

GLASGOW KELVIN COLLEGE

BOARD OF MANAGEMENT

AUDIT AND RISK COMMITTEE

MINUTE

Minute of the meeting of the Audit and Risk Committee held on Tuesday 16 June 2020 at 5.00pm in Microsoft Teams

1. Sederunt

John Hogg (Chair);
Deborah Thomson;
Michael O'Donnell; and
Fiona Taylor

In Attendance:

Derek Smeall (Principal);
Lisa Clark (Interim Assistant Principal);
Alan Carr (Head of Finance);
David Archibald (Henderson Loggie);
Gary Devlin (Scott-Moncrieff);
Douglas Wilson (Clerk to the Board);
Eileen O'Neill (Co-opted Member); and
Mary Connelly (Senior Committee Coordinator) (for recording purposes)

2. Apologies

Apologies were received from Elizabeth Robertson and Anne McTaggart.

3. Terms of Reference

It was confirmed that the meeting was quorate with four members in attendance.

4. Declaration of Interest

David Archibald and Gary Devlin declared an interest in item 20b as auditors of City of Glasgow College.

5. Minute of the previous meeting held on 24 March 2020

The minute of the previous meeting was accepted as an accurate record of the business conducted on 24 March 2020. It was noted that Fiona Taylor's apologies for this meeting should have been recorded.

6. Matters Arising from the minutes of the previous meeting held on 24 March 2020

There were no matters arising from the meeting held on 24 March 2020.

The Chair advised members that, as the meeting was taking place through Microsoft Teams due to COVID-19, he recommended that only discussions should take place in relation to items for approval or for those with recommendations. The items provided for information purposes would not be discussed unless members had specific questions/observations. Members agreed to this.

7. Correspondence

a) Scottish Government Cyber Resilience Notices COVID-19 and HEFESTIS March-May 2020 Threatscape Newsletters

L Clark spoke to the content of the correspondence.

L Clark advised that phishing incidents had greatly increased across the public sector since the COVID-19 lockdown. Regular articles are received and cascaded to all relevant departments timeously. Data protection is reinforced through the College newsletter and Microsoft Teams area.

The Chair invited questions from members of the Committee. No further questions arose.

b) Update on Recovery of Funding under ESF Youth Employment Initiative (YEI)

The Principal spoke to the content of the correspondence.

D Smeall advised that he had been tasked by the Financial Control Committee last month to write again to the Scottish Funding Council in relation to this matter. D Smeall reiterated that the College had met all deadlines and refuted any clawback. Members noted the content for information.

c) SFC – Financial Statements 2018-19 – Laying of Accounts Letter

The Principal spoke to the content of the correspondence.

D Smeall confirmed that the accounts for Glasgow Kelvin College have been laid before the Scottish Parliament. Under the terms of section 22(5) of the Public Finance and Accountability (Scotland) Act 2000, as such, the College can make the 2018-19 Financial Statements publicly available on the College website. Members noted the content for information.

d) SFC Letter – Continuity – 19 March 2020

The Principal spoke to the content of the correspondence.

D Smeall advised members that this letter was welcome at this time. D Smeall cautioned that although it supported cash flow, there was still no clear definition for a number of issues. Members noted the content for information.

e) SFC Briefing Note – Financial Impacts - 29 April 2020

The Principal spoke to the content of the correspondence in detail, which is primarily focussed on the University sector but does have some content relating to the college sector.

D Smeall advised members that the analysis was based on AY 19/20, with a deficit position of around £25M for the College sector. Recent high level analysis conducted by Colleges Scotland calculated a deficit between £70-100M for AY 20/21. Members noted the content for information.

f) SFC Letter – Assurance and Support for AY 20-21 – 28 May 2020

The Principal spoke to the content of the correspondence and gave reassurance to members. Members noted the content for information.

g) SFC Letter – ROA Arrangements for AY 20-21 – 29 May 2020

The Principal spoke to the content of the correspondence. D Smeall advised members that SFC had, to all intents and purposes, frozen the normal ROA process in March and had accepted the work to date as final versions due to COVID-19. The detail relating to the ROA KPIs were not comparable or representative going forward. SFC confirmed that colleges would not be subject to financial clawback in AY 19/20 or 20/21 (the only exception being ESF match funded elements which may still carry a risk of clawback. Members noted the content for information.

h) Glasgow Communities Fund – Briefing Note 2 – June 2020

The Principal spoke to the content of the correspondence. D Smeall reminded members that this had transitioned to the new format, with an extension to September/October 2020. The application that had been submitted in March 2020 would now be considered, with an outcome expected by October 2020. Members noted the content for information.

i) Audit Scotland – Intention to Extend Public Audit Appointments

The Principal outlined the content of the correspondence.

G Devlin took members through the content in detail and brought members attention to a number of associated challenges facing colleges in relation to external audit. He drew member's attention to some technical requirements where appropriate assurances would be sought, with the key issue being assurances of Financial Sustainability.

Members discussed in detail the recent progress of the college in relation to Voluntary Severance and sought assurance regarding the audit trail.

D Smeall reassured members that Scottish Funding Council (SFC) Approval had been given in April 2020, which allowed the Voluntary Severance Scheme to progress.

The Chair provided clarity on information, taken from Board of Management papers, with the cost of £237k and opined that he was satisfied that detailed discussions with GCRB and SFC were minuted and were well documented.

The Independent Clerk to the Board advised members that the proposal went to the Board of Management and 3 Executive Committees and every necessary action was taken. D Wilson confirmed that he was happy to provide reassurance regarding the decision making and governance.

The Chair invited questions from members of the Committee. No further questions arose.

Members noted the content for information.

8. a) Internal Audit Progress Report

D Archibald spoke to the content of the report in detail, reminding members this is a routine report. D Archibald brought members attention to the timescales on page 2, advising that these may be postponed to April 2021, with further slippage possible, due to COVID-19.

D Archibald advised that Business Development - European projects and regional apprenticeship contracts had been deferred to November 2020 as this involved practical face to face work. Further discussions will follow in order to allow remote work to be completed for the annual November report.

In relation to the Externally Facilitated Effectiveness Review, the Clerk to the Board anticipates that this may be undertaken at the beginning of the calendar year.

The Chair invited questions from members. No further questions arose. Members endorsed the report.

b) Business Continuity Plan Report

D Archibald spoke to the content of the report and opined that this was a timely report. D Archibald advised that the level of assurance was rated good.

D Archibald provided an overview of the Findings and Conclusion on page 2. During the main findings and action plan on page 4, he reiterated the 3 minor areas were for improvement and that these should build on to existing arrangements.

The Chair opined that this was a positive report, there were no concerns and the report gave the Committee reassurance. Members agreed that this report was valuable as they had knowledge of audits at other colleges, which have not met the high standard prevalent at Glasgow Kelvin College.

L Clark advised that previously a test exercise was run based on a pandemic and valuable lessons had been learned which has led to departments having robust documentation and processes in place.

Members agreed that the communication sent out to members from the College has been first class and thanked the Principal and the Interim Assistant Principal.

The Chair invited questions from members. No further questions arose.

9. Scottish Budget and Public Sector Pay Policy 2020/21 Update – NOT IN THE PUBLIC DOMAIN

The Principal spoke to the content of the update and advised members that this was a combination of two items. D Smeall reminded members that the purpose of this report is to provide the Audit & Risk Committee with an update on the Scottish Budget 20/21 and the Public Sector Pay Policy and summarised how they may affect the College moving into AY

2020/21. All members have previously received a comprehensive summary and commentary from the Vice Principal, Finance & Corporate Services at their last meeting on the 24 March 2020. This update builds on that original report by providing the latest information available.

D Smeall advised that much of the allocations had not changed. The Scottish Government has increased current levels of revenue funding for the college sector by 5.52% in cash terms (approximately 3.6% in real terms), with the Draft Budget for 2020-21 confirmed as £640.0m. This represents an additional £33.5m against the Draft Budget for 2019-20.

D Smeall advised caution in that the SFC had presented gross figures and that allocations to AY 19/20 were part of the 20/21 budget. This resulted in a real uplift of 0.8% when AY 19/20 and 20/21 net figures are compared.

D Smeall took members through recent communications from Unison and EIS regarding Public Sector Pay and reminded members that this had already been discussed in detail at this month's Board of Management meeting. He explained again the reasoning behind the three scenarios, to ensure it was aligned with Scottish Funding Council (SFC) expectations. Going forward, D Smeall expected further guidance from SFC during FFR reporting.

Members discussed at length the lack of direction given from SDS and D Smeall advised any progress made was of little benefit as the college could not draw down on contracts which have not been delivered. He advised that at a recent Principals meeting, J Hepburn attended and dialogue was ongoing however this did not improve the College's situation.

Members discussed the importance of procuring PPE and talks followed regarding the production of PPE by the college, for use in their own communities. D Smeall agreed to consider the initiative further.

The Chair invited questions from members of the Committee. No further questions arose.

Members of the Audit and risk Committee agreed to:

- i) note the contents of this report and its appendices;
- ii) note that the College is taking account of the policy direction outlined in the draft budget in its planning for 2020/21; and
- iv) note that the College has presented to the FCC and BoM a Scenario Based Financial Forecast & Budget for AY 2020-21 alongside a College Transformation & Renewal Framework.

10. GKC External Audit – Audit Scotland Briefing Note

G Devlin reminded members that the purpose of the briefing note touches upon the uncertainties relating to COVID-19 and their impact.

G Devlin took members through the key areas in detail and opined that Glasgow Kelvin College was way ahead in its approach compared to other colleges. He congratulated the College on a refreshing and robust approach, doing a thorough job through the effective management of the organisation.

D Smeall advised members that as timelines became clearer, there would be no unnecessary delays due to ongoing agile and flexible planning.

The Chair invited questions from members of the Committee. No further questions arose.

11. Risk Appetite and Risk Register Review

The Chair advised members that this was approved at the Board of Management meeting this month, subject to the approval of the Audit and Risk Committee. J Hogg asked for the views of G Devlin and D Archibald, in consideration of how the Risk Register compares with other Colleges.

The Interim Assistant Principal outlined the content of the report. L Clark reminded members that as part of the Risk Management Strategy, the Board of Management are required to review the full Risk Register and Risk Appetite Statement twice in each academic year. The purpose of this report is to provide the Audit and Risk Committee with the opportunity to undertake this review.

L Clark advised members that the Risk Appetite Statement is integrated within the Risk Register and is attached as an appendix as approved by the Board of Management in June 2019. It sets the Risk Framework within which the Board require the management team to operate. This integrated approach to this taken by the College is seen as best practice and helps ensure that management are managing risks within the framework set by the Board.

L Clark advised members that by far, the biggest risk facing the College is the effects of COVID-19. This item is listed as a Strategic Risk and it has a predominantly negative impact on all areas of the College. The impact of COVID-19 has been felt heavily on the finances of the College with a substantial drop in income being suffered. COVID-19 has been inserted as an overarching statement on the risk register which had subsequently increased the likelihood of risks occurring, thus pushing most items into red from amber.

L Clark referred to matters in relation to the catering service providers. A tender had been underway for a new catering provider but this had been halted due to the COVID-19 situation and the withdrawal of interest by catering providers. Under APUC - SPPN05, current suppliers could be offered a one-year extension to their contract. This offer had been made to the current catering provider but they had declined this extension. This had caused some unrest amongst staff, however, discussions were underway with Unison and GMB national representatives.

In relation to the Risk Register, G Devlin suggested that the content was similar to other colleges. He reminded members that the College was in crisis due to COVID-19 and that emergency type risks should only be considered, with longer term requirements put to one side at present. He opined that best practice would be to look at the here and now risks, as the College was in emergency mode for the foreseeable future.

D Archibald agreed with these views and advised he had seen a mixed bag of registers across the sector. He agreed that as long as the critical risks and mitigating actions are taken at present, this should be the focus.

Members agreed that there were many controls via communications to staff and students which were very evident and that the register should include dates of such communications. Members suggested that a view of a GCRB document which reviewed all colleges' analysis may be useful, for comparison purposes.

The Chair concluded the College were always looking to improve, an example was the Development Session which took place in October 2019. The Chair commended the report and recognised the efforts made by the College on the excellent progress made.

The Chair invited questions from members of the Committee. No further questions arose.

Members of the Audit and Risk Committee agreed to:

- i) note the contents of this report and its appendix;
- ii) review and approve the Risk Appetite Statement; and
- iii) review and approve the Risk Register

12. Audit Action Plan

The Interim Assistant Principal spoke to the content of the report. L Clark reminded members that it is good practice for both management and the Audit and Risk Committee to monitor progress in implementing the recommendations made by the Internal and External Auditors.

L Clark brought members attention to appendix 1 and the four medium grade recommendations contained therein. L Clark provided an overview of the Audit Action Plan and the updates provided by the responsible manager.

The Chair invited questions from members of the Committee. No further questions arose.

Members of the Audit and Risk Committee agreed to:

- i) note the contents of this report and its appendix;
- ii) approve the changes to the Audit Action Plan made in this report; and
- iii) endorse the Audit Action Plan.

13. Insurance/Cyber Insurance Update - NOT IN THE PUBLIC DOMAIN

The Interim Vice Principal spoke to the content of the report. As members will be aware, the College's insurance provider is UMAL. The purpose of this report is to inform members of the Audit and Risk Committee of the work that has taken place in this area.

L Clark advised that the cyber insurance quote has been received and was analysed by the Interim Assistant Principal and the Director of Digital Services. It was felt that the likelihood of a cyber-attack occurring had increased due to home working and also other recent attacks in the college/public sector ie Dundee and Angus College. As such, cyber insurance has been purchased. A re-evaluation was carried out of the College Campus buildings and rebased figures provided. UMAL had advised that the College will receive a credit of £10,504.25, which was invested to pay for the Cyber Insurance. This insurance will run until July 2021.

Members discussed their own experience and knowledge of the cyber-attacks at other Universities and agreed that due to these being sophisticated attacks, they agreed that it was a sensible and proportionate purchase.

The Chair invited questions from members. No further questions arose.

Members of the Audit and Risk Committee agreed to:

- i) note the contents of this report and its appendices.
- ii) ask the Interim Assistant Principal to advise the Audit and Risk Committee when the insurance cover is in place.

**14. Remuneration Committee – Assurance Review
(SFC – Payment to the Former Principal – Aberdeen University)**

The Clerk to the Board advised members that the purpose of this report is to provide the Audit and Risk Committee with assurance on the remit and operation of our Remuneration Committee taking account of the review undertaken by the Scottish Funding Council (SFC) with respect to the payment to the former Principal of the University of Aberdeen.

D Wilson reminded members that at the last meeting of the committee, the SFC report on their review of payment to the former Principal of the University of Aberdeen was an agenda item. At that meeting, it was agreed that the Clerk to the Board and the Interim Assistant Principal would review the findings from the SFC review and test against the remit and operation of our own process and procedures with particular regard to the Remuneration Committee. He emphasised that these issues were not recognised at Glasgow Kelvin College.

D Wilson took members through the content of the report in detail. He brought members attention to section 4, concluding that it is considered that procedures and processes of the Board of Management of Glasgow Kelvin College are sufficiently robust and are subject to appropriate oversight to provide assurance that such failings identified in the SFC report would not occur. The Board also has in place a schedule of regular reviews of its policies and procedures together with regular evaluation of the operation of the Board and its committees.

The Chair thanked D Wilson for producing a detailed report and giving clear explanations of the content.

Members of the Audit and Risk Committee agreed to:

- i) consider and note the assurances provided in response to the review undertaken by the Scottish Funding Council with respect to the payment to the former Principal of the University of Aberdeen; and
- ii) consider any other actions arising as a consequence including consideration of the terms of reference for the Remuneration Committee.

15. Public Sector Action Plan - Cyber Resilience Update

The Interim Vice Principal spoke to the content of the report. L Clark advised members that the purpose of this report is to update members on the Scottish Government's Public Sector Action Plan (PSAP – the vehicle to improve cyber resilience standards across the Public Sector), an inclusion of Cyber Insurance cover and the responses the College has made due to the changes in working attributed to the Covid-19 crisis.

L Clark took members through the report in detail. She advised members that the College is continuing to work on the self-assessment framework by assessing internal controls and processes in anticipation of the full launch

The Chair invited questions from members. No further questions arose.

Members of the Audit and Risk Committee agreed to:

- i) note the contents of this report; and
- ii) require the Director of Digital Services to submit a report in relation to this matter to the Audit and Risk Committee in due course.

16. Return to College – Key Considerations

The Interim Assistant Principal spoke to the content of the report. L Clark reminded members that, the College buildings have been closed since 24 March 2020 due to the COVID-19 lockdown. L Clark advised that the purpose of this report is to inform members of the Audit and Risk Committee of the work that is currently taking place to open the campus buildings in preparation of a new Academic Year.

L Clark advised members that the College insurance company has been kept informed of the closure of the buildings, the estates checks are being conducted and the security patrols are being carried out by security contractors.

L Clark advised members that the Incident Management Team, working in conjunction with the Senior Management Team, have been meeting on a very regular basis throughout the lockdown period. In preparation for the new Academic Year, the College campus buildings are being opened in a controlled manner. This is classed as Stage 1 and will happen across all campus buildings. Springburn Campus, as the head office, is in the process of being fully opened at present. Certification and insurance was being organised at present.

L Clark brought members attention to appendix 1, advising that there would be controlled admittance of staff for key items ie office chairs for more comfortable home working, for ICT equipment, for ICT staff to attend to essential technology repairs/adjustments. Any staff member or contractor who enters the building is provided with guidance and a date/time slot in order to minimise people contact.

L Clark advised that all teaching areas have been plotted onto a master sheet with exact dimensions. Physical distancing formulas are being applied to ensure the safety of everyone. She advised that there were 2 checks within the formula which allowed any adjustment to social distancing rules. This also allowed staff ease when setting up a room as it accurately calculated numbers and rows for every room.

The Principal outlined the discussions at the 3 recent staff sessions involving 250 staff.

Members agreed that this was a very comprehensive plan which had required a huge amount of work. They agreed that they knew exactly where the College was at each stage of the thorough planning tool and suggested this best practice could be shared with GCRB.

The Chair thanked L Clark for producing a detailed and concise report.

Members of the Audit & Risk Committee are recommended to:

- i) note the contents of this report and its appendices.
- ii) ask the Interim Assistant Principal to provide a further report in the next Academic Year.

17. 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 result of the consequence of the business conducted at the meeting.

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

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

19. 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 result of the consequence of the business conducted at the meeting.

Item 20 onwards are for information only unless members wish to raise issues related to this report

**20. Audit Scotland:
a) Technical Bulletin 2020-**

Members noted the content of the item for information.

b) 2018-19 Audit of City of Glasgow College – Investigation of Alleged Fraud

Members noted the content of the item for information.

22. Draft Minute - Risk Management Committee – 26 May 2020

Members noted the content of the item for information.

23. Closure

The Chair of the Committee thanked members for their attendance and contribution. The meeting closed at 6.30pm.

26. Date of Next meeting – 08 September 2020