

Audit Committee Meeting

Date of Meeting	Tuesday 28 May 2019
Paper Title	Implementation of External Audit Recommendations
Agenda Item	6
Paper Number	AC5-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.
- that of the 4 recommendations made, 2 are now complete and 2 are due to be completed by 31 July 2019 2019.

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 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. 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>In-progress - Discussions have taken place with City of Glasgow College and work is taking place to implement this recommendation.</p> <p>The planned implementation date was 31 March 2019 but the college have requested that this date is put back to 31 July 2019. The software programme is being updated in May 2019 and some external consultancy time set aside for July 2019.</p> <p>Finance and Resources Director</p> <p>Implementation date: Originally 31 March 2019 (but now 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>Finance and Resources Director</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. 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>In-progress (but delayed) – GCRB has received regular updates from City of Glasgow College re the implementation of Cyber Essentials Plus. The latest update from the college is:</p> <p><i>"We have been working with our Technology Partner (Barrier Networks) to assist our IT Team in working through identified challenges that required to be overcome which the IT Team have been working almost exclusively on while still ensuring "business as usual" for our customers. Improvements have been made across the IT infrastructure to upgrade our core network to the latest firmware and software versions to initially ensure that the College's external perimeter is as secure as it can be made.</i></p>

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<p>Cyber Security (Grade 2) - continued</p>		<p><i>We have also purchased a new "state of the art" firewall (due to be installed in May) to further improve the security of our network and provide increased functionality for the Team to use.</i></p> <p><i>All of our extensive in-house developed applications have been upgraded as required and are therefore Cyber Essentials Plus compliant. Part of Barrier Networks internal scans highlighted that a number of software applications currently used by our academic colleagues are either not the most current version (which is a CE+ requirement) and in some cases some of the support contracts on these applications are not in place due to the age and uniqueness of the software (again another CE+ requirement). Replacing these 3rd party applications (we have circa 547 apps currently running within the College) in the middle of their academic studies would have caused a huge amount of disruption to some of our students, particularly in the case where some of these applications require to be replaced by different vendors. We concentrated our resources in prioritising that our network was secure and that all of our in-house developed applications were upgraded as required."</i></p> <p>Finance and Resources Director</p> <p>Implementation Date: Originally 31 March 2019 (but now delayed until 30 June 2019).</p>