GCRB | Glasgow Colleges' Regional Board

Audit and Assurance Committee

Date of Meeting	Tuesday 16 January 2024
Paper Title	Audit and Assurance Committee Annual Report
Agenda Item	14
Paper Number	AAC2-J
Responsible Officer	Penny Davis, Board Secretary
Status	Disclosable
Action	For Decision

1. Executive Summary

1.1 The Annual Report provides the Committee with a summary of membership, attendance, and business conducted during the past year to facilitate Committee self-evaluation, reporting to Board, and forward planning.

1.2 A paper setting out the process for Committee self-evaluation is provided separately, together with the Terms of Reference for the Committee.

2. Recommendations

2.1 The Committee is invited to:

a) **consider** and **agree** the content of the summary report on its activity during the past year;

b) **discuss** and **agree** its priorities for the coming year.

3. Background

3.1 It is good practice for committees to produce annual reports for their boards that review their activity over the course of the year and priorities for the year ahead.

3.2 The report will also inform the Committee's annual review of its own performance.

3.3 The report seeks to provide the Committee with an overview of business conducted during the period from January to December 2023.

3.4 Throughout the year, meetings have been conducted online via Teams.

3.5 During this period, the committee has maintained oversight in line with its remit of internal and external audit activity.

4. Meetings and Membership

4.1. During the period from January to December 2023 the committee met on four occasions. All meetings were quorate and attendance levels were exceptionally good. Dates, membership and attendance levels are provided in the table below.

4.2. Committee membership has not changed over the course of the past year.

4.3. In November 2023, Chris Bones announced his decision to leave the Board at the end of January 2024. Minimum membership is three non-executive members and a quorum is two. It is anticipated that the recruitment round planned for early 2024 will result in new appointments to GCRB before the end of April and that the Board will approve new committee membership at its April meeting.

Date of Meeting	Percentage Attendance	Total Members
17 January 2023	100%	4: Ed McGrachan; Alastair Milloy; Helyn Gould; Chris Bones
18 April 2023	100%	4: Ed McGrachan; Alastair Milloy; Helyn Gould; Chris Bones
30 May 2023	100%	4: Ed McGrachan; Alastair Milloy; Helyn Gould; Chris Bones
10 October 2023	75%	4: Ed McGrachan; Alastair Milloy; Helyn Gould; Chris Bones
Average attendance	94%	

4.3 Gender ratio has remained at 3:1 men:women during the period of the report (75:25%).

4.4 All meetings were attended by the GCRB Board Secretary and appropriate members of the GCRB Executive.

4.5 Representatives of Internal and External Audit attended all meetings and in May a private meeting with the External and Internal Auditors was held without members of the Executive present.

4.6 Committee minutes were a standing item on Board agendas throughout the period of the report.

4.7 Minutes and papers have been published on the website except where exemptions apply under the Freedom of Information (Scotland) Act 2002.

4.8 All papers presented to meetings of the Committee provided for consideration of strategic implications.

5. Terms of Reference

5.1 The Committee's terms of reference set out responsibilities in the following areas of Board activity:

- Regularity, Compliance and Risk

- Internal Audit

- External Audit

- Corporate Governance

5.2 The Committee reviews its terms of reference at least annually (in the course of its self-evaluation).

5.3 A separate report has been provided on committee evaluation to which the Terms of Reference are appended.

6. Summary of Committee Activity between January 2023 and December 2023

Regularity, Compliance and Risk

6.1. At each meeting the Committee received updates from the most recent meetings of the Assigned College audit committees. The Committee also received the annual reports from the audit committees of the Assigned Colleges and a summary of the annual internal audit reports of each college. In 2023, receipt of City of Glasgow College's audit committee annual report was delayed. Receipt was noted at the May 2023 meeting.

6.2. The Committee also considered, and reviewed, GCRB's arrangements for risk management and monitored the risk registers of the assigned colleges.

6.3. The Committee received annual updates on fraud and whistleblowing, GDPR arrangements, and compliance with the Code of Good Governance. The Committee recommended refresher training for Board Members on GDPR. (Training is scheduled for 29 January 2024.)

6.4. At its January meeting, the Committee agreed to refine its approach to receiving risk assurance reports from the Assigned Colleges.

6.5. At its March meeting, the Committee received a lessons learned report following the City of Glasgow College fraud matter and noted its dissemination to the sector. At its May meeting, the Committee requested a report on the final summary position.

6.6. In March, the Committee was advised of a breach of the Financial Memorandum at City of Glasgow College relating to a single source justification and noted that the Internal Auditor had been commissioned to conduct an investigation. Resolution of the matter was reported to the Committee in October.

6.7. In October, a breach of the Financial Memorandum at Glasgow Clyde College relating to settlement agreements was reported. The matter had been resolved.

Internal Audit

6.8. Henderson Loggie are GCRB's internal auditor having been re-appointed in August 2021.

6.9. At each of its meetings, the Committee reviewed progress with audit recommendations. At its January meeting the Committee agreed to consider a process whereby Internal Audit recommendations that could not be taken forward due to the ongoing regional review process could be suspended in the interim.

6.10. Internal Audits completed during 2023 are listed below with the respective audit findings in terms of overall level of assurance:

Audit Area	Audit Grading
Disaster Recovery	Satisfactory
Financial Sustainability	Satisfactory
Funding Allocations	Good

External Audit

6.11. The External Auditor is responsible for the audit of the GCRB Annual Report and Accounts 2022-23. The Annual Report of the External Auditor will be considered by the Audit Committee at the January 2024 meeting.

6.12. Audit Scotland were appointed GCRB's External Auditors for 2022-23 and attended meetings from March 2023.

6.13. In May the Committee noted a 31% increase in the External Audit fee for 2022-23.

7   Priority issues for 2024

7.1   Members are invited to reflect on progress in the past year and significant developments within GCRB or externally impacting on its area of remit, and discuss and identify priorities for the year ahead.

- ensuring that GCRB has in place the appropriate arrangements for the management of risk and internal control framework;

- consideration of detailed internal audit reports;

- implementation of internal, and external, audit recommendation; and

- oversight of the risk matters relating to the outcome of the regional review.

8   Risk & Compliance Analysis

8.1   Risk and assurance is key to effective systems of governance and internal control. Therefore, this report contributes to the mitigation of *GCRB Risk 012: the capacity and capability of the Board is inadequate and standards of governance fall below the required level.*

9   Financial & Resource Implications

9.1   There are no specific financial or other resource implications arising from this report.

10   Equalities Implications

10.1   The evaluation process includes consideration of gender balance at Committee level.

11   Learner Implications

11.1   There are no direct implications for the learner arising from this report.