

Audit Committee Meeting

Date of Meeting	Monday 4 March 2019
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 2017/18 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 last meeting, the committee received the report of the external auditor following the completion of the audit for 2017/18.
- 3.2. The recommendations and 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 internal audit is part.

Issue	Observation and Recommendation	Progress
Financial Ledger and Journals	<p>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>Discussions have taken place with City of Glasgow College and work is taking place to implement this recommendation.</p> <p>The college will set up a new entity for GCRB on the Symmetry accounting system that will separate out GCRB entries. The entity set up will be undertaken in conjunction with external consultants and the college has indicated that this will be complete by the 31 May 2019.</p> <p>Finance and Resources Director</p> <p>Implementation date: 31 March 2019</p>
Regional Financial Reporting	<p>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>A revised process for reporting in-year financial forecasts will be introduced for the financial year 2018-19.</p> <p>SFC/CI/01/2019 was issued on 1 February 2019, which requires updated financial forecasts to be prepared mid-year. These returns are required by 29 March 2019 and will include the individual college/GCRB returns and the consolidated return. A report will be considered by the Performance and Resources Committee at its meeting on 3 June 2019.</p> <p>Finance and Resources Director</p> <p>Implementation date: 30 April 2019</p>

Issue	Observation and Recommendation	Progress
Register of Interests	<p>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>Board members will be reminded of this requirement.</p> <p>Board Secretary</p> <p>Implementation date: 31 May 2019</p>
Cyber Security	<p>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>GCRB is liaising with the College to ensure accreditation is achieved.</p> <p>The College reported good progress (at 15 February 2019) towards the end of March planned deadline. Internally developed systems are now almost upgraded to the latest platform versions. The external network scan and penetration testing were successfully passed and attention is now focussed on scanning the internal network to identify any vulnerabilities to be addressed.</p> <p>Finance and Resources Director</p> <p>Implementation date: 31 March 2019</p>

