

Draft Minute of Audit Committee Meeting held on Tuesday 2 October 2018

Present	
Paul Buchanan (Chair)	
Edward McGrachan	Mike Ward
In Attendance	
Robin Ashton (Executive Director)	Wendy Odedina (Executive Assistant)
Penny Davis (Board Secretary)	David Archibald (Henderson Loggie)
Jim Godfrey (Finance and Resources Director)	Gary Devlin (Scott-Moncrieff)
Apologies	
Maureen McKenna	

1. Introduction and Welcome

Paper No: Verbal

1.1 Decision

The Chair welcomed members to the first meeting of the Audit Committee for session 2018-19 and particularly Ed McGrachan to his first meeting as a member of the Audit Committee.

2. Apologies

Paper No: Verbal

2.1 Discussion

Apologies were received from Maureen McKenna.

3. Declarations of Interest

Paper No: Verbal

3.1 Discussion

The Chair reminded members that it is their personal responsibility to indicate to the Chair at any point during the meeting if they have, or may be perceived as having, a conflict of interest under any item on the agenda.

4. Chairs Business

Paper No: Verbal

4.1 Discussion

The Chair noted that he had attended a meeting with the GCRB Chair and the other Committee Chairs in August 2018. He noted that this group will continue to meet on a regular basis to share information and support the work of the GCRB Chair.

5. Minute of Meeting on Tuesday 29 May 2018

Paper No: AC1-A

5.1 Decision

The minute of the meeting held on 29 May was **agreed** as an accurate record.

The Committee **requested** a briefing on college Arms Lengths Foundations at its next meeting with regard to assessing and understanding any associated risks for the region.

It was **agreed** to add this to the long term agenda.

6. Implementation of External Audit Recommendations

Paper No: AC1-B

6.1 Discussion

The Finance and Resources Director outlined the progress against external audit recommendations from December 2017.

6.2 Decision

The Committee **noted**:

- the positive progress made in addressing the recommendations of the previous annual report of the External Auditor.
- that of the 5 recommendations made, 4 are now complete and 1 is due to be completed in October 2018.

7. Accounts Direction

Paper No: AC1-C

7.1 Discussion

The Finance and Resources Director provided an overview of the paper, outlining the Accounts Direction received from the Scottish Funding Council. He noted that there are some

slight differences to previous years accounts directions, however nothing he would consider to be of concern to the Committee.

He noted also that a supplementary letter has been received from the SFC confirming the extension for submission of the regional consolidated accounts to 31 January 2019. As an ongoing matter, the Finance and Resources Director noted that he and the Executive Director are in discussions with the SFC regarding reporting dates in general for GCRB as the regional strategic body, in the hopes that extensions do not need to be sought as a matter of course moving forward.

7.2 Decision

The Committee **noted** the Accounts Direction for 2017-18, and that the **agreed** deadline for submission of the Annual Report and Accounts is 31 January 2019.

8. (a) Internal Audit Report – Follow Up Reviews 2017/18

Paper No: AC1-D

8.1 Discussion

The Internal Auditor noted that 10 of the 11 internal audit recommendations have been fully implemented and the remaining recommendation is in progress, noting overall good progress.

8.2 Decision

The Committee **noted** the Internal Audit Report Follow-up Reviews 2017/18, and the positive progress made to previous recommendations.

(b) Internal Audit – Progress Report

Paper No: AC1-D(2)

8.3 Discussion

The Internal Auditor noted the Internal Audit Progress Report, noting that outputs would be summarised for the Committee in the Internal Audit Annual Report due in December.

8.4 Decision

The Committee **noted** the Internal Audit Progress Report - 2017/18 Annual Plan.

9. Internal Audit Report – Review of Funds Allocation

Paper No: AC1-E

9.1 Discussion

The Internal Auditor noted an overall grading of good for the Review of Funds Allocation internal audit with no formal recommendations being made. He noted that feedback had

been taken on board and actioned by the GCRB Executive during the course of the audit fieldwork.

The Committee discussed with the Executive their assessment of the system. It was noted that whilst the Executive are generally content with the system, improvements should continue to be sought e.g. with regard to prompt payment of suppliers. The Finance and Resources Director noted that payment of suppliers has improved since last year and planned changes to the City of Glasgow College finance processes are anticipated to help to improve this further in the future.

9.2 Decision

The Committee **noted**:

- the report of the Internal Auditor on the Receipt of Funds and Funding Allocation;
- that the level of assurance provided by the systems of control is rated **good** by the Internal Auditor;
- that some wording within this paper should be revised for website disclosure purposes.

10. Review of Internal Controls

Paper No: AC1-F

10.1 Discussion

The Finance and Resources Director presented the review of systems of Internal Control which he noted showed good overall progress with some areas for follow up. He noted that whilst this is an extensive piece of work, it is also a helpful internal checklist for the Executive to work through.

Both the External Auditor and Internal Auditor commended this report as excellent practice noting they do not often see it in other organisations. The Chair of the Committee wished to note this positive feedback.

10.2 Decision

The Committee **agreed to recommend** to the Board the Annual Review of the Systems of Internal Control.

11. Audit Scotland Review of Scotland's Colleges

Paper No: AC1-G

11.1 Discussion

The Executive Director presented the report on the Audit Scotland Review of Scotland's Colleges noting that the report covers the sector as a whole, with a specific section on regional strategic bodies.

He discussed the overall review of progress of the GCRB and noted the discussions that had taken place at the Scottish Government Public Audit and Post Legislative Scrutiny Committee.

The Committee discussed the report in detail particularly the sections relating to demonstrating regional impact, regional structures and duplication of reporting with SFC. Whilst recognising the acknowledgement of progress, the Committee wished to note their disappointment with some comments within the report which they felt were not supported by evidence. The Committee also noted the timing of the field work for the report and the importance of preparing for next year's report.

11.2 Decision

The Committee **considered** and **noted** the report.

The Committee further **noted** that a report on the GCRB Executive's actions in response to the report recommendation for GCRB will be provided at the next meeting of the Committee.

12. Audit Scotland Review of Children and Young People's Mental Health

Paper No: AC1-H

12.1 Discussion

The Executive Director provided an overview of the report noting this as a priority area for the sector.

The Executive Director noted that he will initiate discussions with the colleges and external stakeholders in order to gather a regional position on activity in this area.

12.2 Decision

The Committee **noted** the Audit Scotland report.

13. Updates from Assigned College Audit Committees

Paper No: AC1-I

13.1 Discussion

The Executive Director presented the paper noting no major issues to bring to the attention of the Committee.

13.2 Decision

The Committee **noted** the report.

14. Review of Assigned College Risk Registers

Paper No: AC1-J

14.1 Discussion

The Finance and Resources Director presented the review of assigned college risk registers noting that the report covers those risks rated as red within the college risk registers.

The Committee asked the GCRB Executive to consider the development of this report moving forward with regard to a comparison with the GCRB risk register, possible inclusion of amber risks and an explanation of the length of time risks have been red and their trajectory.

14.2 Decision

The Committee **noted** that:

- the risk registers of the assigned colleges were considered by the Audit Committees of the colleges and have been reviewed by the Finance & Resources Director; and
- there has been a gradual reduction in the number of high risks identified by the colleges and also a trend towards the colleges identifying the same high risks.

15. Brexit

Paper No: AC1-K

15.1 Discussion

The Finance and Resources Director provided an overview of the paper noting work taking place through Colleges Scotland and SFC on this matter.

The Committee discussed specific issues relating to the Glasgow College Region and asked the Executive to liaise with the colleges to seek assurance regional issues were being considered.

15.2 Decision

The Committee **noted** the evaluation of the risks posed by Brexit and asked the Executive to liaise with the Colleges as noted above.

16. GDPR

Paper No: AC1-L

16.1 Discussion

The Finance and Resources Director presented the report noting the assessment of GCRB undertaken by the Regional Data Protection Officer. He noted that this has been a useful exercise and that action is underway to address the recommendations from the report.

16.2 Decision

The Committee **noted** the report.

17. Annual Review of Value for Money Strategy

Paper No: AC1-M

17.1 Discussion

The Finance and Resources Director presented the annual review of the Value for Money strategy.

The Committee noted that this strategy relates primarily to process. The Executive Director noted that separate papers have been created for the GCRB Chair relating to making a difference and impact, and that he will share this with the Committee for their information.

17.2 Decision

The Committee **reviewed** and **noted** the GCRB value for money strategy.

18. Long Term Agenda

Paper No: AC1-N

18.1 Decision

It was **agreed** to add a briefing on Arms Lengths Foundations to the December Committee meeting and also a further GDPR report in March 2019.

19. Date of Next Meeting

Paper No: Verbal

19.1 Decision

The date of the next meeting of the Audit Committee was **agreed** as 18 December 2018.