

## Draft Minute of the Audit and Assurance Committee meeting held on Tuesday 17 January 2023

<b>Present</b>	
Edward McGrachan (Chair)	Helyn Gould
Chris Bones	Alastair Milloy (item 8 onwards)
<b>In Attendance</b>	
Martin Boyle (Executive Director)	Gary Devlin (External Auditor)
David Archibald (Internal Auditor)	Jim Godfrey (Finance and Resources Director)
Penny Davis (Board Secretary)	Wendy Odedina (Executive Assistant)

### 1. Introduction and Welcome

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Paper Number: Verbal

#### 1.1 Discussion

The Chair welcomed members and attendees to the meeting. He welcomed Penny Davis back as Board Secretary and wished to put on record the Committee's thanks to Marianne Philp for fulfilling this role in an interim capacity.

He noted that this is the last Audit and Assurance Committee meeting for the external auditor, Gary Devlin, noting that Gary would attend the GCRB board meeting at the end of January. The Chair wished to put on record the Committee's sincere appreciation for Gary's contribution to the Committee over a number of years.

### 2. Apologies

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Paper Number: Verbal

#### 2.1 Discussion

It was noted that Alastair Milloy would join the meeting late.

### 3. Declarations of Interest

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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.

Helyn Gould noted for information that she has been appointed as a member of the SFC Skills, Enhancement, Access and Learning Committee. She noted that she does not foresee this being a conflict however wished to note for members' information.

## 4. Chair's Business

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Paper Number: Verbal

### 4.1 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:

- Board Meeting
- Meeting with Board Chair.

The Chair noted that he had discussed with the Board Chair the potential for a co-optee to join the Audit and Assurance Committee. The committee **confirmed** their agreement to this, in line with audit regulations, and for the co-optee to join the next meeting, as appropriate.

## 5. Minute of the Committee meeting held on 20 October 2022

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Paper Number: AAC2-A

### 5.1 Decision

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

## 6. Implementation of Internal Audit Recommendations

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Paper Number: AAC2-B

### 6.1 Discussion

The Finance and Resources Director introduced the paper on implementation of internal audit recommendations noting progress on actions and asking the committee to approve amended timescales.

The Executive Director provided some context to the request for amended timescales in line with the regional review and development of regional strategy. He noted that the Executive are committed to the spirit and direction of the recommendations however these cannot be undertaken in isolation, and suggested that they have to be part of the considerations of the regional review process, the timing of which is dictated by the SFC.

The Committee noted their frustration with not being able to progress these recommendations. They requested that a mechanism is brought forward to allow the Committee to formally suspend those recommendations that are unable to progress until the outcome of the review is known. This would allow the Committee to consider the recommendations within their control and revisit the suspended sub-section of activity at an appropriate stage.

The Internal Auditor confirmed that there is also the mechanism available to allow a recommendation to be removed, after careful consideration, if it is no longer applicable.

## 6.2 Decision

The Committee **noted** the progress made to implement the recommendations of previous internal audit reports, including updates agreed with internal auditor.

The Committee **agreed** that this report should be amended for the next meeting of the Committee and a process to suspend actions formally presented for Committee approval.

## 7. Internal Audit Report – Influencing ROA Development

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Paper Number: AAC2-C

### 7.1 Discussion

The Internal Auditor presented an overview of the report noting that he was comfortable that appropriate processes are in place. He noted one area for improvement with regard to engagement with stakeholders, including the assigned colleges, to seek to ensure all parts of the region are using the ROA as a touchstone for setting strategic direction.

The Committee discussed if the recommendation can be seen as realistic or is more of an ambition for the future. It was discussed that the ROA for 23-24 is likely to be in the same format however proposed changes are expected in 24-25 moving towards an impact framework which GCRB should actively seek to influence.

### 7.2 Decision

The Committee:

- **considered** the internal audit report on the influencing ROA development; and
- **noted** that the level of assurance is ‘satisfactory’ and there is one recommendation arising from this review.

## 8. Internal Audit Report – Disaster Recovery

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Paper Number: AAC2-D

### 8.1 Discussion

The Internal Auditor presented an overview of the report noting GCRBs reliance on the assigned colleges. He noted that one college did not respond on this, however assurance can be taken from recent work that he has undertaken within that college. Overall, the Internal Auditor noted that he is comfortable appropriate process are in place, and testing is carried out as required.

He noted one recommendation of setting up formal annual reporting to GCRB to provide formal assurance that processes are in place, and mechanisms to test these. He noted that he would hope this could provide opportunities for best practice to be shared across the region to ensure best value for money.

The Executive Director provided an update to the Committee on the recent development at the Anniesland campus of Glasgow Clyde College with regard to the building issue and the interim closure of the campus. It was discussed that this matter is continuity planning rather than disaster planning as the matter emerged over a longer period of time.

## 8.2 Decision

The Committee:

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

## 9. Internal Audit Annual Report 2021-22

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Paper Number: AAC2-E

### 9.1 Discussion

The Internal Auditor presented the report noting that all planned activity was delivered in year. He noted assurance of the independence of the internal auditor and compliance with public sector standards.

He noted that all work has been good or satisfactory, other than one area which was graded as requires improvement regarding the governance recommendations as discussed earlier in the meeting. He noted that this is a caveat to the overall audit opinion.

### 9.2 Decision

The Committee **noted** the internal audit annual report for 2021-22.

## 10. Internal Audit Report – Assigned Colleges 2021-22

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Paper Number: AAC2-F

### 10.1 Discussion

The Internal Auditor presented the report which he noted summarises the internal audit work that has taken place within the three assigned colleges. He states that there are no areas of concern to bring to the attention of the Committee.

### 10.2 Decision

The Committee noted the internal audit report on the assigned colleges for 2021-22.

## 11. Review of Letter of Representation

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Paper Number: AAC2-G

### 11.1 Discussion

The Finance and Resources Director presented the paper noting that this letter accompanies the annual report and consolidated financial statements. He noted that in addition to the standard wording, there are additional paragraphs regarding covid and the regional review.

The External Auditor noted in light of the developments regarding the Anniesland campus of Glasgow Clyde College, the Committee may require to include a statement on this. Given the unknown cost and unknown potential reduction in value at this time, it was discussed that a disclosure could be made within the annual accounts and financial statements document rather than the letter of representation.

### 11.2 Decision

The Committee **agreed** to recommend to the Board that the letter be signed by the GCRB Chair on behalf of the Board and that a statement should be added to the annual accounts and consolidated financial statements on the Anniesland campus matter.

## 12. External Audit Annual Report 2021-22

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Paper Number: AAC2-H

### 12.1 Discussion

The External Auditor presented the paper noting his intention to issue an unqualified opinion on the consolidated financial statements. With regard to the wider scope elements he highlighted the significant scale of financial challenge for the region and the sector which are well documented.

The Committee discussed the report and its alignment with the annual report and financial consolidated statements. It was discussed that the annual report be amended to amplify the narrative that the current failure to work on an assertive collaborate agenda is exacerbating the challenges that the region faces.

### 12.2 Decision

The Committee **noted** the external audit annual report and **agreed** to update the annual report and consolidated financial statements narrative regarding the essential requirement for regional collaboration.

## 13. Draft Annual Report and Consolidated Financial Statements 2021-22

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Paper Number: AAC2-I

### 13.1 Discussion

The Finance and Resources Director presented the draft annual report and consolidated financial statements 2021-22. He noted that this includes GCRB as a single entity and for the region as a whole. He noted his thanks to college finance colleagues and the Azets teams for their work to complete this substantial piece of work.

He confirmed that that report is compliant with the accounts direction.

### 13.2 Decision

The Committee noted the two previously agreed additions on the disclosure of Anniesland Campus and the change to narrative on regional collaboration. Subject to these additions, the Committee **agreed** to recommend to Board of GCRB that:

- there are no matters from an audit perspective that prevent the annual report and consolidated financial statements for 2021-22 being approved; and
- the Committee is satisfied that it is appropriate for the annual report and consolidated financial statements for 2021-22 to be prepared on the 'going concern basis' (see section **Error! Reference source not found.** below).

## 14. Updates from College Audit Committees

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Paper Number: AAC2-J

### 14.1 Discussion

The Executive Director presented the report for committee information.

### 14.2 Decision

The Committee noted the report.

## 15. Review of College Risk Registers

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Paper Number: AAC2-K

### 15.1 Discussion

The Finance and Resources Director presented the report reminding members that full risk registers are reported to him and he has then extracted the key risks for the purposes of this report.

He noted the updated processes in place in Glasgow Clyde and Glasgow Kelvin Colleges with regard to their consideration of risk.

## 15.2 Decision

The Committee noted the report.

## 16. GCRB Audit and Assurance Committee Annual Report

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Paper Number: AAC2-L

### 16.1 Discussion

The Board Secretary provided an overview of the report inviting the Committee to review their activity from the past year and consider its priorities moving forward.

The Committee discussed that serious attention needs to be paid to college deficits, and the risk plans to address this, given the scale of risk to the overall system and to the learners for which GCRB is responsible. It was suggested that the Committee should consider its sources of assurance and work with the Executive Director and Finance and Resource Director to map a helpful approach to this.

### 16.2 Decision

The Committee

- **considered** and **agreed** the content of the summary report on its activity during the past year;
- **discussed** its priorities for the coming year, noting that they would like to continue this discussion at the next meeting of the Committee;
- **agreed to report** to the next meeting of the Board on activity during the past year, with the caveat that priorities for the year ahead may develop or change.

It was **agreed** that the Committee, in conjunction with the Executive Director and Finance and Resource Director, will continue to refine its approach to risk assurance from the assigned colleges and proposals on this can be brought forward as appropriate.

## 17. Annual Review of Committee Effectiveness and Terms of Reference

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Paper Number: AAC2-M

### 17.1 Discussion

The Board Secretary introduced the report asking the Committee to review its performance and terms of reference.

The Committee considered that they would like more time to reflect on this paper. There were no suggested amendments to the terms of reference at this stage.

### 17.2 Decision

The Committee **noted** the report.

## 18. Assigned College Audit Committee Annual Reports

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Paper Number: AAC2-N

### 18.1 Discussion

The Finance and Resources Director presented the report noting that audit committee annual reports have been received from Glasgow Clyde and Kelvin Colleges however City of Glasgow College have not completed this due to a staffing matter. He noted that these are submitted as part of the suite of documentation with the annual report and financial statements to the SFC.

It was noted that this is not expected to be a fundamental concern, however Committee members felt that it was unfortunate outcome, and the task ought to have been overtaken by another member of staff.

### 18.2 Decision

The Committee **noted** the audit committee annual reports for Glasgow Clyde and Kelvin Colleges.

It was **noted** that it would be helpful to seek to put in place a process to avoid external deadlines and submissions not being met.

## 19. Committee's Review of Effectiveness of Internal Auditor

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Paper Number: AAC2-O

### 19.1 Decision

The internal and external auditors left the meeting at this stage.

The Committee considered the performance of the Internal Auditor and **agreed** feedback to be shared after the meeting.

## 20. Committee's Review of Effectiveness of External Auditor

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Paper Number: AAC2-P

### 20.1 Discussion

The Committee considered the performance of the External Auditor and **agreed** feedback to be shared after the meeting.

## 21. Long Term Agenda

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Paper Number: AAC2-Q

### 21.1 Decision

The Committee **agreed** the long-term agenda.



## **22. Review of Disclosable Status**

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Paper Number: Verbal

### **22.1 Decision**

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

- Minutes of previous meeting;
- Assigned colleges internal audit reports;
- Letter of Representation
- External Audit Report
- Draft Annual Report and Consolidated Financial Statements.

## **23. Date of Next Meeting**

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Paper Number: Verbal

### **23.1 Decision**

The date of the next meeting was confirmed as 7 March 2023.