

## Performance and Resources Committee Meeting

Date of Meeting	Tuesday 2 May 2017
Paper Title	GCRB Finance Update
Agenda Item	9
Paper Number	PRC6-E
Responsible Officer	Jim Godfrey, Interim Finance Director
Status	Disclosable
Action	For Noting

### 1. Report Purpose

- 1.1. To provide an update to the Committee on a range of finance matters.

### 2. Recommendations

- 2.1. The Committee is asked to **note** this report.

### 3. Report

- 3.1. **Resources** - Jim Godfrey was engaged to provide financial support to GCRB and commenced this work on 20 March 2017. This short-term engagement will provide temporary support pending the recruitment of a Director of Finance. The following paragraphs provide a brief update of some of the resourcing matters that have been progressed in recent weeks.
- 3.2. **Insurance** – has been put in place in respect of Employers Liability (£10m) and Public Liability (£5m) cover. Employers Liability insurance is a statutory requirement and Public Liability cover is strongly recommended. The premium for these two covers is £2,200. Work is taking place to obtain quotes for other relevant insurance cover, such as professional indemnity and trustee liability. The cost of insurance cover has been included in the forecast costs for 2016-17 and the budget for 2017-18.
- 3.3. **Employment Status** – work has taken place to evaluate the employment status of GCRB staff to examine the implications of secondments and VAT. The issue was discussed at the previous meeting of the Nominations and Remuneration Committee and a further report will be presented at the next meeting of the Committee.
- 3.4. **Capital Funding 2017-18** – work has taken place to develop a Capital Funding Policy for 2017/18. This is a separate item on the agenda of this Committee.
- 3.5. **Banking** – the forms have now been completed by all parties and submitted to the Royal Bank of Scotland. The process was quite complex and required a number of issues to be resolved before progressing. It is expected that the bank account will be operational in the next week.

- 3.6. Internal Audit** – work has been undertaken by the Internal Auditor to review GCRB’s approach to risk management and the implementation of the Financial Memorandum. These two studies have been reviewed and feedback provided. The audit reports will be presented to the next meeting of the Audit Committee for consideration. Any recommendations, and changes arising, will be incorporated within revised policies and procedures.
- 3.7. Bribery Policy** – in accordance with the Bribery Act 2010, an anti-bribery policy has been produced for GCRB. This policy will be presented to the Audit Committee at its meeting on 15 May 2017.
- 3.8. Consolidated Accounts** – work has taken place to progress the actions necessary to achieve the consolidated accounts for 2015-16. Regional finance colleagues met to discuss the issue in February 2017 and a further meeting was held on 25 April 2017. The issue was also discussed with Scott Moncrieff (external auditors), also on the 26 April. Further to the meetings, an outline timetable of actions will be presented to the Audit Committee at its meeting on 15 May 2017.
- 3.9. Service Level Agreements** - have been drafted to cover the relationship between GCRB and the Scottish Funding Council. The draft document has been provided to the Scottish Funding Council for comment and feedback. Service level agreements were also considered for some services provided by Assigned Colleges to GCRB. Having reviewed the matter it is felt that any agreement must be appropriate to the level of service being provided i.e. that a simple Memorandum of Understanding may be appropriate.
- 3.10. Assurance/Monitoring** – one of the key issues arising from the review of the Financial Memorandum is the role of GCRB in terms of being confident that the Assigned Colleges are fulfilling their obligations. The challenge for GCRB is to gain assurance whilst minimising the burden on the Assigned Colleges. Work has taken place to begin to shape these ideas but this is still work-in-progress. Some of the emerging thoughts are:
- Placing reliance upon the systems of internal control within Colleges.
  - Keeping abreast of College developments through the sharing of existing management information.
  - The role of GCRB staff and the role of the Board in obtaining the confidence and assurance i.e. what tasks could be delegated by the Board to the Director of Finance & Resources.
  - Adopting a risk based approach to the assurance process.
  - Consideration of the timely nature of information i.e. to ensure that GCRB is aware of any issue at the earliest opportunity.
  - That an open and transparent culture is likely to lead to a positive exchange of information and thereby increased confidence.

These initial thoughts will be developed into a future proposal, that recognises the organisational ethos, resources available and degree of assurance required.

**3.11. College Financial Reports** – following the section above on assurance, a key aspect is the financial information provided by Assigned Colleges. In the past, Colleges have provided monitoring information directly to the Scottish Funding Council. In the future, Colleges will provide information to GCRB, who in turn will provide this to the Scottish Funding Council. We are working through this transition at present. This process has been discussed with both the Scottish Funding Council, and the Colleges, and it has been agreed that a parallel process will operate for the next few months to address any shortcomings before commencing the fully devolved process. The first stage of the new process was that the Colleges sent their latest cash flow returns to GCRB on 21 April at the same time that they were sent to the Scottish Funding Council. Work is in progress to determine how this information can be consolidated into a format that can be provided to future meetings of this Committee.

#### **4. Risk Analysis**

**4.1.** The risks no specific risks associated with this report, although there are risks inherent within some of the pieces of work identified.

#### **5. Legal Implications**

**5.1.** There are no specific legal implications associated with this report.

#### **6. Financial Implications**

**6.1.** There are no specific financial implications associated with this report.

#### **7. Regional Outcome Agreement Implications**

**7.1.** Aspects of this report contribute to the governance arrangements for GCRB and therefore, support the Regional Outcome Agreement.