

Draft Minute of Audit Committee Meeting held on Tuesday 5 December 2017

Present	
Paul Buchanan (Chair)	
Caroline MacDonald	Mike Ward
In Attendance	
Robin Ashton (Executive Director)	Gary Devlin (Scott-Moncreiff)
Penny Davis (Board Secretary)	Claire McTaggart (Scott-Moncreiff)
Jim Godfrey (Interim Finance and Resources Director)	Andrea (Scott-Moncreiff)
Wendy Odedina (Executive Assistant)	Stuart Inglis (Henderson Loggie)
Apologies	
Grahame Smith (Interim Chair)	Maureen McKenna

1. Private Meeting with External Auditor

Paper No: Verbal

1.1 Discussion

Committee members held a private meeting with the External Auditor without the Executive present.

The Auditor did not have any specific matters of concern to bring to the Committee's attention.

Committee members and the external auditor discussed the wider operating context of the Glasgow region and potential challenges and opportunities for the future.

2. Introduction and Welcome

Paper No: Verbal

2.1 Decision

The Chair welcomed members and attendees to the meeting.

3. Apologies

Paper No: Verbal

3.1 Discussion

Apologies were received from Maureen McKenna and Grahame Smith (Interim Chair).

4. Declarations of Interest

Paper No: Verbal

4.1 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.

5. Chairs Business

Paper No: Verbal

5.1 Decision

The Chair noted the productive meeting that he had with the Chairs of the assigned colleges Audit Committees where they discussed areas of common interest. He requested that the note of that meeting is circulated to Committee members for information.

6. Minute of Meeting on Monday 3 October 2017

Paper No: AC2-A

6.1 Decision

The minute of the meeting held on 3 October 2017 was **agreed** as a true record subject to minor amendments.

7. Review of Letter of Representation

Paper No: AC2-B

7.1 Discussion

The External Auditor presented the letter of representation noting that it is a standard letter with no modifications. He asked the Committee to confirm that there are no items that they are aware of that aren't covered within the letter.

7.2 Decision

The Committee **agreed** to recommend to the Board that the letter be signed by the GCRB Executive Director on behalf of the Board.

8. Annual Report of the External Auditor

Paper No: AC2-C

8.1 Discussion

The External Auditor presented the External Audit Annual Report which he noted was a very good report, with no major issues and that he was issuing an unqualified opinion.

He highlighted the key messages within the report noting financial sustainability as the significant issue for the region and the wider college sector. He highlighted the significant improvements made by the Board in performance management.

8.2 Decision

The Committee **considered** the annual external audit report and suggested minor amendments to phraseology which the External Auditor agreed to consider.

9. GCRB Annual Report and Accounts

Paper No: AC2-D

9.1 Discussion

The Interim Finance and Resources Director provided an overview of the annual report and accounts which he also noted had been considered by the Performance and Resources Committee.

He noted the significant requirements on GCRB as a small organisation and some complex issues that required to be dealt with in the production of the accounts.

9.2 Decision

The Committee **agreed**, subject to minor amendments, to advise the Board of GCRB that:

- there are no matters from an audit perspective that prevent the accounts being approved; and
- the Committee is satisfied that it is appropriate for the accounts to be prepared on the 'going concern basis'

10. Implementation of Internal Audit Recommendations

Paper No: AC2-E

10.1 Discussion

The Interim Finance and Resources Director provided an overview of the paper noting progress against internal audit recommendation. He explained that most actions are complete and work is underway to complete the outstanding points.

10.2 Decision

The Committee **noted** the progress made to implement the recommendations of the previous Internal Audit reports.

11. Annual Report of the Internal Auditor 2016-17

Paper No: AC2-F

11.1 Discussion

The Internal Auditor provided an overview of the Internal Audit Annual Report for 2016-17 noting that it was a positive report and that he was issuing an overall clean opinion.

11.2 Decision

The Committee **considered** the annual internal audit report.

12. Internal Audit – Corporate Planning

Paper No: AC2-G

12.1 Discussion

The Internal Auditor presented the internal audit of corporate planning noting that overall there are no formal recommendations for improvement however some issues flagged to keep under review.

12.2 Decision

The Committee **noted** the report.

13. Internal Audit Plan 2017-18

Paper No: AC2-H

13.1 Discussion

The Internal Auditor presented the internal audit plan for 2017-18 which he noted had been agreed previously and was being presented to the Committee for review.

The Committee discussed GDPR and the prominence of this. It was discussed that as internal GDPR plans are drawn together, the Executive will review planning audit requirements.

13.2 Decision

The Committee **agreed** the Internal Audit Plan 2017-18.

14. Update from Assigned College Audit Committees

Paper No: AC2-I

14.1 Discussion

The Executive Director presented the paper which provided the Committee with an update of matters considered by the assigned college Audit Committees. He noted that GCRB has undertaken to feed back to the colleges in a similar fashion.

The Committee discussed the ongoing matter regarding ESF at City of Glasgow College and the potential for this to affect their annual accounts.

The Committee discussed that the approval timelines for assigned college annual accounts will require to be brought forward next year in order that the consolidated accounts can be prepared for the region in good time.

The External Auditor raised the issue of Audit Scotland fees and the proposal to re-balance these across the region. The Committee noted that they did not have a role in recommending or approving audit fees for the colleges.

14.2 Decision

The Committee **noted** the updates from assigned college audits committees.

15. Review of College Risk Registers

Paper No: AC2-J

15.1 Discussion

The Interim Finance and Resources Director provided an overview of the exercise undertaken to review the assigned college risk registers. He explained that the report presented the areas of highest risk and that other areas of risk are featured on the colleges' registers, however at a lower risk level.

He noted that across the region, finance, is identified as having the highest risk.

15.2 Decision

The Committee **noted** the review of college risk registers.

16. Audit Committee Annual Report

Paper No: AC2-K

16.1 Discussion

The Committee considered the draft Committee Annual Report which summarised the work undertaken through the year and outlined priority areas moving forward. It was agreed to include risk within priority areas for the future.

16.2 Decision

The Committee

- **noted** the draft annual report;
- **agreed**, subject to amendment, the priority issues;
- **agreed to endorse** this report to the GCRB Board at its meeting on 18 December 2017.

17. Annual Review of Committee Effectiveness

Paper No: AC2-L

17.1 Discussion

The Committee undertook a review of committee effectiveness which asked members to consider how well they had fulfilled their remit, consider if their terms of reference are up-to-date and consider the effectiveness of the Committee Chair.

The Committee discussed quorum and committee membership and it was noted that the new Board Chair may wish to review arrangements when in post.

It was also suggested that a board development session on financial management may be useful for all board members given the scale of funding that the Board is now responsible for.

The Committee Chair temporarily left the meeting at this point.

The remaining Committee members discussed their assessment of the Chair's performance which would be fed back to the Committee Chair at a later date.

The Committee Chair re-joined the meeting at this point.

17.2 Decision

The Committee:

- **reviewed** its work during the past year and key decisions taken;
- **considered** how well it has fulfilled its terms of reference;
- **discussed** the performance of the Committee Chair; and
- **agreed** improvements on how it conducts its business.

18. Long Term Agenda

Paper No: AC2-M

18.1 Discussion

The Committee **agreed** the long term agenda and **agreed** to include an update on GDPR in March.

19. Distribution of GCRB Board Papers

Paper No: AC2-N

19.1 Discussion

The Committee Chair provided an overview of the paper noting the request from the Interim Chair to consider the unauthorised disclosure of GCRB board papers earlier in the year.

The Committee Chair outlined proposed measures to discourage any further unauthorised disclosures in the future.

19.2 Decision

The Committee

- **noted** that the Interim GCRB Chair has asked the Chair of the Audit Committee to consider the unauthorised disclosure of confidential GCRB Board papers and for the Audit Committee to provide a report back to the Board; and
- **considered** the proposed courses of action and **agreed** to report these back to the Board.

20. Date of Next Meeting

Paper No: Verbal

20.1 Decision

The date of the next meeting of the Audit Committee was **agreed** as 6 March 2018.