

**NOTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON 23 NOVEMBER 2020 at 4.30PM.**

The meeting was held remotely to comply with COVID-19 meeting restrictions.

PRESENT:

David Watt	Committee Chair
Kacper Kacica	Committee Member
Michael Payne	Committee Member
Clare Walker	Committee Member

IN ATTENDANCE:

Jon Vincent	Principal
Janet Thomson	Vice Principal Resources & College Development
Tracy Elliott	Assistant Principal – Finance & Infrastructure
David Archibald	Henderson Loggie, Internal Auditor
Stuart Inglis	Henderson Loggie, Internal Auditor
Gary Devlin	Azets Accounting Services, External Auditor
Christine McConnell	Clerk to the Board

		STATUS	ACTION
20.45	WELCOME AND APOLOGIES D Watt welcomed everyone to the meeting. Apologies were noted from K Rosser.		
20.46	DECLARATIONS OF INTEREST There were no declarations of interest.		
20.47	MINUTES OF MEETING HELD ON 30th SEPTEMBER 2020 The Minutes were agreed to be an accurate record of the meeting.	D	
20.48	MATTERS ARISING – ACTION GRID The Committee noted the update on the actions in the grid. The Committee noted that the external audit plan is to be circulated.	ND	JT/GD
20.49	FINAL INTERNAL AUDIT ANNUAL REPORT D Archibald of Henderson Loggie spoke to the report. The Committee was pleased to note the internal audit opinion that the College has adequate and effective arrangements for risk management, control and governance and proper arrangements are in place to secure value for money.	D	

D Archibald advised the Committee that it had been an extremely positive year for the College in very challenging circumstances.

D Archibald highlighted that all work conducted in 2019/20 assessed systems as either “Good” or “ Satisfactory” and Henderson Loggie were content to provide an unqualified audit opinion for the year.

The Committee commended all College staff involved on the excellent work on internal audit reports for the year.

The Committee noted the report.

20.50 2019/20 STUDENT ACTIVITY DATA AUDIT REPORT

D

S Inglis spoke to the report. The Committee noted that an audit of student activity data must be completed each year for every college after the end of the academic session to verify student activity data against the SFC target. The report contains no recommendations.

The Committee was pleased to note that the auditor’s opinion confirmed that :-

- the student data returns have been completed in accordance with relevant guidance;
- adequate procedures are in place to ensure the collection and recording of the data; and
- on the basis of the testing done, the auditors were able to provide reasonable assurance that the 2019/20 student data return for funding purposes (FES return) contains no material misstatement.

The Committee recognised the achievements of the College teams in achieving such an excellent result in the face of many new challenges.

The Committee noted the report.

20.51 2019/20 STUDENT SUPPORT FUNDS AUDIT REPORT(S)

D

S Inglis spoke to the report.

The purpose of this report is to submit to the Committee for discussion the 2019/20 Student Support Funds Audit Report and related signed returns to the Scottish Funding Council (SFC) and the Students Awards Agency for Scotland (SAAS).

The Committee was advised that the College administers four student support funds on behalf of others, namely: - bursary funding, childcare funding, FE discretionary funding and education maintenance allowances payments.

The auditor’s report indicates that Henderson Loggie were able to certify all fund statements for the year and submit them to the appropriate bodies without qualification. The Committee noted that there were only 2 minor overpayments identified.

The Committee discussed the report and received assurance as to the accuracy of the data.

The Committee asked that appropriate follow up action be considered by Management in respect of the minor overpayments.

The Committee noted the letters to Scottish Funding Council and the Student Awards Agency for Scotland.

TE

20.52 KEY ACCOUNTING JUDGEMENTS

ND

T Elliott spoke to the report which provides information to the Committee in relation to key accounting judgements in respect of the 2019/20 Financial Statements.

The Committee discussed each of the elements in the report, including the work done in relation to the recognition of the various components of income and the valuation of the College estate

The Committee agreed that it was appropriate to prepare the 2019/20 financial statements on a going concern basis and was content with the updated position from the Royal Institution of Chartered Surveyors (RICS) in relation to asset valuation noting that there is now not a requirement for a COVID 19 clause in this regard.

The Committee considered the Pension Fund Actuarial valuation and noted that any adjustments to mortality as a result of the pandemic will be reflected in future years.

The Committee discussed the implications of the McCloud/ Sargeant judgement and was satisfied that this has been taken into account with reference to the Scottish Public Pensions Agency guidance.

The Committee noted that the narrative in relation to the Glasgow Clyde Education Foundation funding application will be updated before the statements are submitted to the Board.

JT

The Committee endorsed the assumptions.

20.53 DRAFT ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDING 31 JULY 2020

ND

T Elliott spoke to the report.

The Committee discussed the Glasgow Clyde College draft financial statements for the twelve-month period ending 31 July 2020 noting that the year-end audit of the draft financial statements has been completed and the related auditor's report outlines an unqualified opinion in respect of the draft financial statements.

The Committee noted that for the twelve-month period from August 2019 to July 2020, overall Glasgow Clyde College is reporting a deficit of £3,102k (before adjusting for non-cash adjustments and other material one-off or distorting items).

Actuarial losses on Defined Benefit Pension Plans for the period were £12,434k (2018/19: losses £5,441k). There was

no Unrealised Surplus on Revaluation of Land and Buildings (2018/19: unrealised surplus £22,088k). Therefore, the Total Comprehensive Income for the period is reported as negative £15,536k (2018/19: £13,160k).

The Committee noted that, after adjusting for non-cash adjustments and other material or one-off distorting items as per the Statement of Recommended Practice (SORP) 2019: Accounting for Further and Higher Education, the College's operating surplus for 2019/20 was £276k

The Committee considered each element of the draft Financial Statements.

The Committee discussed the draft narrative and suggested that the report could be structured to emphasise some of the highlights of the year. The Committee suggested some minor edits to reflect changes since the report was drafted.

The Committee expressed its appreciation to T Elliott and her team for all the work done in support of the report in very unusual circumstances.

Subject to the amendments discussed, the Committee agreed that the draft statements should be presented to the next Board for approval.

TE/JT

20.54 DRAFT EXTERNAL AUDIT ANNUAL REPORT FOR YEAR ENDING 31 JULY 2020 ND

G Devlin of Azets Audit Services spoke to the report. He thanked the College's finance team for providing the auditors with high quality accounts and working papers.

The Committee discussed the draft 2019/20 External Audit Annual Report to the Board of Management and the Auditor General for Scotland. The Committee was pleased to note that the external audit report proposes an unqualified audit opinion on the 2019/20 financial statements and makes no new recommendations.

The Committee heard that the College is well managed financially, but faces unprecedented challenges as a result of the COVID-19 pandemic. The Committee was pleased to note that the external auditor reports that governance arrangements at the College were found to be satisfactory and appropriate including throughout the COVID-19 pandemic and that performance management processes are in place that support achievement of value for money.

The Committee discussed the report noting that it requires to be updated to reflect the outcome of the recent GCEF funding bid.

The Committee asked the auditor to consider reflecting the risk to the student experience from the challenging financial position in the report.

The Committee also asked that the report is revised to include reference to the recent academic management and

GD

	<p>support staff restructures and to the assurance framework which the College has developed.</p> <p>Subject to the above comments, the Committee noted that the report will be submitted to the Board together with the letter of representation.</p>		JT
20.55	<p>DRAFT ANNUAL REPORT FROM AUDIT COMMITTEE TO BOARD OF MANAGEMENT</p> <p>J Thomson spoke to the report.</p> <p>The Committee considered the terms of the draft report from the Audit Committee to the Board of Management. The Committee approved the report for submission to the Board of Management.</p>	ND	JT
20.56	<p>CYBER SECURITY RISKS</p> <p>Scott Renton, Head of ICT joined the meeting for this item.</p> <p>S Renton spoke to the report outlining the increased risks to the College IT network as a result of home working by staff and students learning remotely.</p> <p>The Committee discussed the report, noting the College has introduced Multi-factor authentication as an additional protection. The Committee discussed the threat from ransomware and was content with the steps being taken to address this threat. The Committee noted that the College has a good back-up and recovery plan in place and commented that the ICT team has done extraordinary work to support staff and students since college closure.</p> <p>The Committee was content with the work being done at present and asked that, in addition to being advised of any major incidents, it receives twice yearly updates.</p> <p>The Committee asked that it receives a report from the Data Protection Officer at its next meeting on the protections in place for personal data security and management.</p> <p>The Committee noted the report.</p>	D	JT JT
20.57	<p>COLLEGE ASSURANCE FRAMEWORK UPDATE</p> <p>J Thomson spoke to the report. She explained that the College management team had held a workshop to populate the draft framework as presented to the Committee at its last meeting.</p> <p>The Committee advised that it was satisfied as to the progress being made.</p> <p>The Committee discussed the content of the framework and, in particular, the three lines of defence. The Committee</p>	ND	

commented that the first line should describe the policy/process, the second line should describe the application of that policy/process with the third line demonstrating evidence of assurance that the policy/process is being correctly applied. The framework should include a route for independent challenge which should form part of the third line of defence. The Committee agreed that the role of external audit should not be part of this framework. The Committee asked that the framework is refreshed to reflect these comments and is brought back to the next Committee.

JT

ITEMS FOR INFORMATION / NOTING

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|--------------|--|-----------|
| 20.58 | INTERNAL AND EXTERNAL AUDIT ROLLING ACTION PLAN
The Committee noted the report. | ND |
| 20.59 | JULY 2020 STRATHCLYDE PENSION FUND ACTUARIAL VALUATION REPORT – ACCOUNTING ASSUMPTIONS
The Committee noted the report. | ND |
| 20.60 | COLLEGE STRATEGIC RISK REGISTER
The Committee noted the report. | D |
| 20.61 | AUDIT COMMITTEE SCHEDULE OF WORK
The Committee noted the schedule of work. | D |
| 20.62 | CONFIRMATION RE APPOINTMENT OF EXTERNAL AUDITORS
The Committee noted the confirmation. | D |
| 20.63 | PRIVATE MEETING WITH INTERNAL AND EXTERNAL AUDITORS
The Committee met with the representatives of Henderson Loggie and Azets Accounting Services and discussed the difficulties that the current operating environment presented in terms of delivery of internal and external audit services and future challenges. This included the degree of further stretch in the work of the finance department. There were no matters which either firm wished to raise which necessitated discussion outwith the formal meeting | ND |
| 20.64 | ANY OTHER BUSINESS

There was no other business. | |

DATE OF NEXT MEETING

4.30pm on Wednesday 3rd March 2021.

Location to be confirmed.