improvement on the last report findings in 2019. Whilst the issues had not gone away, there was a definite improvement. These would be picked up within the follow up review, by testing in the Summer, hence they weren't closed off but were added as a work in progress. He reiterated that there was an increased risk by staff working from home in isolation and this was an additional consideration.

D Archibald brought members attention to the following:

- Testing identified two transactions where there should have been purchase orders raised where these had not been generated. We also identified two instances where a purchase order was raised and approved by the same member of staff, and a further instance where a purchase order was approved by someone out with their delegated authority limit; and
- A manual purchase order was in place for each of the four Credit Card purchases we tested. However, two of these purchase orders were not dated and therefore we could not confirm that the purchase had been approved prior to being ordered from the supplier.

The Chair opined that this was a positive report, there were no concerns and the report gave the Committee reassurance. He thanked D Archibald for his explanations and examples shared of other client's breaches, adding how the report and background help and guide the College to be better.

The Chair invited questions. Members questioned the rating of "Satisfactory" at length and J Evans advised that whilst this was a very positive report, she understood the methodology in the rating for such a complex area.

Members agreed to endorse the report.

## **11. Audit Action Plan**

The Director of Corporate Services spoke to the content of the update and reminded members that the purpose of this report is to provide members with progress made in implementing the recommendations made by the Internal and External Auditors.

L Clark agreed that the College would maintain an Audit Action plan to provide the Audit and Risk Committee members with details of all 'high' and 'medium' grade audit recommendations raised by either the Internal or External Auditors.

L Clark took members through Appendix 1 which provided the Audit Action Plan as at June 2021. The document had been updated to reflect the current position in respect of the recommendations listed in the plan.

L Clark reminded that the audit activities concluded since the last meeting of the Audit

and Risk Committee were:

- Procurement and Creditors/Purchasing
- IT Network Arrangements

In respect of the above two audits, there were no medium or high-grade recommendations made in either audit. Assuming the Audit Action Plan update as per Appendix 1 is accepted, the number of recommendations outstanding were 3 medium grades.

In answer to how the risks were closed off, D Archibald advised that it was dependant on the tracking of risks throughout the year and was normally done at the end of the year based on evidence provided. He added that the College normally demonstrated ongoing progress at each step of the process.

The Chair thanked L Clark and D Archibald for the comprehensive reporting and clarity provided.

Members of the Audit and Risk Committee agreed to:

- i) note the contents of this report and its appendix; and
- ii) approve the Audit Action Plan.

## **12. Risk Management Update**

The Vice Principal Operations reminded members that as per the College's Risk Management Strategy, the Risk Register is considered at every meeting of the Audit and Risk Committee, Risk Management Committee and is considered twice per year by the Board of Management and once per year by each of the other formal Sub Committees of the Board.

J Evans advised that the College omitted to take this to the Finance and Resources Committee during this Academic Year and this oversight was communicated to Laura Birch, the Committee Chair. J Evans advised members that the Board of Management have received their second review of the Risk Register this Academic Year.

J Evans brought members attention to the Executive Summary, advising of all revised changes throughout were in blue and highlighted:

- The Risk Management Committee had its scheduled quarterly meeting on 25 May 2021 and several changes to the text within the Risk Register were suggested. This is denoted in blue text within the Risk Register documentation
- No changes have been recommended to the existing Risk Appetite Statement, which is set by the Board
- Cyber risk continues to be a significant threat. According to a UK government survey, 80% of UK schools have experienced a cyber-attack since 2019. The College is aware of a high number of colleges and universities who have been attacked also.

J Evans advised that the Risk Register Review Summary reflects 1 Red, 26 Amber and 6 Green Risks.

Following further clarity and a change to the ESF funding rules, it meant that “reasonable endeavour” could be evidenced for signatures and this meant that this risk, which was new at the last Committee, could be reduced from “Red” to “Amber”.

She also suggested that, given what we now know and the fact that the Board has now approved surplus budgets for 2021-24, the one remaining residual “Red” (Critical) risk - relating to the potential for unfavourable change in the overall quantum of sector funding in real terms resulting in the College having to reduce costs and operate with lower levels of income and being unable to maintain its estate and the quality of its facilities – can now be reduced to “Amber” (Undesirable). Following discussion, the Members agreed this change, with risk Likelihood to be changed from “Likely” to “Possible”.

Regarding the Risk under Service Resilience and Cyber Security, members agreed that the risk Likelihood be changed from “Possible” to “Likely”, thereby changing the overall risk from “Amber” (Undesirable) to “Red” (Critical).

Members discussed at length regarding the heightened risks from working from home.

In response to the point regarding volume of information held on the Risk Register, J Evans agreed that more information could be covered at sub Committee level, with more links included for information. She agreed that moving forward there could be a Corporate Risk Register, with operational risks managed by the relevant operational area.

The Clerk added that at times the Board of Management agenda can be very full however it was fundamental that items and minutes from all committees were seen by Board of Management. Going forward, the management of agendas would be driven by discussions by members, to enable them to fulfil their functions fully.

The Chair agreed that there was always room for improvement and further consideration regarding good governance was required. This included a proposed adjustment to the lead in time to the Board of Management meetings. This could also include a section of “What Matters Most” to flag up what items needed collaboration on.

Following discussion, Members noted that it was useful that a full discussion would be able to take place on Risk alongside the presentation from the Vice Principal Operations at the August Board Meeting.

Members of the Audit and Risk Committee agreed to:

- i) note the contents of this report and its appendices;
- ii) review and approve the unchanged Risk Appetite Statement - Appendix 3ii;
- iii) review and approve the revised Risk Register and consider whether any further changes should be made;
- iv) review the Strategic Risk Register and consider whether any changes should be made; and
- v) approve the Terms of Reference for the Risk Management Committee.

### **13. External Audit Annual Plan 2020-21 - NIPD**

A Kolodziej spoke to the content of the Audit Plan and reminded members that this document summarises the work plan for the 2020/21 external audit of Glasgow Kelvin College. He advised that the core elements included audits of:



- the 2020/21 annual report and accounts and related matters;
- the College's arrangements for governance and transparency, financial management, financial sustainability and value for money;
- the College's participation in the National Fraud Initiative (NFI); and
- any other work requested by Audit

A Kolodziej advised that for the audit of the annual financial statements the overall materiality is based on approximately 1.8% of the College's 2019/20 expenditure, which is considered one of the principal considerations for users of the accounts when assessing performance. He advised that he had calculated performance materiality at approximately 75% of overall materiality. This would be reassessed when the draft accounts were made available.

A Kolodziej brought attention to page 19, highlighting that in any organisation, there exists a risk that management have the ability to process transactions or make adjustments to the financial records outside the normal financial control processes. In response to this risk, a review of the College's accounting records, and evidence would be obtained to ensure that any significant transactions outside the normal course of business were valid and accounted for correctly. He advised that adopted data analytics techniques would be used to review and test aspects of this significant risk. Assessment would be made on whether judgements and assumptions made by management in determining accounting estimates as set out in the financial statements were indicative of potential bias.

In summary two risks were identified as per page 21: Pension Assumptions and Estates Valuations. A Kolodziej explained that values change due to a lot of fluctuations occurring.

The Chair opined that this was another very clear document. He thanked A Kolodziej for the Audit Plan.

Members of the Audit and Risk Committee agreed to approve the Audit Plan with reference to the Audit fee and timetable.

#### **14. Statutory Accounting Policies**

The Vice Principal Operations spoke to the content of the report. J Evans advised members that the Statutory Accounting Policies are the basis on which the College's Accounts are prepared each year.

J Evans advised that these are presented to the Audit and Risk Committee in advance of the 31 July year end for consideration and approval. These policies are unchanged from those used to prepare the 2019/20 Annual Accounts and should be considered in light of the External Audit Plan presented separately on the Agenda.

J Evans advised that the College is now in a different place from last year in relation to its medium-term financial sustainability and that, in consultation with the External Auditors, the wording for the Going Concern Policy will be revised accordingly.

J Evans advised members that any significant changes to policies will be brought back to a future agenda of the Audit and Risk Committee if they require further attention.

Members of the Audit and Risk Committee agreed to:

- i) note the contents of this report and its appendix; and
- ii) approve the Statutory Accounting Policies for the 2020/21 Annual Statutory Accounts.

## **15. Loss of College Assets Report**

The Director of Corporate Services advised members that the purpose of this report is to update members of the Audit and Risk Committee of the action taken in relation to the loss of two Apple Mac PCs from Springburn Campus.

L Clark took members through the report in detail, advising that the loss would not be covered as it was under the insurance threshold of £3,000. She advised that increased security measures were now in place.

The Chair thanked L Clark for the detailed report, highlighting that steps had been taken on the lessons learned to improve security.

Members of the Audit and Risk Committee agreed to:

- i) note the contents of this report and the actions contained therein.

## **16. VATAngles/ Lennartz Update - NIPD**

The Vice Principal Operations reminded members that the purpose of this report is to provide an overview of Lennartz and update on the progress to date as income has now been received and fees paid to VAT Angles. This is also likely to be considered by Azets as part of their External the Audit of the 2020/21 Annual Report and Accounts. L Clark advised that this paper was also presented to the Finance and Resources Committee for information at its meeting on 11 May 2021.

J Evans advised that the highlights to bring to the attention of the Members were:

- After six years of engaging with HMRC, the College has secured £789k in Lennartz VAT recoveries to date during 2020/21;
- Fees of £189k are due to VATAngles, the College's VAT advisors, in relation to this income; and
- VATAngles are continuing to pursue HMRC on the College's behalf for further recoveries.

J Evans took members through the report advising that this did not fall under the normal tender as VATAngles were experts in their field. She advised this has been brought to the Audit and Risk Committee to ensure sight, it had already been endorsed at the Finance and Resources Committee and the Board of Management. Members were made aware that the challenge has still not concluded and potentially there were still significant amounts outstanding from HMRC. Members were also being made aware due to the potential of FOI requests.

J Evans advised that this achievement was primarily due to J Gow, the former Vice Principal at the College. She recognised his ability to spot this opportunity and his tenacity in pursuing this for the College, as being the only Scottish College to secure the services of VATAngles was a bold move. She advised that a letter would be sent to

J Gow in due course, in recognition, as the College was very grateful. Members agreed that this course of action was right and proper.

The Chair thanked J Evans for the very clear audit trail evidenced and the regular updates. He opined that he was not surprised by the fee and it was a very positive outcome.

Members discussed at length the material financial impact of this windfall during 2020/21. J Evans noted this was included in the quarterly forecasts. She advised members that there was ongoing discussion with managers, to prioritise and spend wisely to enhance the staff and student experience within the College.

Members of the Audit and Risk Committee agreed to:

- i) note the contents of this report and its appendices;
- ii) note that this report is being withheld from the public domain; and
- iii) note that the College will continue to engage with VATAngles in respect of Lennartz VAT recoveries and will provide Members with a further update at an appropriate time.

## **17. Correspondence**

### **a) Scottish Funding Council – Accounts Direction for Scotland’s Colleges**

Members noted the content of the item for information.

### **b) Home Office – Protect Duty Consultation**

Members noted the content of the item for information.

## **18. Audit Scotland Technical Bulletin 2021-1**

Members noted the content of the item for information.

## **19. Equality Management – Equality Issues to be considered as a consequence of the consideration of the above agenda items**

It was agreed that there were no new Equality Management issues raised as a consequence of the business conducted at the meeting.

## **20. Risk Management – Risk Issues to be considered as a consequence of the consideration of the above agenda items**

## **21. Data Protection – Data Protection Issues to be considered as a consequence of the consideration of the above agenda items**

It was agreed that there were no new Data Protection issues raised as a consequence of the business conducted at the meeting.

## **22. Committee Focus Group Self Evaluation – Members Only Session**

The Chair of the Committee thanked members for their attendance and contribution.

The Chair reminded members that this was the final meeting for A McTaggart and E O'Neill and thanked them both for their valued contributions of the work of the Committee.

The Chair also thanked D Wilson for his time in role as Clerk to the Board and offered his personal thanks for the support he has received.

The meeting closed at 7.10pm.

D Wilson advised the purpose of the self-evaluation allowed members to discuss the effectiveness of the Committee, with the outcome of these discussions to be reported to the Board of Management.

*(J Evans, A Carr, D Archibald and A Kolodziej left the meeting at this point)*

**Date of Next Meeting – To Be Advised**