

## Draft Minute of Audit Committee Meeting held on Tuesday 29 May 2018

<b>Present</b>	
Paul Buchanan (Chair)	
Caroline MacDonald	Mike Ward
<b>In Attendance</b>	
Robin Ashton (Executive Director)	Wendy Odedina (Executive Assistant)
Penny Davis (Board Secretary)	David Archibald (Henderson Loggie)
Jim Godfrey (Finance and Resources Director)	Claire Gardiner (Scott-Moncreiff)
<b>Apologies</b>	
Maureen McKenna	

### 1. Introduction and Welcome

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Paper No: Verbal

#### 1.1 Decision

The Chair welcomed members to the meeting.

### 2. Apologies

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Paper No: Verbal

#### 2.1 Discussion

Apologies were received from Maureen McKenna.

### 3. Declarations of Interest

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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. Chairs Business

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Paper No: Verbal

#### 4.1 Decision

The Chair noted that a further meeting of Audit Committee Chairs across the region had taken place and that this was a very constructive and positive discussion. He asked that the note of the meeting be distributed to committee members.

## 5. Minute of Meeting on Monday 6 March 2018

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Paper No: AC4-A

### 6.1 Decision

The minute of the meeting held on 6 March 2018 was **agreed** as a true record, subject to minor wording amendments.

## 6. Implementation of External Audit Recommendations

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Paper No: AC4-B

### 6.1 Discussion

The Finance and Resources Director provided an update on the recommendations from the external audit report noting that good progress was being made.

### 6.2 Decision

The Committee **noted** the progress made to implement the recommendations of the previous External Audit report.

It was **agreed** that members register of interests should show the date of yearly review, even if no changes had been made in order to record that a review had taken place.

It was **agreed** that the Finance and Resources Director should continue to work with City of Glasgow College finance department regarding the prompt payment of suppliers to GCRB.

## 7. External Audit Plan 2017/18

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Paper No: AC4-C

### 7.1 Discussion

The External Auditor presented the paper noting that this plan had been prepared to take account of the first year of producing consolidated accounts for the region.

Members discussed the timescale for review of the consolidated accounts and it was suggested that a provisional additional meeting of the Audit Committee be pencilled for January 2019 should further consideration of the consolidated accounts be required.

### 7.2 Decision

The Committee **agreed** the external audit plan 2017/18.

## 8. Timetable for Year End Consolidation 2017/18

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Paper No: AC4-D

### 8.1 Discussion

The Finance and Resources Director presented an overview of the paper, noting that the accounts consolidation schedule continued on from discussion of the previous agenda item. He noted the work already being undertaken across the region and the preparations that have been put in place.

The Committee discussed the risks around the consolidation process given this is the first year of implementation and the potential for non-compliance. The Finance and Resources Director provided assurance that the colleges and GCRB were working very closely to mitigate any potential risks, for example by standardising in advance processes across the colleges. He noted that it was unlikely that a material risk would arise without GCRB not being aware of in advance of the potential for this to happen. It was noted also that should there be a substantial issue that prevented sign off, there is scope for an extension as exemplified by the ESF issue at City of Glasgow College last year.

The Committee considered that risks therefore had been appropriately assessed and were content with the accounts consolidation timeline as presented.

### 8.2 Decision

The Committee **noted** the report.

## 9. Progress Report and Scope for Funds Allocation Review

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Paper No: AC4-E

### 9.1 Discussion

The External Auditor provided an overview of the progress against planned internal audit activity noting that this was on track. He noted that he will work with the Finance and Resources Director on a more detailed scope for the funds allocation review, and timescale for the field work, noting that this will include discussion with the SFC and assigned colleges as appropriate.

### 9.2 Decision

The Committee **noted** the report.

## 10. Implementation of Internal Audit Recommendations

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Paper No: AC4-F

### 10.1 Discussion

The Finance and Resources Director presented the report noting that all 27 internal audit recommendations had now been implemented.

## 10.2 Decision

The Committee **noted** the report and commended the GCRB Executive on this progress.

## 11. Internal Audit Report – Monitoring of Progress Against Corporate Plan

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Paper No: AC4-G

### 11.1 Discussion

The Internal Auditor presented the paper noting the good overall grading and that no formal recommendations were suggested. He noted that this process is still in its early stages and he would expect some inconsistencies in planning and monitoring approaches to be streamlined in the future.

The Committee welcomed the report and the benefit of the internal auditor's narrative explanation with regard to plans being in place that could be standardised moving forward. It was agreed that the internal auditor would re-phrase this report to reflect the verbal assurance he had provided the Committee.

The Executive Director highlighted that whilst this audit report focuses on the work of the Regional Leads to progress strategic aims, the outputs specified in the Regional Outcome Agreement are more significant in terms of delivering regional strategic goals.

The Committee discussed the Regional Lead roles and accountability for delivery. The Executive Director noted that the work of the Regional Leads is now specified within the 2018-19 Regional Outcome Agreement and this is a condition of grant. He noted therefore that by accepting funding, the colleges were committing to deliver this regional work.

### 11.2 Decision

The Committee **noted** the report.

## 12. Institutional Efficiency

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Paper No: AC4-H

### 12.1 Discussion

The Finance and Resources Director presented the paper noting that returns had now been made by each of the colleges to the region and these had been submitting to the Scottish Government.

The Committee discussed the use of Arms Length Foundations in the context of one of the colleges returns.

### 12.2 Decision

The Committee **noted** the returns made by each of the College.

The Committee **requested** a briefing on college Arms Length Foundations at a future meeting.

### 13. Certificate of Assurance

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Paper No: AC4-I

#### 13.1 Discussion

The Executive Director presented the paper noting that the colleges had provided to him, as accountable officer for the region, their certificates of assurance, and he then in turn had provided a regional certificate of assurance to the SFC.

He noted that copies of each of the letters were attached for information and that there were minor caveats noted.

#### 13.2 Decision

The Committee **noted** the report.

### 14. Audit Scotland Review of Scotland's Colleges

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Paper No: AC4-J

#### 14.1 Discussion

The Executive Director provide an overview of the report noting that draft text had been received from Audit Scotland with regard to their report on Scotland's Colleges and specifically their engagement with the Glasgow college region.

He noted that that the GCRB Executive had provided comments back to Audit Scotland and that these were summarised within the paper. He explained that a meeting had been arranged to with Audit Scotland to discuss these comments in more detail.

#### 14.2 Decision

The Committee **noted** the report and that the Audit Scotland report would be considered at their next Committee meeting, further to its anticipated publication in June 2018.

### 15. Cyber Security

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Paper No: AC4-K

#### 15.1 Discussion

The Finance and Resources Director presented the item noting that GCRB relies on City of Glasgow College for a number of assurances with regard to cyber security. He confirmed that the college are actively managing their responsibilities in this area.

He also noted that there a small number of matters that are out with GCRB's control and that actions have been put in place to address these.

With regard to the service provided by City of Glasgow College, the Committee discussed the previous discussions and actions that had taken place with regard to service level agreements. The Finance and Resources Director highlighted to members that this was determined unnecessary due to the small size of the operation and the disproportionate legal costs that would be incurred in setting up an agreement balanced against any identified risks.

### 15.2 Decision

The Committee **noted** the report.

## 16. Annual Report on the Assessment and Management of Risk

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Paper No: AC4-L

### 16.1 Discussion

The Executive Director presented the paper noting that the Committee has an advisory role with regard to the Board's risk processes. He therefore set out the current arrangements for risk management and asked the Committee to consider if these were appropriate.

### 16.2 Decision

The Committee welcomed the report and **agreed** that the Board should consider its risk appetite and risk register during its planning day scheduled for August 2018.

The Committee **agreed** that they were content with the overall risk framework and processes.

## 17. Compliance with the Audit Committee Handbook

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Paper No: AC5-M

### 17.1 Discussion

The Board Secretary presented an overview of the report noting that the checklist had been completed by the GCRB Executive to show how GCRB is compliant or where development actions are in place to work towards compliance.

The Committee discussed that where 'not applicable' had been noted on the checklist, this should be changed to state that GCRB as an organisation was compliant, with an explanation of where responsibility was with full board rather than the Audit Committee.

### 17.2 Decision

The Committee **agreed** the report, subject to the changes with regard to 'NA' status.

It was **agreed** that this should be an annual report to the Committee until full compliance is achieved.

## 18. Compliance with the Code of Good Governance

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Paper No: AC5-N

### 18.1 Discussion

The Board Secretary provided the annual report to the Committee on compliance with the Code of Good Governance, noting that the Board can also place reliance on the recent external evaluation of the Board.

### 18.2 Decision

The Committee **noted** the positive report.

## 19. Annual Report on Whistleblowing and Fraud

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Paper No: AC5-O

### 19.1 Discussion

The Board Secretary confirmed that no matters had been raised under the whistleblowing and fraud procedures.

### 19.2 Decision

The Committee **noted** the report.

## 20. Updates from Assigned College Audit Committees

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Paper No: AC5-P

### 20.1 Discussion

The Executive Director presented the paper noting the consistency of the level of detail now received from the colleges.

The Committee noted that it was helpful to see this engagement from across the college audit committees and welcomed that GCRB was also feeding back a similar report on its work.

### 20.2 Decision

The Committee **noted** the report.

## 21. Review of Assigned College Risk Registers

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Paper No: AC5-Q

### 21.1 Discussion

The Finance and Resources Director presented the paper outlining the high level risks identified from the college risk registers. He noted that the significant change to each of the

college risks registers has been the reduction of the immediate financial risk further to the funding allocation and national bargaining funding allocation.

### 21.2 Decision

The Committee **noted** the report.

The Committee discussed that it would be helpful to identify where there may be any shared mitigations across the region with regard to risk. They also requested that future reports identify where risk appetite has been exceeded.

## 22. Long Term Agenda

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Paper No: AC5-R

### 22.1 Decision

The Committee **agreed** the long term agenda and it was agreed to include a date for a January meeting.

## 23. Date of Next Meeting

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Paper No: Verbal

### 23.1 Decision

The date of the next meeting of the Audit Committee was **agreed** as 2 October 2018.