

Draft Minute of Audit Committee Meeting held on Monday 20 February 2017

Present	
Paul Buchanan (Chair)	Maureen McKenna
Caroline MacDonald	Grahame Smith
In Attendance	
Robin Ashton (Executive Director)	David Archibald (Henderson Loggie)
Margaret Cook (Chair, GCRB)	Ken Brooker (Henderson Loggie)
Wendy Odedina (Executive Assistant)	Gary Devlin (Scott-Moncrieff)
Mike Ward (new GCRB board member)	Claire Gardiner (Scott-Moncrieff)
Apologies	
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1. Introduction and Welcome

Paper No: Verbal

1.1 Discussion

The Chair welcomed the external and internal auditors, the Chair of the Board as an observer and Mike Ward, newly appointed GCRB board member, who is due to become a member of the Audit Committee, subject to Board approval on 27 February.

2. Apologies

Paper No: Verbal

2.1 Decision

There were no apologies received from members.

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.

4. Chair's Business

Paper No: Verbal

4.1 Discussion

The Chair noted that he had met with the external auditors regarding consolidation of accounts which would be discussed during the course of the Committee meeting and that he is due to attend the Colleges Development Network Audit Chairs conference in mid-March.

It was also noted that the Chair and Vice Chair of the Board had met with the assigned college Chairs and Principals where they agreed to move forward with the joint audit committees event which would be scheduled for April 2017.

5. Minute of the Committee Meeting held on Friday 7 October 2016

Paper No: AC3-A

5.1 Decision

The minute of the meeting held on Monday 12 December was **agreed** as a true record.

6. Implementation of External Audit Recommendations

Paper No: AC3-B

6.1 Discussion

The Executive Director provided an update on progress against the external audit recommendations for 2014-15 and 2015-16. He noted that most of the outstanding issues relate to the achievement of fully operational fundable body status which GCRB hopes to gain on 1 April 2017.

The Chair of the Board provided an update on employment arrangements for staff in relation to the recommendation to address absent contract documentation.

6.2 Decision

The Committee **noted** the risk issue with regards to absent contract documentation. The Chair of the Board **agreed** to progress this issue at the Nominations and Remuneration Committee on 14 March with a view to a recommendation being made to the Board on 22 March.

The Committee **noted** the report and **requested** an update at their next meeting.

7. Consolidation of Accounts

Paper No: AC2-C

7.1 Discussion

The Executive Director provided an overview of feedback from Audit Scotland, SFC and GCRB's external auditors regarding consolidation of accounts for the Glasgow region explaining that the final decision on whether to proceed rests with the GCRB board.

The Committee considered the pros and cons of consolidation, noting the concerns that had been raised by the assigned colleges around additional cost and work. They also noted that consolidated accounts will provide the GCRB with a deeper understanding of regional finances and should provide longer term advantages in helping to identify efficiency savings.

7.2 Decision

The Committee **agreed to recommend** to the GCRB Board that the Glasgow College Region should consolidate its accounts for 2016-17.

Subject to Board approval, it was **agreed** that the GCRB Executive Director should work with the assigned colleges to develop a consolidation implementation plan for consideration at the next meeting of the Audit Committee.

The Committee **noted** the additional external audit costs that will be incurred as a result of consolidation.

8. Draft Financial Procedures Manual for fully-operational status

Paper No: AC3-D

8.1 Discussion

The Executive Director noted that Henderson Loggie had been contracted to review and develop GCRB's financial procedures to ensure they are fit for purpose for GCRB becoming a fully-operational fundable body and having in place robust processes for the allocation of funding to the assigned colleges.

It was noted that the procedures state that the SFC will administer the GCRB bank account according to GCRB instruction. Following consideration of this matter at GCRB's Performance and Resources Committee, the Executive Director noted that he is seeking a commitment from the SFC that this arrangement will be subject to future joint review and an assurance the GCRB instructions cannot be over-ruled.

8.2 Decision

The Committee **agreed** minor amendments to the draft financial procedures manual.

Subject to these amendments, and receipt of assurance from the SFC as outlined, the Committee **agreed to recommend** to the GCRB Board that it approve the GCRB Financial Procedures Manual for fully-operational status.

9. Implementation of Internal Audit Recommendations

Paper No: AC3-E

9.1 Discussion

The Executive Director provided an overview of actions taken to address the internal audit recommendations from 2015-16 noting that both relate to fully-operational fundable body status.

The Committee discussed the work required to gain assurance that student data information from the assigned colleges is accurate. The Executive Director noted that GCRB will look to develop a technical solution to replicate the SFC FES upload for this purpose.

9.2 Decision

The Committee **noted** the report and **requested** an update at their next meeting.

10. Internal Audit Plan 2016-17

Paper No: AC3-F

10.1 Discussion

The Internal Auditor provided an update on the internal audit plan for 2016-17 following feedback from the last Audit Committee meeting and further to a meeting with the GCRB Executive Director.

He noted that a plan for 2017-18 will be presented to the May meeting of the Audit Committee.

The Executive Director noted that the internal auditor will also be involved in the planned joint audit committee session and Board risk workshop.

10.2 Decision

The Committee **noted** the report on the Internal Audit plan for 2016-17.

11. Update on Whistleblowing and Fraud Disclosures

Paper No: AC3-G

11.1 Discussion

The Executive Director confirmed that no disclosures on whistleblowing or fraud had been made to GCRB.

11.2 Decision

The Committee **noted** the report.

12. Assigned Colleges Annual External Audit Reports

Paper No: AC3-H

12.1 Discussion

The Executive Director provided for information the annual external reports of the assigned colleges summarising that each college is in good financial health and has good governance arrangements in place.

12.2 Decision

The Committee discussed the requirement for future reports, and college accounts, to be submitted to GCRB before being submitted to SFC and the Executive Director **agreed** to progress arrangements for this with SFC and the assigned colleges.

It was **agreed** that consideration of GCRB oversight of assigned college audit recommendations should be discussed at a future meeting of the Committee.

13. Board Regulations

Paper No: AC3-I

13.1 Discussion

The Executive Director presented the revised Board Regulations which proposed an amendment relating to the involvement of assigned college Chairs in GCRB consideration of assigned college funding, as requested at the last meeting of the Audit Committee.

13.2 Decision

The Committee **agreed to recommend** to the GCRB board the proposed change to the GCRB Board regulations.

14. Long Term Agenda

Paper No: Verbal

14.1 Decision

The Committee **agreed**, subject to Board approval, that matters around consolidation should be added to the Audit Committee long term agenda.

15. Date of Next Meeting

Paper No: Verbal

18.1 Decision

The date of the next meeting of the Audit Committee was **agreed** as Monday 15 May 2017 at 1100hrs. Venue tbc.