

Draft Minute of Audit Committee Meeting held on Monday 13 June, 2016

Present	
Caroline MacDonald	Grahame Smith
Maureen McKenna	
In Attendance	
Robin Ashton (Executive Director)	Stuart Inglis (Henderson Loggie)
Sally Castledine (Scott-Moncrieff)	Paul McAllister (Secretary to the GCRB Board)
Margaret Cook (Chair, GCRB)	Stuart Thompson (Executive Director Finance, COGC)
Sandra Hampson (Executive Assistant)	
Apologies	
Leonie O'Connor (Chair)	Cathie Wyllie (Henderson Loggie)
Gary Devlin (Scott-Moncrieff)	

1. Introduction and Welcome

Paper No: Verbal

1.1 Discussion

In the absence of Leonie O'Connor, Audit Committee Chair, Grahame Smith agreed to chair the meeting and welcomed:-

- Committee members to the third GCRB Audit Committee meeting;
- Margaret Cook, GCRB Chair;
- Paul McAllister, Secretary to the GCRB Board
- Sally Castledine, Scott-Moncrieff
- Stuart Inglis, Henderson Loggie
- Stuart Thompson, Executive Director of Finance, City of Glasgow College
- Robin Ashton, who was welcomed and congratulated on his recent appointment as Executive Director, GCRB.

2. Apologies

Paper No: Verbal

2.1 Decision

Apologies were noted for Leonie O'Connor (Chair of the GCRB Audit Committee), Cathie Wyllie (Henderson Loggie) and Gary Devlin (Scott Moncrieff).

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.

Stuart Inglis asked the Committee to **note** that Henderson Loggie were also auditors for Glasgow Clyde College and Glasgow Kelvin College and declared an interest in Agenda Item 17, Procurement Process for New Internal Audit Contract.

4. Chair's Business

Paper No: Verbal

4.1 Decision

There were no matters raised under Chair's business.

5. Minute of the Committee Meeting held on Friday 11 March 2016

Paper No: AC3-A

5.1 Decision

The Committee **agreed** that the minutes were a true record and it was noted that a report as detailed in Agenda Item 17 was being brought to the Audit Committee setting out how GCRB had addressed Audit Scotland's recommendations.

6. Long Term Agenda

Paper No: AC3-B

6.1 Discussion

The Executive Director **invited** comments and suggestions or amendments to the long term agenda from the Committee.

6.2 Decision

The Committee **approved** the long term agenda subject to adding an item on Consolidation of Accounts to the agenda for 12 September. Consideration will be given to relevant elements of future Education Scotland reports being brought before the Committee.

7. External Audit Approach Plan

Paper No: AC3-C

7.1 Discussion

Sally Castledine presented the External Audit Approach Plan for 2015-16 and asked the Committee to **note** that the plan was in draft format awaiting Scottish Funding Council direction and elements of the plan may still need further revision.

The three key risks were highlighted: governance; completeness and occurrence of income; and management override. The Committee was informed that the external auditors were working on the basis of GCRB gaining fully-fundable status by August 1, 2016. The Committee discussed the issue of whether GCRB needed to consider consolidated accounts and whether the audit timetable would need adjusting to December 1, 2016.

7.2 Decision

The Committee **agreed** to discuss the issue of whether to consolidate the accounts at the next Audit Committee meeting in September and to seek clarity on the December 2016 timetable.

8. Implementation of External Audit Recommendations

Paper No: AC3-D

8.1 Decision

The Committee **noted** the update report and agreed a further update be brought to the next Audit Committee meeting in September 2016.

9. Audit Scotland Report on College Sector

Paper No: AC3-E

9.1 Discussion

The Committee was asked to **note** the recommendation for College Regional Bodies as set out in the Audit Scotland report on Scotland's Colleges 2015. The Committee discussed the regional college operational groups that support GCRB governance activity and how GCRB engage in these groups.

9.2 Decision

The Committee **noted** the recommendation for College Regional Bodies and **agreed** it would be helpful to have a diagram to show the structure and functions of these groups.

10. GCRB Section 22 Report

Paper No: AC3-F

10.1 Decision

The Committee **noted** the actions taken to address the weaknesses of governance arrangements in GCRB identified within the Section 22 Report.

11. Consolidation of Accounts

Paper No: AC3-G

11.1 Discussion

The Committee **discussed** the advantages and disadvantages of preparing consolidated accounts for the region.

11.2 Decision

The Committee **agreed** to consider a paper on the benefits and drawback of consolidation at the next Audit Committee meeting.

12. Changes to College Accounting Policy

Paper No: AC3-H

12.1 Discussion

The Committee considered and discussed the potential changes to GCRB accounting policies for the accounts for year to 31 July, 2016. It was **noted** that GCRB may be required to present its financial statements under FRS 102, in line with all further education entities.

12.2 Decision

The Committee **agreed**:

- GCRB should be reporting to the same standard as the colleges.
- To discuss at next Audit Committee meeting when Chair of the Committee is present.
- To consider providing training on the Accounting changes to the whole Board.

13. Internal Audit Progress Report

Paper No: AC3-I

13.1 Discussion

Stuart Inglis, Henderson Loggie presented the Internal Audit Progress Report to the Committee.

14. Internal Audit Reports 2015-16

Paper No: AC3-J

14.1 Discussion

Stuart Inglis presented the three Internal Audit Reports for 2015-16:

- Risk Management/Oversight of Assigned Colleges Risk Management
 - the Committee **noted** the summary of findings and the satisfactory grading for risk management and discussed whether the tolerances were unrealistic and perhaps should be amended.
- Regional Outcome Agreement Development/Progress
 - the Committee **noted** the summary of findings and the positive grading of 'good' for this report and discussed the reliance placed on assigned colleges to provide accurate updates on progress against the ROA targets and the accuracy of the Management Response wording.
- Financial Performance Monitoring
 - the Committee **noted** the summary of findings and the satisfactory grading for financial performance monitoring and discussed the required authorisations for processing GCRB expenditure transactions (the Executive Director currently approves the Chair's expenses and vice-versa) and assumptions regarding budgets for the assigned colleges.

14.2 Decision

- The Committee **agreed**:
 - to review the risk tolerances at the next Audit Committee meeting.
 - to update the Management Response wording to reflect the Executive Director responsibility not the Chair of Colleges Learning and Teaching Group.
 - to establish 'better practice' protocols for the processing of GCRB expenditure transactions with a suggestion of two GCRB Board members to sign off expenses for the GCRB Chair.

15. Assigned Colleges Annual Audit Reports

Paper No: AC3-K

15.1 Discussion

The Committee **noted** the assigned college annual audit reports as evidence of assurance that appropriate governance and accountability structures operate within the assigned colleges.

16. Updates from Assigned College Audit Committees

Paper No: AC3-L

16.1 Discussion

The Committee **noted** the updates from the audit committees of the assigned colleges and discussed how they were actioning the issues raised in the reports and how this should be reported.

16.2 Decision

The Committee **agreed** that the GCRB Chair and Executive Director would seek assurance at an upcoming meeting with the Glasgow Clyde College Chair that the issues raised in their Section 22 Report were being appropriately managed.

17. Procurement Process for New Internal Audit Contract

Paper No: AC3-M

17.1 Discussion

The Executive Director outlined the process being undertaken to appoint an internal audit service for the Glasgow Colleges' Regional Board for the period 2016-17 to 2020-21 and explained the process was a joint tender for City of Glasgow College and GCRB.

17.2 Decision

The Committee **agreed:**

- this was a Chair's action but that the internal audit tender would come to the Board for approval at the August, 2016 Board Meeting.
- to invite Audit Committee members to participate in internal audit tender presentations.

18. Update on Whistleblowing and Fraud Disclosures

Paper No: AC3-N

18.1 Decision

The Committee agreed to review the complaints and whistleblowing policies and requested that a paper on this be brought to the next Audit Committee meeting in September.

19. Date of Next Meeting

Paper No: Verbal

The date of the next meeting was agreed as Monday, 12 September 2016 at 11.00am at Langside Campus, Glasgow Clyde College.