

Audit Committee Meeting

Date of Meeting	Tuesday 8 October 2019
Paper Title	Implementation of External Audit Recommendations
Agenda Item	6
Paper Number	AC1-B
Responsible Officer	Jim Godfrey, Finance & Resources Director
Recommended Status	Disclosable
Action	For information

1. Report Purpose

- 1.1. Consider progress in respect of External Audit recommendations arising from the review of the 2017/18 External Audit.

2. Recommendations

- 2.1. The Committee is invited to **note**:

- the positive progress made in addressing the recommendations of the previous annual report of the External Auditor; and that
- all four of the recommendations made are now complete.

3. Report

- 3.1. At the meeting of the board in January 2019, the external auditor provided a report following the completion of the audit for 2017-18. The report contained recommended actions and the progress against each is shown in the annex.

4. Risk Analysis

- 4.1. The report provides evidence that GCRB is responding to the recommendations of the external auditor and taking action to improve internal controls.

5. Equalities Implications

- 5.1. There are no equalities implications as a direct result of this report.

6. Legal Implications

- 6.1. There are no specific legal implications arising from this report.

7. Resource Implications

- 7.1.** The provision of external audit is a necessary component of an organisation's overall governance arrangement with regard to both financial and other matters.

8. Strategic Plan Implications

- 8.1.** Through the Regional Outcome Agreement and associated requirements, GCRB has to have effective governance arrangements, of which external audit is part.

Issue	Observation and Recommendation	Progress
Financial Ledger and Journals (Grade 3)	<p>Issue From our review of journals we identified that the City of Glasgow College maintain a separate cost centre within the colleges ledger system, which is the basis of the financial statements. In 2016/17 and 2017/18, only income and expenditure transactions were posted to the GCRB's cost centre. Balance sheet transactions were manually populated.</p> <p>Recommendation We recommend that the GCRB explores the option of creating a separate organisational module within the City of Glasgow College ledger system, and that all journals relating to the GCRB are posted to the appropriate cost centre.</p>	<p>Complete - The planned implementation date was 31 March 2019 but the college requested an extension to 31 July 2019. The software programme was updated in May 2019 and development work has taken place since. The financial records of GCRB are now within a separate organisational module within the City of Glasgow College financial ledger.</p> <p><i>Finance and Resources Director</i></p> <p>Implementation date: Originally 31 March 2019 (but then delayed until 31 July 2019).</p>
Regional Financial Reporting (Grade 2)	<p>Issue The Performance and Resource committee receive a report on regional financial monitoring progress as a standard agenda item. The papers include updated financial forecast figures until 2022/23. Although the forecast outturn position for the year is transparent for the committee, there is no year to date position presented.</p> <p>Recommendation Management should consider strengthening regional resource reporting by including a regional year to date analysis within the financial monitoring reports.</p>	<p>Complete - A revised process for reporting in-year financial forecasts will be introduced for the financial year 2018- 19.</p> <p>The mid-year forecasts were prepared by the assigned colleges, and submitted to GCRB, in April 2019. The consolidated regional forecast was submitted to SFC in April 2019 and provided to the Performance & Resources Committee.</p> <p><i>Finance and Resources Director</i></p> <p>Implementation date: 30 April 2019.</p>

Issue	Observation and Recommendation	Progress
Register of Interests (Grade 1)	<p>Issue Board members are responsible for maintaining their register of interest and this should be kept up to date with accurate information. As part of our work on related parties we identified one individual who had interests in organisations which were undisclosed on their register of interests during the financial year. The Board should ensure all Board members are aware of the process for updating their register of interests.</p> <p>Recommendation The GCRB should ensure all Board members are aware of the process for updating their register of interests.</p>	<p>Complete – All members are requested to supply a new register of interests in September each year. This exercise has been repeated in September 2019. In addition, an email was sent to all Board members (in April 2019) reminding them of the process for updating their register of interests.</p> <p>Board Secretary</p> <p>Implementation Date: 31 May 2019.</p>
Cyber Security (Grade 2)	<p>Issue The GCRB has stated that reliance is placed on the City of Glasgow College cyber security systems as the provider of IT systems and service to the GCRB. We are aware the City of Glasgow College is currently working towards accreditation and has engaged an external provider to complete a pre-assessment test. The College has therefore not met the 31 October deadline for accreditation. The GCRB should closely monitor progress to ensure compliance is achieved as soon as possible.</p> <p>Recommendation The GCRB should closely monitor progress with the City of Glasgow College to ensure compliance is achieved as soon as possible.</p>	<p>Complete – GCRB has received regular updates from City of Glasgow College re the implementation of Cyber Essentials Plus. After the investment of a significant amount of time and, resources, the College achieved the accreditation in September 2019.</p> <p>Finance and Resources Director</p> <p>Implementation Date: Originally 31 March 2019 (but achievement of Cyber Essentials Plus achieved in September 2019).</p>