

Audit Committee Meeting

Date of Meeting	Tuesday 18 December 2018
Paper Title	Updates from assigned college audit committees
Agenda Item	14
Paper Number	AC2-H
Responsible Officer	Robin Ashton, Executive Director
Recommended Status	Disclosable
Action	For noting

1. Report Purpose

- 1.1. Consider updates on key items of business undertaken by the audit committees of the assigned colleges.

2. Recommendations

- 2.1. The Committee is invited to **note** this report.

3. Background

- 3.1. The Committee receives updates from the audit committees of the assigned colleges on key matters considered at each of their meetings, in order to support identification of opportunities for cross-region collaboration in areas of shared interest.
- 3.2. Members should also note that the attached report, and an update from this meeting of the GCRB Audit Committee, is provided to the College Audit Committees.

4. Risk Analysis, legal implications, financial implications and Regional Outcome Agreement implications

- 4.1. Other than as reported, there are no specific aspects to be considered under these headings.

College: City of Glasgow College
Date of Meeting – 14 November 2018

Topic of Discussion	Summary and Outcome of Discussion	Impact on GCRB (if any)
College Annual Report and Accounts 2017-18	<p>The Committee reviewed the College Annual Report and Accounts 2017-18 which has been developed with reference to the individual Board Committee Annual Reports, and also includes examples from each Faculty of student and staff successes during 2017-18.</p> <p>The narrative section (excluding the full financial statements, summary Performance Overview and Governance Statements) will be published as the College Annual Review 2017-18. A fully designed version will be progressed following final approval by the Board of Management in December.</p> <p>The Committee noted the underlying surplus position of the College, however The College continues to operate in a challenging financial climate with significant increase in staff costs anticipated over the next 2 years mainly due to harmonisation of pay levels across the sector.</p> <p>The Report was approved.</p>	<p>Communication of College progress, priorities, and performance from the past session.</p> <p>Governance assurances.</p>
Risk Management Policy	The revised College Risk Management Policy was reviewed. This revision proposes only minor changes, including an update to the Risk Tolerance section as it relates to Business Continuity.	Policy Review – Risk Management assurance.

	Revision approved.	
Strategic Risk Review	<p>Risk Register and Risk Management Action Plans reviewed, and various risk scores adjusted and agreed. In the light of mitigation/management strategies, the following risk scores from individual Risk Management Action Plans were changed:</p> <ul style="list-style-type: none"> • <u>Risk 15: Failure to achieve operating surplus via control of costs and achievement of income targets</u>– from 20 RED to 3x3 = 9 AMBER. This was due to the improved underlying operating surplus projection for 2017-18 and also budgeting for an improved surplus for 2018-19 • <u>Risk 16: Failure to maximise income via diversification</u> - scored higher from 9 to 4x3 = 12 (Risk Owner) AMBER. This is due to the actual income delivered. • <u>Risk 23 Failure to agree a sustainable model and level of grant funding within Glasgow Region</u> - scored lower from 15 RED to 12 AMBER. 	Assurance regarding the positive impact of Risk management.
Register of Interests Update	<p>A report was received on the issue identified within the External Audit report regarding information not disclosed within Board members' Register of Interests. PC reported that these have now been updated and the Register is now accurate, up to date, and published on the College website.</p>	Good governance practice.

Internal Audit Review Reports (3)	<p>The following IA Reports were received and discussed, together with consideration and approval of management responses:</p> <ul style="list-style-type: none"> • Student Activity Data: the auditors confirmed that in line with Credits Audit Guidance, a review of systems and procedures used by the College in compiling the College student activity data return for 2017-18 was undertaken. The auditor’s opinion confirmed that the returns had been compiled in accordance with all relevant guidance, and that adequate procedures were in place to ensure the accurate collection and recording of the data. On the basis of audit testing, the internal auditors have provided the SFC reasonable assurance that the FES return contains no material mis-statement. • Internal Audit Annual Report: a summary of all work undertaken by Internal Audit during 2017-18 was submitted. The Committee noted that all assessed systems were either ‘Good’ or ‘Satisfactory’ with no significant issues or major internal control weaknesses identified. 	Internal Audit: assurance of internal control
External Audit Annual Audit Report 2017-18	<p>The External Auditors introduced the Report and outlined the main elements of the external audit in 2017-18, including an audit of the financial statements and related matters and also consideration of the wider dimensions of financial management, financial sustainability, governance and transparency and, value for money.</p> <p>GD (Scott Moncrieff) confirmed that External Audit (EA)</p>	External Audit: Unqualified Opinion.

	intended to provide an unqualified opinion on the annual accounts, the regularity of transactions and other prescribed matters. GD also indicated that there were no matters which were required for report by exception. He further advised that the annual accounts and supporting schedules were of a high standard and thanked all staff involved for their assistance with their work.	
Matters Arising: Voluntary Severance	In response to an enquiry, members were reminded that the College had received approval from GCRB and the SFC to open a Voluntary Severance (VS) Scheme which was compliant with the SFC Financial Memorandum. The VS scheme had enabled the implementation of the planned leadership reorganisation.	VS Scheme compliant.

Topic of Discussion	Summary and Outcome of Discussion	Impact on GCRB (if any)
Annual Reports and Accounts and External Audit Management Letter	The Committee welcomed the positive performance for the year reported in the Annual Report and Accounts. Particularly in relation to the reported operating surplus and that the credit target was slightly exceeded. The Committee welcomed the unqualified audit opinion and positive feedback from the External Auditor in respect of the preparation of the accounts, comprehensive annual report and robust and transparent governance arrangements.	Note the Audit Committee has endorsed the Annual Report and Accounts and considered the Management Letter and Letter of Representation in detail.
Internal Audit Reports & Annual Report of the Audit Committee	The Committee considered reports from the Internal Auditor: <ul style="list-style-type: none"> - Student Funds - Student Activity - Annual Internal Audit Report The Annual Audit Report was also considered in detail and endorsed. The Committee acknowledges that one high grade recommendation was made in respect of the Student Activity Audit relating to Flexible Learning activity.	Note that the Committee endorsed the Annual Audit Report and note the recommendation made in the Student Activity Audit Report.
Pension Costs	The proposal to increase employer pension contributions to the Scottish Teachers Superannuation Scheme was discussed in detail. The annual cost of the increase was noted at £650k, the amendment to the risk register to reflect this was approved pending further clarity on funding arrangement.	To note the potentially significant financial implications of the proposed increase.
Assurance Framework	The Committee endorsed the comprehensive assurance map prepared by the College. It was agreed that the template for College reports would be amended, where appropriate, to include reference to assurance.	Note the Assurance Framework has been completed and that College Reports will include a reference to assurance where appropriate.

Other Topics	The Committee reviewed reports on the credit rating of non-recognised teaching delivered by the College and context reports from Audit Scotland in respect of Brexit, Scotland's new Financial Powers and the Audit of the Scottish Public Pensions Agency.	For noting.
Private Meeting	The Committee met in private (with no staff members present) with the Internal and External Auditor.	For noting and assurance.

College: Glasgow Clyde College

Date of Meeting: 4 October 2018 & 28 November 2018

Topic of Discussion	Summary and Outcome of Discussion	Impact on GCRB (if any)
Internal Audit Report – Estates Strategy/ Capital Projects/ Building Maintenance	The scope of this audit was to carry out a review of the strategic asset management arrangements in place at the College, and review and test the policies and procedures for the planning, control and monitoring of capital projects. The overall level of assurance of the internal audit was satisfactory with two priority 2 recommendations and two priority 3 recommendations.	
Internal Audit Report – Procurement and Creditors	The scope of this audit was focused on the systems of internal control in place for the ordering of goods and services and the payment of invoices. The overall level of assurance of the internal audit was good with one priority 3 recommendation.	
Internal Audit Report – Business Development	The scope of this audit was to consider the key risks in relation to the College’s commercial and external funding activities and to consider whether procedures were sufficient to maximise income generation and margin from commercial (non-SFC) activities. The overall level of assurance of the internal audit was good with three priority 3 recommendations.	
Internal Audit Report – Follow Up Review	The scope of this audit was the standard annual report to follow up on previous recommendations to ensure actions had been completed. The follow up report covered 13 previous recommendations and of these eight had been fully implemented with the remaining five being partially implemented.	

Internal Audit 2017/18 Plan Progress & 2018/19 Plan	This report provided the Committee with the progress against the 2017/18 internal audit plan and the summary of the 2018/19 internal audit plan.	
College Strategic Risk Register	This report provided the updated College Strategic Risk Register which is reported to each Audit Committee.	Note that the College Strategic Risk Register is reviewed at each Audit Committee.
Approval of Accounting Policies	This paper was the annual approval of accounting policies. There were no changes to the accounting policies.	
Internal and External Audit Rolling Action Plan (paper for information)	This paper was the regular update report to Committee on implementation of previous internal and external audit recommendations.	Note the College's Audit Committee actively reviews previous audit recommendations and management ensure these are implemented.
Certificate of Assurance 2017/18	This report summarised the Certificate of Assurance process for the College and provided a copy of the signed certificate of Assurance for 2017/18 to the Committee.	The Certificate of Assurance 2017/18 for the College was passed to GCRB who had to sign off their own for reporting to SFC.
OSCR Guidance on Fraud for Charities	OSCR have produced updated guidance on fraud prevention for charities and this paper flagged up the key points and how these are covered in the College. The Committee requested a more detailed report on fraud prevention to the next Audit Committee meeting.	

Date of Meeting: 28 November 2018

Topic of Discussion	Summary and Outcome of Discussion	Impact on GCRB (if any)
Draft Annual Financial Statements for year ending 31 July 2018	This paper was the annual financial statements with an overview of the performance for the year. It was fully discussed by the Committee and accepted as a small adjusted surplus.	
External Audit Annual Report for year ending 31 July 2018	This was the external audit paper following the completion of the year end process. It was agreed by the Committee following some requested amendments particularly in respect of the comments on long term financial plans.	
Draft Internal Audit Annual Report 2017/18	This was the report from the internal auditor following the completion of their fieldwork. This was accepted by the Committee.	
College Strategic Risk Register	This report provided the updated College Strategic Risk Register which is reported to each Audit Committee.	Note that the College Strategic Risk Register is reviewed at each Audit Committee.
Student Activity Data Annual Report	This is the annual report on the credits activity for 2017/18. It was accepted by the Committee noting performance being slightly above target.	
Student Support Funds Annual Report	This was the annual report on the Student Support Funds for 2017/18. It was accepted by the Committee with one priority three recommendation.	
Proposed Internal Audit Plan 2018/19 (updated)	This was an updated internal audit plan for 2018/19 which had an extra review of Student Welfare – Duty of Care (including safeguarding).	

Internal and External Audit Rolling Action Plan	This paper was the regular update report to Committee on implementation of previous internal and external audit recommendations.	Note the College's Audit Committee actively reviews previous audit recommendations and management ensure these are implemented.
Draft Annual Report from Audit Committee to Board of Management	This was the annual summary of the activity of the Committee. A new assurance framework document had been prepared and was tabled at the meeting.	
Private Meeting with Internal and External Auditors	This was discussed and agreed there were no issues to be raised in a private meeting.	
Strathclyde Pension Fund Actuarial Valuation Report – Accounting Assumptions	A paper was presented to the Committee to explain the significant movement in the Strathclyde Pension Fund in the 2017/18 financial statements and the Committee felt the report was very useful.	
OSCR Guidance on Fraud for Charities	This was a follow up more detailed report following the last meeting's discussion which provided assurances on the internal controls that the College has in place which satisfy the recently issued OSCR fraud prevention guidance.	