

Draft Minute of Audit Committee Meeting held on Monday 12 December 2016

Present	
Paul Buchanan (Chair)	Maureen McKenna
Caroline MacDonald	Grahame Smith
In Attendance	
Robin Ashton (Executive Director)	David Archibald (Henderson Loggie)
Margaret Cook (Chair, GCRB)	Gary Devlin (Scott-Moncrieff)
Wendy Odedina (Executive Assistant)	Stuart Inglis (Henderson Loggie)
	Alex Stewart (Head of Finance, COGC)
Apologies	
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1. Introduction and Welcome

Paper No: Verbal

1.1 Discussion

The Chair welcomed the external and internal auditors to the meeting and Alex Stewart, Head of Finance at City of Glasgow College.

2. Apologies

Paper No: Verbal

2.1 Decision

There were no apologies received from members.

It was noted that Sally Castledine from Scott-Moncrieff would ordinarily attend this meeting with Gary Devlin, however she was unable to attend on this occasion.

3. Declarations of Interest

Paper No: Verbal

3.1 Discussion

The Chair reminded members that it is their personal responsibility to indicate to the Chair at any point during the meeting if they have, or may be perceived as having, a conflict of interest under any item on the agenda.

Stuart Inglis asked the Committee to **note** that Henderson Loggie were also auditors for Glasgow Clyde College and Glasgow Kelvin College and this was relevant in relation to agenda item 13 – assigned college 2015/16 student activity data audit reports.

4. Chair's Business

Paper No: Verbal

4.1 Discussion

The Chair noted that he had written to the Chairs of the Assigned Colleges' Audit Committees regarding consolidation of accounts as agreed at the last meeting of the Committee.

The Chair also noted that he had met with GCRB internal auditors as part of the needs assessment for the internal audit plan which would be discussed during the course of this Committee meeting.

5. Minute of the Committee Meeting held on Friday 7 October 2016

Paper No: AC2-A

5.1 Decision

The minute of the meeting held on Friday 7 October was **agreed** as a true record, subject to one small amendment at item 7, paragraph 2.

6. Annual External Audit Report

Paper No: AC2-B

6.1 Discussion

The External Auditor presented the annual external audit report. He noted that this was a very positive report and that he was offering an unqualified opinion on the accounts. The key message to come from the report was that historic governance issues have been addressed.

6.2 Decision

It was **agreed** that the letter received from the Standards Commission regarding potential conflicts of interest should be forwarded to the External Auditor. Upon receipt of this letter, the External Auditor **agreed** to remove paragraph 44 on page 11 from the external audit report.

It was further **agreed** that a reference to the contents of this letter should be included within GCRB's constitutional documents.

7. Review of Letter of Representation

Paper No: AC2-C

7.1 Discussion

The External Auditor presented the draft letter of representation which he noted is a standard letter and has not been amended to the version approved by GCRB last year.

7.2 Decision

The Committee **agreed** to recommend to the Board that the letter of representation be signed by the GCRB Executive Director on behalf of the Board.

8. Draft 2015-16 Annual Report and Accounts

Paper No: AC2-D

8.1 Discussion

The Executive Director presented the draft 2015-16 annual report which he noted has been based on the SFC template. He noted that he was confident that all aspects required by the SFC accounts direction had been met in full.

The Head of Finance from City of Glasgow College, who had assisted in the preparation of the GCRB accounts, provided an overview to members on the figures contained within the accounts.

8.2 Decision

The Committee **agreed**, subject to minor additions and re-ordering of some content, to recommend to the Board that, from an audit perspective:

- there are no matters that prevent the annual report and account being approved; and
- that the Committee is satisfied that it is appropriate for the accounts to be prepared on the 'going concern' basis.

The Committee and External Auditor commended the Executive Director and the Head of Finance from City of Glasgow College for their efforts in producing the annual report and accounts.

9. Implementation of External Audit Recommendations

Paper No: AC2-E

9.1 Discussion

The Executive Director provided an overview on the actions being taken to address recommendations from the external audit which related primarily to fully operational fundable body status.

The Executive Director noted a paper will be presented to the full Board requesting that GCRB's internal auditors and lawyers are contracted to support some of the transition work required to achieve fully operational fundable body status.

9.2 Decision

The Committee **noted** the report and **requested** a full update at their next meeting on work towards fully operational fundable body status.

It was **agreed** that consideration of risks related to the achievement of fully operational fundable body status should be included within the re-formulation of GCRB's risk register which is scheduled to be considered by the Board in early 2017.

10. Consolidation of Accounts

Paper No: AC2-F

10.1 Discussion

The Executive Director presented an update on potential consolidation of accounts across the Glasgow region and provided a summary of the arrangements in place in the two other multi-college regions.

The External Auditor noted that he has written to Audit Scotland providing his opinion that the Glasgow region should consolidate its accounts based on an analysis of accounting standards. He noted that Audit Scotland are writing to SFC on this matter and he will inform the Committee of the outcome of this dialogue in due course.

The Committee discussed the benefit to GCRB in receiving consolidated accounts for monitoring purposes however noted the considerable amount of work that would be required from the colleges to produce these. It was discussed that GCRB may wish to write to SFC agreeing to the principle of consolidation however requesting an extension in the implementation.

10.2 Decision

It was **agreed** that a final discussion on this matter should be taken at the February meeting of the Committee and a decision made at the full Board meeting.

11. Internal Audit Plan 2016-17

Paper No: AC2-G

11.1 Discussion

The Internal Auditor presented the draft internal audit plan for 2016-17 and highlighted the priority areas.

The Committee discussed the days allocated to high priority areas and noted that in future years they would wish internal audit activity to be agreed in advance of the academic year.

11.2 Decision

The Committee **agreed** to recommend the 2016-17 internal audit plan to the Board in principle noting that this could be adjusted in line with the re-formulation of GCRB risk register.

It was **agreed** that the priority areas for 2017-18 and 2018-19 internal audit should be discussed at the February meeting of the Committee, finalised at the May Committee meeting and recommended to the Board thereafter.

12. Implementation of Internal Audit Recommendations

Paper No: AC2-H

12.1 Discussion

The Executive Director provided an overview on the actions related to recommendations from the internal audit which he noted were being addressed within the scope of the new internal audit plan.

12.2 Decision

The Committee **noted** the report.

The Committee **agreed** that GCRB management should bring forward a further report to the Committee's next meeting.

13. Assigned College 2015/16 Student Activity Data Audit Reports

Paper No: AC2-I

13.1 Discussion

The Executive Director presented the student activity data audit reports for 2015-16 from the assigned colleges. He noted that GCRB is accountable for this activity and therefore the reports are presented in order to provide evidence of assurance that appropriate governance and accountability structures are in place.

13.2 Decision

The Committee **noted** the report.

It was **agreed** that when GCRB becomes a fully operational fundable body, this report and others should be submitted to the Regional Board in the first instance before being submitted to SFC and a mechanism should be developed in this regard.

14. Private meeting with internal and external auditors

Paper No: Verbal

14.1 Decision

There were no matters to report.

15. Updates from Assigned College Audit Committees

Paper No: AC2-J

15.1 Discussion

The Executive Director presented the update report from the assigned colleges audit committees. He noted that further to discussions at the last Committee meeting, a template was developed which asks for a summary of the discussion and outcomes, along with the impact for GCRB.

15.2 Decision

The Committee **noted** the report.

The Committee **requested** that the Executive Director report back to the colleges on the level of detail that members would wish to receive within this report.

16. Audit Committee Annual Report

Paper No: AC2-K

16.1 Discussion

The Executive Director presented the Audit Committee Annual Report which provides an overview of the work of the Committee and identifies priority issues moving forward.

16.2 Decision

The Committee **agreed:**

- to include a reference to the recommendation to approve the accounts for 2014/15;
- to expand the statements on anti-fraud and whistle-blowing procedures within section 5.11;
- the priority issues set out in the report;
- to endorse the report to the Board.

17. Long Term Agenda

Paper No: AC2-L

17.1 Decision

The Committee **agreed** the following additions to the long term agenda:

- Risk register planning;
- Development of procedures for fully-operational fundable body status; and
- Internal audit plan.

The Committee **agreed** that they would like to hold a session with the audit chairs from the assigned colleges in order to develop a co-ordinated approach to regional audit planning. The Committee **requested** that the Executive Director aim to convene this session between the February and May Audit Committee meetings.

18. Date of Next Meeting

Paper No: Verbal

18.1 Decision

The date of the next meeting of the Audit Committee was **agreed** as Monday 20 February 2016 at 1100hrs. Venue tbc.