
Audit and Assurance Committee

Date of Meeting	Tuesday 17 January 2023
Paper Title	Audit and Assurance Committee Annual Report
Agenda Item	16
Paper Number	AAC2-L
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, and Terms of Reference, are provided separately,

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;
- c) **report** to the next meeting of the Board on activity during the past year and priorities for the year ahead.

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 2022.
- 3.4 Throughout the year, meetings have been conducted online via Teams. Available information continues to indicate that attendance has been good and that governance has not been negatively impacted.
- 3.5 Through this period, the committee has also maintained oversight in line with its remit of internal and external audit activity, supported the setting of direction of travel in this area, and maintained oversight of issues including specific fraud-related activity.

4. Meetings and Membership

- 4.1. During the period from January to December 2022 the committee met on four occasions. All meetings were quorate and attendance levels were good. Details of membership and attendance are provided in the table below.
- 4.2. Committee membership has seen some changes over the course of the year. Paul Buchanan left the GCRB Board on 31 July 2022, and was replaced as Audit & Assurance Committee Chair by Ed McGrachan. Chris Bones was appointed to GCRB as a Non-Executive Member on 1 August 2022 and joined the Audit and Assurance Committee on 20 October 2022.

Date of Meeting	Percentage Attendance	Total Members
11 January 2022	100%	4: Paul Buchanan; Ed McGrachan; Alastair Milloy; Helyn Gould
15 March 2022	75%	4: Paul Buchanan; Ed McGrachan; Alastair Milloy; Helyn Gould
31 May 2022	100%	4: Paul Buchanan; Ed McGrachan; Alastair Milloy; Helyn Gould
20 October 2022	75%	4: Ed McGrachan; Alastair Milloy; Helyn Gould; Chris Bones
Average attendance	88%	

- 4.3 Gender ratio has remained at 3:1 men:women during the period of the report (75%).
- 4.4 The GCRB Board Secretary was absent from work during the period of the report. Arrangements were put in place to ensure a suitably qualified member of staff provided

support at the January and March meetings. An Interim Board Secretary was in place for the May and October meetings. All meetings of the Committee were attended by appropriate members of the Executive Team.

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

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

4.7 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 2022 and December 2022

Regularity, Compliance and Risk

6.1. At each meeting the Committee receives updates from the most recent meetings of the assigned college audit committees. The Committee also receives the annual reports from the audit committees of the assigned colleges and a summary of the annual internal audit reports of each college.

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

6.3. The Committee receives on an annual basis updates on fraud and whistleblowing, GDPR arrangements, and compliance with the Code of Good Governance.

6.4. At each of its meetings the Committee has received reports on the conclusion of the recent Assigned College fraud matter, which was closed off at the October 2022 meeting. Further work on lessons learned has been incorporated into internal audit planning.

6.5. During 2022, the Committee has also reviewed and made recommendations with regard to financial reporting lines between Assigned Colleges and GCRB.

Internal Audit

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

6.7. Based on a comprehensive audit needs analysis process, the Committee recommended to the Board four areas for internal audit in 2021-22. These are listed below with the respective audit findings in terms of overall level of assurance:

Audit Area	Audit Grading
Corporate Governance	Requires Improvement
ROA Development	Satisfactory
Disaster Recovery	Satisfactory
Oversight of Programme for Action	Good
Follow-up Reviews	N/A

External Audit

6.8. The External Auditor is responsible for the audit of the GCRB Annual Report and Accounts 2021-22. The Annual Report of the External Auditor will be considered by the Audit Committee at the January 2023 meeting.

7 Priority issues for 2023

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 for a fully-operational fundable body;
- 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 review and new strategic plan.

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.