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## Audit and Assurance Committee Meeting

Date of Meeting	Tuesday 18 April 2023
Paper Title	Implementation of Internal Audit Recommendations
Agenda Item	6
Paper Number	AAC3-B
Responsible Officer	Jim Godfrey, Finance & Resources Director
Recommended Status	Disclosable
Action	For Decision

### 1. Executive Summary

- 1.1. This report provides a summary of progress in respect of the recommendations arising from the work of the internal auditor.

### 2. Recommendations

2.1. The Committee is invited to:

- **Note** the progress made to implement the recommendations of previous internal audit reports, including updates agreed with internal auditor.
- **Approve** the amended implementation timescales for the recommendations identified in this report.

### **3. Report**

**3.1.** The committee receives reports from the internal auditor relating to the work undertaken in each financial year. The auditor made a number of recommendations that were accepted. Progress against each recommendation<sup>1</sup> is shown in the annex to this report, and has been agreed with the internal auditor.

**3.2.** Further to the previous meeting of this committee, work is progressing with the internal auditor to agree revisions to the outstanding recommendations. A meeting took place in March to discuss this and further time has been set aside, within the internal audit plan 2022-23, to conclude this work. It is intended that a revised set of recommendations will be presented to the next meeting of this committee in May 2023.

### **4. Risk and Compliance Analysis**

**4.1.** The report provides evidence that GCRB has responded to the improvements identified by internal audit and action taken.

**4.2.** There are no specific legal implications arising from this report.

### **5. Financial and Resource Analysis**

**5.1.** The provision of internal audit is a necessary component of an organisation's overall governance arrangements with regard to both financial and other matters. The resource required to implement these recommendations is borne within the operating budget of GCRB.

### **6. Equalities Implications**

**6.1.** There are no equalities implications arising from this report.

### **7. Learner Implications**

**7.1.** Through the regional outcome agreement, and associated requirements, GCRB has to have effective governance arrangements, of which internal audit is part.

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<sup>1</sup> Recommendations that have been fully implemented are not shown in the Annex.

Audit Report	Recommendation	Management Response	Progress Update
<p><b>Organisation Specific Governance</b></p>	<p><b>R1</b> We would recommend that the Glasgow College Region Memorandum of Understanding (MoU) is subject to a region-wide collaborative consultation to ensure that it remains fit for purpose. As part of the consultation around potential revisions to the current wording, the possibility of including specific wording around reporting routes, format of reporting, and timelines for reporting for different types of events (as described as reportable events in the Financial Memorandum with SFC and GCRB) should be explored.</p>	<p>The Regional Memorandum of Understanding will be reviewed in collaboration with representatives of the three assigned colleges.</p> <p><b>To be actioned by:</b> GCRB Board Chair &amp; Executive Director</p> <p><b>Previously agreed implementation date:</b> Initially 31 December 2022 and subsequently revised by the committee to 31 July 2023</p>	<p>There has been limited progress to date but further work is expected to take place in 2023 subject to SFC guidance on review.</p> <p>It is recommended that consultation on revision of the MoU be closed pending SFC review outcome.</p> <p>In the meantime, any additional guidance and language on appropriate reporting and communication will be considered and shared with all parties to ensure clarity.</p>
<p><b>Organisation Specific Governance</b></p>	<p><b>R2</b> The next iteration of the Financial Memorandum between GCRB and the three assigned Colleges should clearly articulate the role of the GCRB Board and Audit Committee in evaluating and reporting significant events to the SFC and the terms of reference for the Audit and assurance Committee should be updated to reflect the role of the committee in evaluating evidence prior to reporting to SFC.</p>	<p>The SFC are undertaking a review of its Financial Memorandum with colleges and college regions. These changes will impact on, and be reflected in, the Financial Memorandum between GCRB and the three assigned colleges.</p> <p><b>To be actioned by:</b> GCRB Finance &amp; Resources Director</p> <p><b>Previously agreed implementation date:</b> Initially 31 December 2022 and subsequently revised by the committee to 31 July 2023</p>	<p>The SFC review of the Financial Memorandum has been in progress for a number of years now and the revised document is awaited.</p> <p>Correspondence with SFC confirmed that there has been no recent progress on the national review of the Financial Memorandum but it is hoped that this will take place in 2023.</p> <p>It is therefore recommended that this activity be closed pending SFC review outcome.</p>

Audit Report	Recommendation	Management Response	Progress Update
<p><b>Shared Services</b></p>	<p><b>R1</b> In order to progress the shared services agenda within the Glasgow colleges region, we should suggest a two-step approach to reinvigorate and facilitate the shared service discussion as follows:</p> <p>Step 1 - the GCRB Executive should consider leading the establishment of a regional working group which specifically focuses on identifying opportunities for shared services across the Glasgow colleges region.</p> <p>Step 2 - the GCRB Board should then consider the role which it should play if a consensus cannot be reached on how to implement the shared services initiatives identified. Any intervention by the Board would be informed by an analysis of any potential benefits; the barriers which may prevent opportunities being realised; and the resource requirements, from all parties, which are needed to achieve successful implementation.</p>	<p>The two-step process is agreed and will be progressed as an important component of the Review of Coherent Provision and Sustainability of the Glasgow College Region.</p> <p><b>To be actioned by:</b>  Step 1 – Executive Director  Step 2 – GCRB Chair</p> <p><b>Previously agreed implementation date:</b>  Original implementation date 30 June 2021, initially revised to 31 July 2022 and most recently to 31 December 2023.</p>	<p>GCRB board of April 2022 recommended a renewed examination of cross-colleges savings opportunities for discussion and consideration, while system-wide opportunities for savings and efficiencies will be included in the GCRB/SFC scope for an externally-delivered options appraisal which was completed in October 2022.</p> <p>Given this, the timeframe for implementation has been aligned to the implementation and delivery of the Glasgow review.</p> <p>It is therefore recommended this recommendation be closed pending SFC review outcome.</p>

Audit Report	Recommendation	Management Response	Progress Update
<p><b>Risk Management</b></p>	<p><b>R4</b> As part of the work to develop the refreshed Strategic Plan for GCRB, a session should be held to revisit the Board’s risk appetite in order to ensure that there is alignment with the new strategic priorities and to ensure that the risk appetite levels set out in the Risk Management Guidance are a true reflection of the agreed risk appetite of the Board moving forward.</p>	<p>The recommendation will be implemented following the adaptation by the Board of the Strategic Plan.</p> <p>Strategic development of the new plan for 2022 commenced in September 2021, after which new strategic priorities shall be established, then renewed risk register and appetite to reflect change. This progressed through 2021 and 2022 for full completion.</p> <p><b>To be actioned by:</b> GCRB Executive Director</p> <p><b>Previously agreed implementation date:</b> Original implementation date 30 June 2021, previously revised to 31 July 2022, then 31 December 2022 and subsequently to 31 July 2023</p>	<p>The development of the Strategic Plan has been delayed and, as a consequence, so too has the evaluation of associated risks.</p> <p>The Strategic Plan was developed at the beginning of 2023. The review of the risk appetite is expected to take place in conjunction with this, pending the SFC review outcome.</p>

Audit Report	Recommendation	Management Response	Progress Update
<b>Strategic Planning</b>	<b>R1</b> A Project Plan should be developed, in collaboration with key stakeholders, which sets out clearly the expected input from each of these stakeholders at key milestones in the development of the new Regional Strategy.	<p>It is agreed that a Project Plan be developed, and that this will map collaboration with key stakeholders, setting out clearly input and milestones in the development of the new Regional Strategy.</p> <p><b>To be actioned by:</b> GCRB Executive Director</p> <p><b>Previously agreed implementation date:</b> Original implementation date 1 May 2022, then revised to 31 December 2022 and subsequently to 31 July 2023</p>	Project plan developed and shared with all relevant parties. Action completed.
<b>Strategic Planning</b>	<b>R2</b> The production of a detailed timeline, which sets out the points at which information will be shared with College Boards and the timeline for responding, in order to meet agreed milestones, should be prioritised.	<p>Existing timeline has been shared with board and colleges, and will be developed and expanded for further clarity and to ensure collaborative process through stages of development.</p> <p><b>To be actioned by:</b> GCRB Executive Director</p> <p><b>Previously agreed implementation date:</b> Original implementation date 1 May 2022, then revised to 31 December 2022 and subsequently to 31 July 2023</p>	Timeline developed and shared with all relevant parties. Action completed.

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Strategic Planning	<p><b>R3</b> Evaluative activity relating to existing strategy will be undertaken through the process of development and closure, and will bring in elements of activity relating to Outcome Agreement and regional review where they provide further clarity and context.</p>	<p>It is agreed that a Project Plan be developed, and that this will map collaboration with key stakeholders, setting out clearly input and milestones in the development of the new Regional Strategy.</p> <p><b>To be actioned by:</b> GCRB Executive Director</p> <p><b>Previously agreed implementation date:</b> Original implementation date 1 July 2022, then revised to 31 December 2022 and subsequently to 31 July 2023</p>	<p>Evaluation completed and shared with all relevant parties. Action completed.</p>
Strategic Planning	<p><b>R4</b> As an integral part of the new Regional Strategy the role of stakeholders in developing and agreeing the suite of performance metrics and targets, which will be used to monitor delivery of the Regional Strategy, should be defined in a way which clearly articulates the elements which are set nationally and the process for developing the elements which can be set locally.</p>	<p>Agreed, and will be used as a guiding principle in the development of this work, in conjunction with emerging Impact Assessment guidance nationally.</p> <p><b>To be actioned by:</b> Executive Director</p> <p><b>Previously agreed implementation date:</b> Original implementation date 1 June 2022, then revised to 31 December 2022 and subsequently to 31 July 2023</p>	<p>Stakeholder engagement workshop completed.</p> <p>In addition, the Outcome Agreement work progressed with direct input from Glasgow Colleges Group Learning and Teaching, Principals' Group at GCRG governance functions. In addition, board members are being engaged individually and collectively in the development work.</p> <p>National guidelines adhered to while opportunities for greater local ambition are identified and included wherever possible.</p> <p>Action completed.</p>

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<p><b>Stakeholder Mapping</b></p>	<p><b>R1</b> As an integral part of the work to develop the performance metrics and targets for the new Regional Strategy specific performance metrics and targets should be developed for stakeholder engagement and partnership working which will allow the impact of this activity to be measures and reported on. These performance measures and targets should be shared and agreed with key stakeholders.</p>	<p>The recommendation is accepted in full, and will be adopted as part of the Regional Strategy development work which is currently underway.</p> <p><b>To be actioned by:</b> GCRB Executive Director</p> <p><b>Previously agreed implementation date:</b> Original implementation date 31 December 2022 and subsequently revised to 31 July 2023</p>	<p>A stakeholder mapping exercise has been undertaken by the GCRB Executive team, with a board workshop completed. Wider sectoral work in this area across Colleges Scotland and CDN also completed.</p> <p>The stakeholder mapping is now completed and will be included in the refreshed GCRB strategy. In addition, GCRB has contributed to the sector-wide Colleges Scotland stakeholder mapping exercise.</p> <p>Action completed.</p>



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<p><b>Disaster Recovery</b></p>	<p><b>R1</b> All three Colleges should be asked by GCRB to complete an annual return which confirms that there are effective disaster recovery arrangements in place and that these have been subject to appropriate testing during the year in question.</p> <p>The lessons learned from these testing exercises should also be gathered from each of the Colleges to allow GCRB to determine whether a regional approach would be beneficial to address any issues identified. The outcomes from this annual exercise should be reported to the GCRB Audit and Assurance Committee.</p>	<p>GCRB would be happy to undertake this course of action by requesting an annual return from the Glasgow colleges.</p> <p>An appropriate timescale for the request and annual cycle will be agreed with the Audit and Assurance Committee chair, and this will be discussed with the relevant committee chairs of the Glasgow colleges.</p> <p><b>To be actioned by:</b> GCRB Executive Director/AAC Chair</p> <p><b>Previously agreed implementation date:</b> 30 June 2023</p>	<p>Recommendation accepted, and will be mapped into the annual planning cycle via the completion of a standard template proforma as part of Certificate of Assurance activity.</p>

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<p><b>Influencing ROA Development</b></p>	<p><b>R1</b> A Stakeholder Communication Plan should be developed, as an integral part of the planning process for future iterations of the ROA, to ensure effective and comprehensive engagement with key stakeholders moving forward.</p>	<p>It is expected that the ROA 23/24 will take a similar format to the 22/23 iteration, and this will be shared with a wider cohort of stakeholders which includes not just the Glasgow colleges and the GCRB board but other key external partners. This will be undertaken in conjunction with stakeholder mapping and strategic development work which is already underway. A more extensive stakeholder development approach is proposed for 24/25 in line with the current timescale for SFC’s introduction of a new model of outcome agreement aligned more fully to impacts and regional strategic intent.</p> <p><b>To be actioned by:</b> GCRB Executive Director</p> <p><b>Previously agreed implementation date:</b> 30 September 2023</p>	<p>Agreed, and will be developed alongside pending guidance.</p>