

Draft Minute of the Audit and Assurance Committee meeting held on Tuesday 10 October 2023

Present	
Edward McGrachan (Chair)	Alastair Milloy (item 9 onwards)
Helyn Gould	
In Attendance	
Martin Boyle (Executive Director)	Mark Laird (External Auditor)
Penny Davis (Board Secretary)	Euan Robertson (External Auditor)
Jim Godfrey (Finance and Resources Director)	Stuart Inglis (Internal Auditor)
Wendy Odedina (Executive Assistant)	
Apologies	
Chris Bones	

1. Introduction and Welcome

Paper Number: Verbal

1.1 Discussion

The Chair welcomed members and attendees to the meeting.

2. Apologies

Paper Number: Verbal

2.1 Discussion

Apologies were received for Chris Bones.

Alistair Milloy joined the meeting from item 9 onwards.

3. Declarations of Interest

Paper Number: 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. Chair's Business

Paper Number: Verbal

5.1 Discussion

The Chair advised that he had attended the following meetings in his capacity as Audit and Assurance Committee Chair, since the last meeting of the Committee:

- Meeting with Board Chair.

5. Minute of the Committee meeting held on 30 May 2023

Paper Number: AAC1-A

5.1 Decision

The minute of the previous meeting was **agreed** as an accurate record.

The Executive Director spoke to the matter arising noting that he is following up with City of Glasgow College with regard to a fraud closing report.

6. Implementation of Internal Audit Recommendations

Paper Number: AAC1-B

6.1 Discussion

The Executive Director and Finance and Resources Director spoke to the report and provided an update on actions, particularly as they related to the revised set of recommendations agreed at the last meeting.

The committee noted that the September date should be amended to reflect the updates provided and to note those that are now complete.

6.2 Decision

The Committee **noted** the progress made against the previous internal audit recommendations and **requested** updates to be made to timeline and completion.

7. Internal Audit Report – Financial Sustainability

Paper Number: AAC1-C

7.1 Discussion

The internal auditor presented the report on financial sustainability, noting the context of the college sector facing unprecedented financial challenges.

He noted that college finance teams are working well with the GCRB Finance and Resources Director provide information and receive advice. He noted the importance of the accuracy of data that underpins assumptions in financial planning.

He outlined the different approaches that the colleges are taking with regard to consideration of risk and engagement with their staff.

He noted the weakness of colleges tackling financial sustainability individually rather than collectively as a region, and his recommendation in this regard. The committee welcomed this recommendation. The Executive Director noted that discussions have begun with the Chair of the Board on a cross region collaborative event and suggested that this recommendation would be considered within these discussions.

The committee enquired with regard to the remaining funds in the college arms length foundations which the Finance and Resources Director outlined.

7.2 Decision

The committee:

- **considered** the internal audit report on financial sustainability; and
- **noted** that the level of assurance is 'satisfactory' and there is one recommendation arising from this review.

8. Internal Audit Report – Funding Allocations

Paper Number: AAC1-D

8.1 Discussion

The internal auditor presented the report on funding allocations speaking to the methodology used to date by GCRB of using the national methodology. He spoke to GCRB's ability to redirect funding within the region which has been of benefit.

The Executive Director spoke to the context in which funding decisions are made with regard to timing of announcements, the pandemic and cost of living crisis.

The Finance and Resources Director also noted the comprehensive paper considered by the P&R committee and board with regard to consideration of alternative methods of allocating funding, if the board so wished.

8.2 Decision

The committee:

- **considered** the internal audit report on funding allocations; and
- **noted** that the level of assurance is 'good' and there are no recommendations arising from this review.

9. SFC Accounts Direction 2022-23

Paper Number: AAC1-E

9.1 Discussion

The Finance and Resources Director presented the paper noting that it is a technical accounting paper and there are no significant changes from previous years.

9.2 Decision

The committee **noted** the accounts direction for 2022-23.

10. Audit Scotland Publication: Scotland's Colleges

Paper Number: AAC4-F

10.1 Discussion

The Executive Director presented the paper noting the stark warning from Audit Scotland with regard to financial sustainability of the college sector. He noted that this document is particularly important ahead of GCRB's review of its risk register.

The External Auditor noted that he could facilitate a colleague from Audit Scotland to speak to these reports in the future should that be useful to the committee.

10.2 Decision

The committee **noted** the content of Audit Scotland's report, *Scotland's Colleges 2023: A Briefing Paper*, and Colleges Scotland's analysis paper, and noted these in light of the Glasgow context and forthcoming risk development workshop.

11. Annual Review of Systems of Internal Control

Paper Number: AAC4-G

11.1 Discussion

The Finance and Resources Director presented the report for committee consideration and onward recommendation to the board.

The committee discussed the prompt payment of suppliers and the ethical aspects around delays to this. The Finance and Resources Director outlined the context for this and the low volume of GCRB transactions.

11.2 Decision

The committee **agreed** to recommend to the Board the annual review of the Systems of Internal Control.

12. Annual Review Value for Money Strategy

Paper Number: AAC4-H

12.1 Discussion

The Finance and Resources Director presented the item noting this relates to GCRB only.

12.2 Decision

The committee **reviewed** GCRB's value for money strategy and had no amendments.

13. Anti Fraud Policy

Paper Number: AAC1-I

13.1 Discussion

The Finance and Resources Director presented the anti-fraud policy for review noting this related to GCRB only.

13.2 Decision

The committee **recommended** that the Board approve this policy.

14. Anti Bribery Policy

Paper Number: AAC1-J

14.1 Discussion

The Finance and Resources Director presented the anti-bribery policy for review noting this related to GCRB only.

14.2 Decision

The committee **recommended** that the Board approve the policy.

15. Review of Governance Framework

Paper Number: AAC1-K

15.1 Discussion

The Board Secretary presented the paper noting that it provides assurance around regulation and legislation that is not covered as part of standard reporting.

She noted the new code of good governance which is already in place and the anticipated constitutional changes expected in 2024. She noted that the report includes the GCRB whistleblowing policy as a stand alone document, further to feedback from the external auditor.

She noted that data protection training will be held for board members in 2024.

15.2 Decision

The committee **noted** the report.

16. FM Breach City of Glasgow College

Paper Number: AAC1-L

16.1 Discussion

The Executive Director provided an overview of the report, noting that members received a paper on this item at their last meeting.

He noted that the matter is now resolved between the college, GCRB and the SFC and that the recommendation is for no further action. He noted that a further single source justification has been processed on this project in the correct way, which has been positive.

The internal auditor spoke to the report that he prepared for the City of Glasgow College audit and risk committee and provided an overview of his assessment of this breach.

The committee discussed the timeline of approvals and level of authorisation which led to the breach. The internal auditor confirmed there was no criticism of GCRB in his report.

16.2 Decision

The committee **noted** the contents of both the response letter, and internal auditor's report, and **noted** that subsequent activity indicates that lessons have been learned and practice improvements implemented.

17. FM Breach Glasgow Clyde College

Paper Number: AAC1-M

17.1 Discussion

The Executive Director presented the report and the context in which the breach of the financial memorandum occurred at Glasgow Clyde College.

17.2 Decision

The committee **noted** the contents of both the SFC letter, and response letter from Glasgow Clyde College.

18. Updates from Assigned College Audit Committees

Paper Number: AAC1-N

18.1 Discussion

The Executive Director presented the report for committee information.

18.2 Decision

The committee noted the report.

19. Review of Assigned College Risk Registers

Paper Number: AAC1-O

19.1 Discussion

The Finance and Resources Director presented the report noting the increased risk around staffing across the region.

19.2 Decision

The committee **noted** the report.

20. Long Term Agenda

Paper Number: AAC1-P

20.1 Decision

The committee **agreed** the long term agenda.

It was agreed to try to balance reports more evenly across the year where possible, noting that some reports are time related.

21. Review of Disclosable Status

Paper Number: Verbal

21.1 Decision

The Board Secretary confirmed the status of the papers noting the following as non-disclosable:

AAC1-A Draft minute of previous meeting

AAC1-L City of Glasgow College FM breach

AAC1-M Glasgow Clyde College FM breach

22. Date of Next Meeting

Paper Number: Verbal

22.1 Decision

The date of the next meeting was agreed as 16 January 2024.

Committee Actions from meeting of 30 May 2023

Item Ref	Action	Completion by	Update
10 October 2023			
30 May 2023			
9.2	Committee to receive report on final position re COGC fraud.	Next meeting	Final position regarding fraud requested by GCRB ED.