
Audit and Assurance Committee Meeting

Date of Meeting	Tuesday 14 January 2025
Paper Title	Internal Audit Report – Follow-up Review
Agenda Item	6
Paper Number	AAC2-B
Responsible Officer	Jim Godfrey, Finance & Resources Director
Status	Disclosable
Action	For Noting and Comment

1. Executive Summary

- 1.1. The internal audit report on the follow-up of previous recommendations has been prepared by Henderson Loggie and is provided to the committee for consideration.

2. Recommendations

- 2.1. The committee is invited to:

- **consider** the internal audit report on the follow-up of previous recommendations and **comment** as appropriate.
- **note** that, of the four remaining recommendations;
 - one has been fully implemented,
 - one has been partially implemented,
 - one has little, or no progress, and
 - one was considered but not implemented.

3. Report

- 3.1.** The Internal Auditor has undertaken a review of the previous recommendations and provided a follow-up report. This activity is consistent with the scope of work approved by this committee at its meeting on 26 March 2024. The attached report shows the key findings and recommendations.

4. Risk and Compliance Analysis

- 4.1.** The work of the Internal Auditor is informed by an assessment of risk. The approach to audit planning reflects an overall assessment of the relevant risks that apply to GCRB. This ensures that the audit focuses on the areas of highest risk.
- 4.2.** There are no legal implications because of this report.

5. Financial and Resource Analysis

- 5.1.** The internal audit programme 2023-24 is based upon a revised requirement of 5 days per annum. This report was scheduled to utilise 1 day of the 2023-24 allocation. The cost per day is based upon the price previously tendered by Henderson Loggie.

6. Equalities Implications

- 6.1.** There are no equalities implications as a direct result of this report.

7. Learner Implications

- 7.1.** Through the conditions of grant, GCRB is required to conduct its affairs in accordance with the expected standards of good governance, which includes independent scrutiny and audit.

Glasgow Colleges Regional Board

Follow Up Reviews 2023/24

Internal Audit report No: 2024/02

Draft issued: 3 January 2025

Final issued: 6 January 2025



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Management Summary

Introduction and Background

As part of the Internal Audit programme for the Glasgow Colleges Regional Board ('the Board') for 2023/24, we have carried out a follow-up review of the recommendations made in the Internal Audit reports issued during 2022/23. These were:

- Internal Audit Report 2023/02 – Financial Sustainability
- Internal Audit Report 2023/04 – Follow Up Reviews 2022/23

There were no recommendations in reports 2023/01 – Annual Plan, 2023/03 – Funding Allocations, 2023/05 - Summary Report on the Internal Audit Annual Reports for the Glasgow Region Assigned Colleges for 2022/23, and 2023/06 – Annual Report, and as such no follow up has been undertaken on these reports.

Objectives of the Audit

The objective of each of our follow-up reviews is to assess whether recommendations made in previous reports have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Audit Approach

For the recommendations made in each of the reports listed above we ascertained by enquiry or sample testing, as appropriate, whether they had been completed or what stage they had reached in terms of completion and whether the due date needed to be revised.

Action plans from the original reports, updated to include a column for progress made to date, are appended to this report.

Overall Conclusion

Overall, the Board has made limited progress in implementing actions that are past their completion date. One recommendation (25%) has been assessed as 'fully implemented'. One recommendation (25%) has been assessed as 'partially implemented' and one recommendation (25%) has been assessed as 'little or no progress made'.

One recommendation (25%) has been assessed as 'considered but not implemented'. The revised action recommended that "The role of stakeholders in developing and agreeing the suite of performance metrics and targets, which will be used to monitor delivery of the Regional Strategy, should be defined in a way which clearly articulates the elements which are set nationally and the process for developing the elements which can be set locally".



Overall Conclusion (Continued)

The rationale for not implementing the recommendation, as originally planned, is set out in the management response provided, which is as follows:

“The new Outcomes Framework & Assurance Model is being rolled out by the Scottish Funding Council. The new process will operate between colleges and the Scottish Funding Council. The role of GCRB will be to conclude the former arrangements for Regional Outcome Agreements. In summary, the original internal audit recommendations have been superseded”.

Our findings from each of the follow-up reviews has been summarised below:

From Original Reports			From Follow-Up Work Performed				
Area	Rec. Priority	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	Not Past Agreed Completion Date	Considered But Not Implemented
2023/04 – Follow Up Reviews 2022/23	1	-	-	-	-	-	-
	2	2	1	1	-	-	-
	3	1	-	-	-	-	1
Total		3	1	1	-	-	1
2023/02 – Financial Sustainability	1	-	-	-	-	-	-
	2	1	-	-	1	-	-
	3	-	-	-	-	-	-
Total		1	-	-	1	-	-
Grand Totals		4	1	1	1	-	1

The grades, as detailed below, denote the level of importance that should have been given to each recommendation within the internal audit reports:

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Assurance Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Acknowledgements

We would like to thank all staff for the co-operation and assistance we received during the course of our reviews.

Appendix I - Updated Action Plan

Internal Audit Report 2023/04 - Follow Up Reviews 2022/23

Recommendation Revised May 2023	Priority	Management Response Revised May 2023	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at November 2024
Report No. 2021/04 – Strategic Planning (R4), 2021/05 – Stakeholder Mapping / Engagement (R1), and 2022/07 – Influencing ROA Development (R1) – recommendations combined in May 2024 revision						
R1 The role of stakeholders in developing and agreeing the suite of performance metrics and targets, which will be used to monitor delivery of the Regional Strategy, should be defined in a way which clearly articulates the elements which are set nationally and the process for developing the elements which can be set locally. This work should include the development of specific performance metrics and targets for stakeholder engagement and partnership working which will allow the impact of this activity to be measures and reported on. In addition, a Stakeholder Communication Plan should be developed, as an integral part of the planning process for future iterations of the ROA, to ensure effective and comprehensive engagement with key stakeholders moving forward.	3	<p>Revised recommendation accepted. The recommendation will be shared with SFC to inform on-going development work on the replacement of the Outcome Agreement approach.</p> <p>If relevant in 2023-24, it is recommended that a GCRB working group be formed to develop a Glasgow region-specific set of proposed performance metrics for the consideration of the board.</p> <p>A stakeholder mapping exercise has already been completed, and a communication plan for engagement would be developed in the next academic year.</p>	Executive Director	Revised Timescale at May 2023: 31 December 2023	<p>November 2023: Stakeholder mapping and communication element completed and under implementation. Working group has been formed, including GCRB Executive Director, GCRB Finance and Resources Director, GCRB non-executive directors and representative assigned college chair. Working group considering specifics of recommendation, future Glasgow articulation of outcomes and impact, and also engaging with SFC on current development of future OA, ensuring effective Glasgow contribution to process. At the same time, GCRB and Glasgow colleges' learning and teaching leads will meet with QAA in early 2024 to further develop specific elements.</p> <p>Partially Implemented</p> <p>Revised Completion Date: 5 April 2024</p> <p>At May 2024 Audit and Assurance Committee Meeting: The recommendation has been shared with SFC to inform on-going development work on the replacement of the Outcome Agreement approach.</p> <p>(Continued on next page)</p>	<p>Progress Update November 2024: The new Outcomes Framework & Assurance Model is being rolled out by the Scottish Funding Council. The new process will operate between colleges and the Scottish Funding Council. The role of GCRB will be to conclude the former arrangements for Regional Outcome Agreements. In summary, the original internal audit recommendations have been superseded.</p> <p>Status of Implementation:</p> <p>Considered but not Implemented</p>



Follow Up Review 2023/24

Recommendation Revised May 2023	Priority	Management Response Revised May 2023	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at November 2024
Report No. 2021/04 – Strategic Planning (R4), 2021/05 – Stakeholder Mapping / Engagement (R1), and 2022/07 – Influencing ROA Development (R1) – recommendations combined in May 2024 revision						
R1 (continued)					<p>Stakeholder mapping and communication element completed and under implementation. Working group has been formed, including GCRB Executive Director, GCRB Finance and Resources Director, GCRB non-executive directors and representative assigned college chair.</p> <p>It is now intended that GCRB will provide closure of the 23/24 process as guided by SFC, as well as providing relevant updates on the 24/25 process. GCRB Chair and Executive Director are in the process of seeking guidance from SFC on whether there is an expectation of GCRB providing any work on the forthcoming assurance and accountability framework.</p> <p>GCRB is unable to conclude this work in the current context in this timeframe.</p>	

Follow Up Review 2023/24

Recommendation Revised May 2023	Priority	Management Response Revised May 2023	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at November 2024
Report No. 2022/02 – GCRB Organisation Specific Governance						
R2 The next iteration of the Financial Memorandum between the relevant governance body and the three Glasgow Colleges should clearly articulate the role of the appropriate governance mechanism in evaluating and reporting significant events.	2	The original recommendation and revised recommendation will be shared with Scottish Funding Council (SFC) as they consider, along with the Minister, the appropriate outcome of the Glasgow college region review.	GCRB Finance & Resources Director	Revised timescale at May 2023: September 2023	<p>At November 2023: Discussions have taken place with SFC colleagues in November 2023. The latest position is that the Scottish Government / SFC are considering a revised Financial Memorandum. Implementation of this action is wholly dependent on the actions of others. The GCRB Chair and Executive Director have jointly agreed to the communication with SFC to share this recommendation and request that it remain a consideration following the conclusion of the review of the Glasgow college system.</p> <p>Partially Implemented</p> <p>Revised Completion Date: 31 July 2024</p> <p>At May 2024 Audit and Assurance Committee Meeting: The revised Financial Memorandum is awaited from the Scottish Funding Council. A draft version has been prepared and is currently subject to review before being issued (by the Scottish Funding Council).</p> <p>In the current circumstances, the process for this review will now be handed over to SFC and GCRB view this recommendation as concluded.</p>	<p>Progress Update November 2024: The revised Financial Memorandum has still not been received from the Scottish Funding Council. The position is unchanged from that reported previously. The implementation of a new Financial Memorandum is expected to form part of a transition process.</p> <p>Status of Implementation:</p> <p>Partially Implemented</p> <p>Revised Implementation Date: 31 July 2025</p>

Follow Up Review 2023/24

Recommendation Revised May 2023	Priority	Management Response Revised May 2023	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at November 2024
Report No. 2022/03 – Disaster Recovery						
<p>R1 All three Colleges should be asked by the relevant governance body to complete an annual return which confirms that there are effective disaster recovery arrangements in place and that these have been subject to appropriate testing during the year in question.</p> <p>The lessons learned from these testing exercises should also be gathered from each of the Colleges to allow the relevant governance body to determine whether a shared Glasgow-wide approach would be beneficial to address any issues identified. The outcomes from this annual exercise should be reported to the relevant governance body.</p>	2	The original recommendation and revised recommendation will be shared with Scottish Funding Council (SFC) as they consider, along with the Minister, the appropriate outcome of the Glasgow college region review.	Executive Director / AAC Chair	<p>Revised timescale at May 2023: 30 September 2023</p>	<p>November 2023: This will become an annual process from 2024, with GCRB sharing a form for annual submission. For clarity of process this will be included with another annual assurance event in the completion of the Certificate of Assurance. This will be shared with the GCRB Audit and Assurance Committee to provide clear sight, with any lessons learned shared with GCRB and assigned colleges to ensure shared benefit of all learning. Relevant outcomes for wider sectoral learning will be reported to SFC as appropriate.</p> <p>Partially Implemented</p> <p>Revised Completion Date: 31 March 2024</p> <p>At May 2024 Audit and Assurance Committee Meeting: The annual return process for Disaster Recovery was created by GCRB and was sent by the Executive Director to college principals. This process is now incorporated into the annual certificates of assurance. At the date of committee two colleges have provided returns. The completion date may require to be revised to meet outstanding submission.</p> <p>The process will be shared with SFC to ensure the process data is retained.</p>	<p>Progress Update November 2024: The declaration, regarding disaster recovery, has been incorporated in the annual return process and will be repeated in March 2025.</p> <p>Status of Implementation:</p> <p>Fully Implemented</p>

Appendix II - Updated Action Plan

Internal Audit Report 2023/02 – Financial Sustainability

Original Recommendation	Priority	Management Response	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at November 2024
2023/02 – Financial Sustainability						
R1 As part of the 2024/25 budget setting process a collaborative session should be convened, involving Board members and senior managers from GCRB and each of the regional Colleges, to assess the scale and nature of the financial risks facing the Glasgow region, and to identify potential pan-regional solutions which could help in delivering the cash releasing savings required to achieve a financially sustainable model for the Glasgow region while meeting the needs of learners.	2	Agreed	Finance	30 April 2024	At May 2024 Audit and Assurance Committee Meeting: GCRB Chair and Executive Director will seek guidance on SFC's direction regarding their preferences for this work. GCRB will deliver SFC's preferred option if required. GCRB view this as an SFC-led recommendation in the current context and recommend closure in its current context.	Progress Update November 2024: Little progress has been made in the previous 6 months. This action will be considered as part of the transition arrangements over the second half of the financial year. Status of Implementation: Little or no Progress Revised Implementation Date: 31 July 2025

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