
Audit and Assurance Committee

Date of Meeting	Tuesday 14 January 2025
Paper Title	Audit and Assurance Committee Annual Report
Agenda Item	13
Paper Number	AAC2-I
Responsible Officer	Penny Davis, Board Secretary
Status	Disclosable
Action	For Decision

1. Executive Summary

- 1.1** The Annual Report provides the Committee with a summary of membership, attendance, and business conducted during the past year to facilitate Committee self-evaluation, reporting to Board, and forward planning.
- 1.2** A paper setting out the process for Committee self-evaluation is provided separately, together with the Terms of Reference for the Committee.

2. Recommendations

- 2.1** The Committee is invited to:
- **consider** and **agree** the content of the summary report on its activity during the past year;
 - **discuss** and **agree** any priorities for 2025.

3. Background

- 3.1** It is good practice for committees to produce annual reports for their boards that review their activity over the course of the year and priorities for the year ahead.
- 3.2** The report will also inform the Committee's annual review of its own performance.
- 3.1.** The report seeks to provide the Committee with an overview of business conducted during the period from January to December 2024.
- 3.3** Throughout the year, meetings have been conducted online via Teams.

4. Meetings and Membership

- 4.1.** During the period from January to December 2024 the committee met on four occasions. All meetings were quorate. Dates, membership and attendance levels are provided in the table below.
- 4.2.** Changes to Committee membership over the course of the past year are as follows:
- Chris Bones left the Board at the end of January 2024 and so stood down from the Committee at that time.
 - Sean McGovern joined the Board in April and was appointed to the Committee, attending his first meeting in May 2024.

Date of Meeting	Percentage Attendance	Total Members
16 January 2024	50%	4: Ed McGrachan; Alastair Milloy; Helyn Gould; Chris Bones
26 March 2024	100%	4: Ed McGrachan; Alastair Milloy; Helyn Gould
28 May 2024	100%	4: Ed McGrachan; Alastair Milloy; Helyn Gould; Sean McGovern
1 October 2024	50%	4: Ed McGrachan; Alastair Milloy; Helyn Gould; Sean McGovern
Average attendance	75%	

- 4.3.** Gender ratio has remained at 3:1 men:women for most of the reporting period, and was 2:1 men:women from February to April.
- 4.4** All meetings were attended by the GCRB Board Secretary and appropriate members of the GCRB Executive.

- 4.5** Representatives of Internal and External Audit attended all meetings and in May a private meeting with the External and Internal Auditors was held without members of the Executive present.
- 4.6** Committee minutes were a standing item on Board agendas throughout the period of the report.
- 4.7** Minutes and papers have been published on the website except where exemptions apply under the Freedom of Information (Scotland) Act 2002.
- 4.8** All papers presented to meetings of the Committee provided for consideration of strategic implications.

5. Terms of Reference

- 5.1** The Committee's terms of reference set out responsibilities in the following areas of Board activity:
- Regularity, Compliance and Risk
 - Internal Audit
 - External Audit
 - Corporate Governance
- 5.2** The Committee reviews its terms of reference at least annually (in the course of its self-evaluation).
- 5.3** A separate report has been provided on committee evaluation to which the Terms of Reference are appended.

6. Summary of Committee Activity between January 2024 and December 2024

Regularity, Compliance and Risk

- 6.1.** At each meeting the Committee considered available updates from the most recent meetings of the assigned college audit committees. The Committee also received the annual reports from the audit committees of the Assigned Colleges and a summary of the annual internal audit reports of each college.
- 6.2.** The Committee considered, and reviewed, GCRB's arrangements for risk management and monitored the risk registers of the assigned colleges over the course of the year.
- 6.3.** The Committee received annual updates on fraud and whistleblowing, GDPR arrangements, and compliance with the Code of Good Governance, and completed the SPFM Audit Committee checklist at its May meeting. GDPR refresher training recommended by the Committee previously was completed by the Board in January 2024.
- 6.4.** At its March meeting, the Committee received a report on remaining funds in the assigned colleges' arms-length foundations and considered this in the context of financial sustainability and risk.

- 6.5. In March, the Committee also considered and provided feedback on a revised risk register following the January Board session on risk.
- 6.6. The Committee noted, at its March meeting, the complexity of current risk management structures across the region, however, wished to note formally for the record that whilst GCRB is still in place in its current format, concerns remained on regional actions to address risks, and the Committee requested assurance in that regard.
- 6.7. At its October meeting, the Committee considered Audit Scotland's report, Scotland's Colleges 2023 and Colleges Scotland's analysis of the report from the perspective of financial sustainability and risk.

7. Internal Audit

- 7.1. Henderson Loggie are GCRB's internal auditor having been re-appointed in August 2021.
- 7.2. At each of its meetings, the Committee reviewed progress with audit recommendations.
- 7.3. At its January meeting, the Committee considered and noted the annual reports of the Internal Auditor for both GCRB and the assigned colleges.
- 7.4. In March, the Committee agreed the Internal Audit Plan for 2024-25.
- 7.5. In May, the Committee agreed that the Finance and Resources Director should meet with the Internal Auditor and review the Internal Audit Plan in the light of the Scottish Government's consultation on the future of GCRB.
- 7.6. Internal Audits completed during 2024 were considered at the Committee's October meeting. They are listed below with the respective audit findings in terms of overall level of assurance:

Audit Area	Audit Grading
Financial Sustainability	Satisfactory
Funding Allocations	Good

External Audit

- 7.7. Audit Scotland have served as GCRB's External Auditors for both 2022-23 and 2023-24.
- 7.8. At its January meeting, the Committee considered and noted the annual report of the External Auditor and agreed the Letter of Representation and Annual Report and Accounts 2022-23 for recommendation to the Board.
- 7.9. In May, the Committee noted the External Audit plan and noted that the proposed external audit fee of £37,700 represented an increase of 6% compared to the previous year.
- 7.10. The External Auditor is responsible for the audit of the GCRB Annual Report and Accounts 2023-24. The Annual Report of the External Auditor will be considered by the Committee at its January 2025 meeting.

Corporate Governance

- 7.11.** The Committee undertook an annual review of its activity and compliance with its Terms of Reference at its January meeting and submitted its annual report to the Board in January in accordance with GCRB procedures.
- 7.12.** The Committee considered the performance of both Internal and External Auditors over the course of the year at its January meeting and the Chair provided feedback to both after the meeting.
- 7.13.** In May, the Committee held a private meeting with Internal and External Auditors without members of the Executive in attendance.

8. Priority issues for 2025

- 8.1** Members are invited to reflect on progress in the past year and significant developments within GCRB/externally impacting on the Committee's area of remit, and discuss and identify priorities for the year ahead. Members may wish, in particular, to consider the implications of the recent Ministerial announcement for GCRB's management of risk and its internal control framework.

9. Risk & Compliance Analysis

- 9.1.** Appropriate review processes are key to effective systems of governance and internal control. Therefore, this report contributes to the mitigation of risk 07: GCRB does not have the necessary capacity and capability to deliver our objectives, and risk 08: A breach of legislation or regulatory requirements results in a failure of governance.

10. Financial & Resource Implications

- 10.1.** There are no specific financial or other resource implications arising from this report.

11. Equalities Implications

- 11.1.** The evaluation process includes consideration of gender balance at Committee level.

12. Learner Implications

- 12.1.** There are no direct implications for the learner arising from this report.