Item 20
For Noting

Glasgow Kelvin College

Board of Management – Meeting of 13 June 2022

Section 22 Report South Lanarkshire College

Report by Secretary to the Board of Management

1 Introduction and Purpose

1.1 The purpose of this paper is to inform members of the key points arising from the recent Audit Scotland Section 22 Report on the annual report and accounts of South Lanarkshire College for 2020/21, which mainly relate to the college's failure to meet the requirements of the Code of Good Governance for Scotland's Colleges; and to provide assurance to members that the Board Secretary and Director of Corporate Services fully appreciate the importance of adhering to the Code and closely monitor Glasgow Kelvin College's compliance with the Code.
The Section 22 Report was submitted by the Auditor General to the Public Accounts Committee of the Scottish Parliament in April 2022.

2 Background

2.1 Following receipt of the audited annual report and accounts and the independent auditor's report for South Lanarkshire College for 2020/21 the Auditor General submitted the financial statements and the auditor's report under Section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with his report prepared under Section 22(3) of the Act to the Scottish Parliament.

2.2 In his report the Auditor General stated that the independent auditor had issued an unqualified audit opinion of the College's financial statements and that he had prepared the report to bring the governance issues in the college to the attention of the Scottish Parliament.

A link to the report is included below:

Section 22 Report - South Lanarkshire College

3 Key Messages from the Report

3.1 The key messages outlined in the report were as follows:

- The independent auditor was unable to conclude that governance arrangements in the college were satisfactory in 2020/21 and to the point of signing on their opinion on 24 March 2022.
- The Scottish Funding Council commissioned an independent review into governance at the college in July 2021 and the report was finalised in August 2021. However although the chair and some board members had received a redacted copy of the report by October 2021 the board did not consider the report formally until December 2021.
- In November 2021 the college board commissioned two independent reviews into complaints and grievances against the chair and the principal and the interim clerk to the board. The board suspended the principal and interim clerk to the board during the investigations, and the chair voluntarily stood aside for the same period.

- The governance statement in the annual report and accounts highlights that the college had not complied with the Code of Good Governance for Scotland's Colleges in four areas at the start of the 2020/21 academic year. These areas were ***the operation of the board and the audit and risk committee*** *– membership of the Board and Audit and Risk Committee fell below the required numbers for one and two months respectively, the Audit and Risk Committee did not meet for regular business for 6 months from May 21 and the Board did not meet from June 21 ,* ***transparency of board and committee papers****, board and committee papers were not publicly available on the College website from June 21 at the point the auditor signed the annual report and accounts in March2022,* ***board member induction*** *- new board members were appointed for three months before they had a face to face induction, which was not possible any earlier due to Covid19 restrictions, and* ***engagement with internal audit*** *- the college did not have an approved operational internal audit function for three months from August 2021.*

- The college has developed a governance improvement plan which is intended to reflect the findings and recommendations from external reviews during the year. The college board and regional strategic body (the Lanarkshire Board) have approved the plan and are monitoring progress along with the independent auditor.

The Auditor General states that his report deals only with the matters relating to the annual report and accounts for 2020/21 and the governance issues highlighted by the independent auditor.

The areas of non-compliance with the Code related to:

Board members can be assured that the Secretary to the Board and the Director of Corporate Services are aware of the importance of the Code of Good Governance for Scotland's Colleges. They monitor Glasgow Kelvin College's adherence with the Code and regularly report to the Board on compliance through the Governance Action Plan.

4. Resource Implications

4.1 There are no additional resource implications arising from this report.

5 Equalities

5.1 No adverse impacts on individuals with protected characteristics have been identified as a consequence of this report.

6 Risk and Assurance

6.1 Risk to the College is mitigated by the Board Secretary and the Director of Corporate Services ensuring that governance requirements are closely monitored and reported upon. A Governance Action Plan (GAP) is in place which acts as a single control document for all governance actions including points arising from Board and Committee evaluation exercises, external reviews and internal audits. This helps to ensure that the Board continues to meet the highest standards of governance.

7 Data Protection

7.1 No data protection issues are identified arising from this report.

8 Recommendation

Members of the Board are asked to:

i) note the key points arising from the Audit Scotland Section 22 Report on South Lanarkshire College.

9 Further Information

Members can obtain further information on the contents of this report from Linda Ellison, Secretary to the Board lellison@glasgowkelvin.ac.uk or Lisa Clark, Director of Corporate Services lisaclark@glasgowkelvin.ac.uk