![GCRB Glasgow Colleges' Regional Board logo]

Audit Committee Meeting

Date of Meeting	Tuesday 29 May 2018
Paper Title	Implementation of External Audit Recommendations
Agenda Item	6
Paper Number	AC4-B
Responsible Officer	Jim Godfrey, Finance & Resources Director
Recommended Status	Disclosable
Action	For Discussion

1. Report Purpose

1.1. Consider progress in respect of External Audit recommendations arising from the review of the 2016/17 Audit.

2. Recommendations

2.1. The Committee is invited to **note** the progress made to implement the recommendations of the previous External Audit report.

3. Report

3.1. At the meeting of the committee in December 2017, the external auditor provided a report following the completion of the audit for 2016-17. The report contained some recommended actions and the progress against each, is shown in the annex to this paper.

4. Risk Analysis

4.1. The report provides evidence that GCRB is responding to the recommended improvements identified by the external auditor and taking action to improve internal controls.

5. Legal Implications

5.1. There are no specific legal implications arising from this report.

6. Resource Implications

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

7. Strategic Plan Implications

7.1. 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
Processing of Journals	From our review of the journals environment we identified two issues: • City of Glasgow College finance team are responsible for processing journals on behalf of the Board. There is currently no review of the journals posted by the Board to ensure completeness and accuracy. • City of Glasgow College maintain a separate cost centre for the Board and this is the basis for the financial statements. In 2016/17 only income and expenditure transactions were posted to the Board cost centre. Balance sheet transactions relating to debtors and creditors were populated manually. **Recommendation** We recommend the Board review all journals posted on their behalf and that all journals relating to the Board are posted to the appropriate cost centre.	**Complete** - The change was been implemented with City of Glasgow College for all journals from 18 December 2017. The process is being checked on a regular basis to ensure the revised procedure is effective. *Finance and Resources Director*
Payments made without approval from the Board	From our review of invoices paid in year we identified an instance where payment had been made to a supplier on behalf of the Board without approval from the appropriate officer at the Board. **Recommendation** It is recommended the Board puts in place procedures to ensure all invoices are subject to approval by an appropriate officer prior to payments being made to suppliers.	**Complete** - The change was been implemented with City of Glasgow College for all journals from 18 December 2017. The process is being checked on a regular basis to ensure the revised procedure is effective. *Finance and Resources Director*

Issue	Observation and Recommendation	Progress
Late payment of suppliers	**Observation** The Board procurement policy states that all suppliers should be paid within 30 days, however, from those invoices sampled in year we found that the average payment period was 48.5 days. **Recommendation** The Board should ensure that payments are being made in line with its procurement policy.	**Complete** - Changes have been implemented and the time taken to pay suppliers reduced. The situation is being on monitored on a regular basis to ensure that the changes are effective. *Finance and Resources Director*
Development of regional monitoring arrangements	**Observation** The financial monitoring reports to date have focused solely on the performance of the Board running costs against budget. As a result of achieving fundable body status the Board has a responsibility to monitor the financial health of the regional colleges. The Board has made arrangements for obtaining key financial information from the regional colleges. This will be increasingly important in light of the financial projections to 2021/22. There will be significant challenges in delivering balanced budget while maintaining the quality of service. **Recommendation** The Board should consider how the information from the regional colleges is monitored and reported. The Board should establish how it supports the region in creating plans to bridge the budget gap.	**Complete** – a report on regional monitoring arrangements was considered by the Performance & Resources Committee on 7 March 2018. Revised arrangements have been implemented and a monitoring report is being submitted to each meeting of the Performance & Resources Committee. *Finance and Resources Director*

Issue	Observation and Recommendation	Progress
Review of governance documents	**Observation** The Board maintain key governance documents through the Board Regulations, Scheme of Delegation and Code of Conduct. From our review the Scheme of Delegation and Code of Conduct were last updated in 2015 and 2014 respectively. **Recommendation** The Board should review key governance documents on an annual basis to ensure they remain up to date and appropriate.	**In progress** –a review of the Scheme of Delegation is ongoing and a report/recommendations will be taken to the Board in September 2018 further to the planned August strategy event; The Code of Conduct was reviewed and agreed by the Board in March 2018. *Board Secretary*
Register of Interests	**Observation** The Board maintains a register of interests for all Board Members, however, we identified three individuals who had interests in organisations which were undisclosed on their register of interests. It is the responsibility of Board Members to update their register of interests to ensure that it is accurate and up to date. In addition we identified one instance where one member had not provided a refreshed register of interests.	**Complete** – All Members have now updated their register of interests. *Board Secretary*