

Draft Minute of Audit Committee Meeting held on Friday 7 October 2016

Present	
Grahame Smith (Acting Chair)	Caroline MacDonald
Janet Thomson (Vice Principal, Finance, Glasgow Clyde College) <i>(attended for part of the meeting only)</i>	
In Attendance	
Stuart Inglis (Henderson Loggie)	Gary Devlin (Scott-Moncrieff)
Robin Ashton (Executive Director, GCRB)	Paul Buchanan
Margaret Cook (Chair, GCRB)	Gillian Sim (PA to Executive, City of Glasgow College)
Apologies	
Maureen McKenna (Glasgow City Council)	Sally Castledine (Scott-Moncrieff)
Paul McAllister (Secretary, GCRB Board)	

1. Introduction and Welcome

Paper No: Verbal

1.1 Discussion

The Acting Chair of the Audit Committee, Grahame Smith, welcomed members to the first meeting of the GCRB Audit Committee for 2016-17. He also expressed his thanks to the previous Chair, Leonie O'Connor, for her contribution and work she had done for the Audit Committee.

It was noted that a recommendation was due to be made to the GCRB Board that Paul Buchanan become the Chair of the Audit Committee.

The Acting Chair also expressed his thanks to Gillian Sim, City of Glasgow College, for minuting the meeting at short notice.

2. Apologies

Paper No: Verbal

2.1 Decision

Apologies were noted from Sally Castledine (Scott-Moncrieff) and Maureen McKenna (Glasgow City Council).

3. Declarations of Interest

Paper No: Verbal

3.1 Discussion

The Acting Chair reminded members that it is their personal responsibility to indicate to him 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.

3.2 Decision

- See 8.1 below.
- See 13.1 below.

4. Chair's Business

Paper No: Verbal

4.1 Decision

There were no matters raised under Chair's Business.

5. Minute of Committee Meeting held on Monday 13 June 2016

Paper No: AC1-A

5.1 Decision

Committee members approved the minutes of the meeting held on Monday 13 June 2016 with the following amendments:

- Section 9.2 - Change the word "diagram" to "description of their remits and ..."
- Section 14.2, 3rd bullet point - Members agreed that there should only be one GCRB Board member to sign off expenses preferably the Chair of the Nominations and Remuneration Committee.

6. Long Term Agenda

Paper No: AC1-B

6.1 Discussion

R Ashton outlined the Long Term Agenda. Members discussed the need for there to be a continuous process of communication between committees.

Members agreed that it would be beneficial to view Audit Scotland national reports as well as reports from the Scottish Funding Council with a view to having both of these included as future agenda items, if relevant. Members discussed the need to look at the framework of the Terms of Reference as well as the Performance framework. The Chair commented that remits needed to be complementary and stressed the need for clarification should there be any changes made to the Terms of Reference.

6.2 Decision

- Audit Scotland and SFC reports to be added to the Long Term Agenda.
- Review of internal auditors to be added to the Long Term Agenda.
- Long-term Agenda approved.

7. GCRB 2015-16 - SFC Accounts Direction

Paper No: AC1-C

7.1 Discussion

R Ashton outlined the paper. He commented on the lateness of the Scottish Funding Council Guidance. Members noted that the Guidance is unclear in specific areas and there are no detailed instructions on how to achieve compliance.

Members also noted that there was a considerable amount of work to be completed in obtaining fundable body status.

7.2 Decision

- The Committee noted the Scottish Funding Council's 2015-16 Accounts Direction for GCRB.

[Please note that agenda item 10 'Consolidation of Accounts' was discussed directly after item 7. J Thomson also left the meeting after agenda item 10. See below].

8. Implementation of External Audit Recommendations

Paper No: AC1-D

8.1 Discussion

Members noted a Declaration of Interest from R Ashton in respect of Paper AC1-D – Appendix 1, Item 3 'Absent Contract Documentation.

R Ashton provided members with an update. He stated that GCRB are currently in discussions with the Scottish Funding Council regarding fundable body status and that Michael Cross, SFC Interim Director, will attend the GCRB Board meeting in October to discuss processes and arrangements on how finances are managed.

Members discussed Paper AC1-D (Appendix 2) and suggested that a more flexible model in respect of the draft generic description of arrangements for agreeing college delivery of GCRB services should be adopted. It was also noted that this Appendix has been shared with the 3 college principals. Further discussion would take place on this Paper at the Nominations and Remuneration Committee on 10 October.

8.2 Decision

- R Ashton to bring back a further management update report to the next Committee meeting in December.
- Paper AC1-D (Appendix 2) to be presented to colleges more formally.

9. Audit Scotland Report on College Sector

Paper No: AC1-E

9.1 Discussion

R Ashton reported that the paper provided was for information. He stated that, in terms of significant actions for GCRB, members should note item 4, 'Audit Scotland Recommendations', on fundable body status and specifically item 4.1 setting out 3 specific recommendations for colleges. These recommendations cover: development of long-term financial strategies; implementation of a more systematic approach to workforce planning; and making committee paperwork publicly available within appropriate timeframes. Members noted that there had already been some discussion on these recommendations with the colleges. Currently, there has been no feedback directly on workforce planning although feedback has been received on transparency of governance papers. Members agreed that it had been useful to get feedback from the assigned colleges. Members also considered that it would be beneficial to establish a joint approach to setting standards and sharing of good practice.

9.2 Decision

- Members recognised and agreed that a paper should be brought forward in respect of governance and transparency of information.
- R Ashton to bring forward a report on progress towards becoming fully operational to the next meeting of the Committee.
- Recommendations noted.

10. Consolidation of Accounts

Paper No: AC1-F (discussed after agenda item 7)

10.1 Discussion

R Ashton informed members that a version of this paper went to committee last year. That paper contained information regarding analysis of tests in respect of deciding on whether the Glasgow college region should or should not prepare consolidated accounts. Working with external auditors, GCRB have had dialogue around this issue.

The current paper sets out what needs to be considered as well as GCRB's responsibilities.

Section 5.5 (as set out within paragraph 9.5 of the Financial Reporting Standard 102) details tests on whether we require to consolidate accounts or not. The remainder of the paper goes through those tests and provides comment on them.

R Ashton outlined Section 5.14 which details the composition of the Board of an incorporated college including details on the power to appoint or remove members.

Discussion focussed on whether there were any benefits in consolidating accounts across the colleges and potential risks associated with this. Members agreed that there may be some challenges in respect of the practicalities of this. It was noted that there was an increasing acceptance that the guidance is not written towards multi-college regions.

Members also noted that the deadline for achievement of operational body status is to be achieved by early 2017.

C MacDonald commented that the paper had been very helpful and informative.

10.2 Decision

- Based on discussions and forthcoming challenges, it was agreed to seek independent advice on consolidation. It was also agreed that GCRB ensure that there would be the resources available to seek that advice. Members also agreed to look into the overall value of this in terms of cost.
- It was agreed to have further discussion on Section 5.14 in respect of the power to appoint or remove members of an incorporated college.
- Members agreed that a paper should be brought to the next committee meeting in December. They also agreed that it would be beneficial to flag up this item to the GCRB Board meeting beforehand as there would be more information available within this timescale in respect of fundable body status.
- Write formally to college audit committees outlining our discussions today and timeline.
- Members noted the paper.

11. Annual Report on the Provision of Internal Audit Services 2015-16

Paper No: AC1-G

11.1 Discussion

S Inglis from Henderson Loggie outlined the report. He advised members that there were no significant issues identified in section 1.10. He stressed the importance for GCRB to finalise and complete and as soon as possible the implementation of the operational arrangements required for fully operational body status (see section 1.11).

It was noted that the contract was agreed for 15 days. S Inglis stated that Henderson Loggie invited comments from members at any time, either by contacting him direct or via R Ashton.

Members welcomed the report.

11.2 Decision

- The internal audit plan for 2016-17 will be presented at the December Committee meeting.
- R Ashton to remind members by email re list of priorities to be discussed at the December Committee meeting.
- Members noted the annual report on the provision of internal audit services for 2015-16.

12. Implementation of Internal Audit Recommendations

Paper No: AC1-H

12.1 Discussion

R Ashton outlined the paper which includes an overview of the risk register and scaling of this (5 point scale/score). Members discussed tolerance and risk assessment taking note of the gradings of Low, Medium and High for tolerance. R Ashton asked that consideration be given in respect of adopting a different approach to measuring risk tolerance.

The Chair stated that he was content with the report which would now go back to the Board for further discussion and consideration.

Members noted that FFR Assumptions (final section, page 8, Appendix 1) were still ongoing.

12.2 Decision

- Members reviewed and endorsed the recommendation to the GCRB Board, the updated GCRB Scheme of Delegation (Appendix 5).

13. Procurement of Internal Audit

Paper No: AC1-I

13.1 Discussion

S Inglis (Henderson Loggie) declared an interest.

R Ashton stated that he had been fully involved in the internal audit procurement process. This had been a robust process through Advanced Procurement in Universities and Colleges (APUC). R Ashton announced that GCRB were pleased to appoint Henderson Loggie

13.2 Decision

- Members noted the internal audit procurement process and the appointment of Henderson Loggie as GCRB's internal auditor for the period 2016-17 to 2020-21.

14. Updates from Assigned College Audit Committees

Paper No: AC1-J

14.1 Discussion

R Ashton commented that the paper was a late addition to agenda. He asked members to note the paper but consider, in the longer term, what details and information GCRB specifically require from the colleges. Members noted that there is a need to formalise how and what information GCRB are gathering in the context of this committee.

14.2 Decision

- The Committee noted the report and agreed that it should be brought back to the December meeting.

15. Review of GCRB Procedure on Corporate Governance and Public Interest Disclosure

Paper No: AC1-K

15.1 Discussion

R Ashton informed members that the Procedure is due to be reviewed and has been brought to this Committee for comment. He stated that no specific issues had been identified except the Code of Practice for GCRB staff.

15.2 Decision

- Item 58 (Appendix 1) – additional wording in brackets after “An independent officer” to offer clarification of this (eg. “your internal auditor”, etc).
- Item 61 (Appendix 1) – Clarification needed on “The designated officer”. Members agreed that it would be helpful to mention the specific person when the text first appears in the Procedure. It was also agreed that specific contact names and details should be made prominent on the GCRB website and publicly available. R Ashton and Board Secretary to update as well as notify members of the GCRB Performance and Resources Committee.
- Section detailing the Code of Practice/Conduct for GCRB staff to be removed from the Procedure. Members agreed that this was area requiring further development.
- Page 5 – should read Nominations & Remuneration Committee as the heading.
- Members agreed that it would be useful to state that GCRB are not responsible for “Whistleblowing” in assigned colleges and that it should be made clear that staff should take up any issues with their own college.
- Members agreed that the review date should be 2018.

16. Review of GCRB Complaints Handling Procedures

Paper No: AC1-L

16.1 Discussion

R Ashton stated that there were no issues to raise in respect of the Procedure except for a change of address update and a need to double check against the SPSO guidelines.

16.2 Decision

- Section 4 (Appendix 1) – address to be updated.
- GCRB procedure to be checked against SPSO guidelines.

17. Update on Whistleblowing and Fraud Disclosures

Paper No: AC1-M

17.1 Discussion

No issues reported.

17.2 Decision

- The Committee noted the report.

18. Annual Review of GCRB Value for Money Strategy

Paper No: AC1-N

18.1 Discussion

Members discussed the paper and agreed that it was essential to establish whether GCRB are confident that the information they are receiving from assigned colleges enables them to effectively monitor value for money.

18.2 Decision

- Review the college information provided to demonstrate effective arrangements are in place to secure value for money.

19. Annual Review of Committee Effectiveness

Paper No: AC1-O

19.1 Discussion

Members briefly discussed the paper.

19.2 Decision

- Section 9.3 (Appendix 1). Members noted that there was a requirement for the Committee to provide the Board with an annual report summarising its conclusions from the work it has done during the year.
- Section 2.1 (Page 1 of cover sheet) - delete "discuss the performance of the Committee Chair" from the recommendations section.
- Annual Report of the Audit Committee to go to the December meeting.
- R Ashton to make amendments to the policy and formally bring the paper back to the December meeting.

20. Date of Next Meeting

Paper No: Verbal

- Monday 12 December 2016, 1100 hours, City Campus, City of Glasgow College.