

## Draft Minute of Audit Committee Meeting held on Tuesday 3 October 2017

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| <b>Present</b>                      |                                                      |
| Paul Buchanan (Chair)               | Maureen McKenna                                      |
| Caroline MacDonald                  | Mike Ward                                            |
| <b>In Attendance</b>                |                                                      |
| Robin Ashton (Executive Director)   | Jim Godfrey (Interim Finance and Resources Director) |
| Penny Davis (Board Secretary)       | Gary Devlin (Scott-Moncrieff)                        |
| Wendy Odedina (Executive Assistant) | Stuart Inglis (Henderson Loggie)                     |
| <b>Apologies</b>                    |                                                      |
| Grahame Smith (Interim Chair)       |                                                      |

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### 1. Introduction and Welcome

Paper No: Verbal

#### 1.1 Discussion

The Chair welcomed members and attendees to the meeting.

### 2. Apologies

Paper No: Verbal

#### 2.1 Decision

Apologies were received from Grahame Smith (Interim Chair) and David Archibald (Henderson Loggie).

### 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

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Paper No: Verbal

### 4.1 Discussion

The Chair noted the recent press articles and discussions at the Public Audit and Post-Legislative Scrutiny Committee on GCRB proposals regarding staff restructuring. He noted that a discussion will take place with all board members at the next full board meeting and then it may be appropriate for the Audit Committee to take a view on these matters with regard to risk management processes and governance.

## 5. Minute of the Committee Meeting held on Monday 15 May 2017

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Paper No: AC1-A

### 5.1 Decision

The minute of the meeting held on Monday 15 May was **agreed** as a true record.

It was **agreed** that it would be useful to convene a further joint meeting of the audit committees across the region in the near future.

## 6. Implementation of External Audit Recommendations

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Paper No: AC1-B

### 6.1 Discussion

The Interim Finance and Resources Director provided a summary of progress against recommendations from external audit.

The Committee discussed the need to develop a long term financial strategy and the Interim Finance and Resources Director noted that a paper on FFR, which influences long terms financial planning, was due to be presented to the Performance and Resources Committee on 9 October.

### 6.2 Decision

The Committee **noted** the report on the implementation of external audit recommendations.

It was **agreed** to provide a paper to the December meeting of the Performance and Resources Committee on the long term financial strategy.

## 7. Accounts Direction – Financial Year 2016-17

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Paper No: AC1-C

### 7.1 Discussion

The Interim Finance and Resources Director provided an overview of the paper noting the accounts direction received from the SFC and that a draft of the annual report and accounts was being submitted to the Performance and Resources Committee on 9 October with audit field work taking place towards the end of October.

### 7.2 Decision

The Committee noted the report on the Accounts Direction for Financial Year 2016-17.

## 8. Accounts Consolidation Progress Report

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Paper No: AC1-D

### 8.1 Discussion

The Interim Finance and Resources Director provided an overview of the progress report on accounts consolidation as requested by the Committee as its last meeting.

He noted that discussions are ongoing with the external auditor with regard to the date that consolidation will take place from.

### 8.2 Decision

The Committee **noted** the accounts consolidation progress report.

## 9. Internal Audit Follow-Up Reviews 2016-17

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Paper No: AC1-E

### 9.1 Discussion

The Internal Auditor presented the report which noted progress against actions and recommendations from the internal audit reviews in 2016-17.

He noted that good progress is being made and many actions are just awaiting formal approval from the Board to be fully implemented.

### 9.2 Decision

The Committee **noted** the report on internal audit follow-up reviews 2016-17.

## 10. Internal Audit Progress Report

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Paper No: AC1-F

### 10.1 Discussion

The Internal Auditor noted progress against the planned internal audit activity 2017-18. It was noted that the audit on receipt of funds has been deferred to next year and the audit on corporate planning has been brought forward to this year instead.

### 10.2 Decision

The Committee **noted** the internal audit progress report.

It was **agreed** to incorporate feedback from the assigned colleges in the corporate planning audit.

## 11. Audit Scotland Report – Scotland’s Colleges

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Paper No: AC1-G

### 11.1 Discussion

The Interim Finance and Resources Director provided an overview of the Audit Scotland report on Scotland’s Colleges published in June 2017 highlighting key messages and noting actions that he has distilled for GCRB.

### 11.2 Decision

The Committee **noted** the Audit Scotland Report on Scotland’s Colleges.

## 12. Anti-Fraud Policy

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Paper No: AC1-H

### 12.1 Discussion

The Interim Finance and Resources Director presented the Anti-Fraud Policy which he noted flows from the internal audit review of the financial memorandum.

The Committee discussed the route for reporting and potential requests for anonymity and it was agreed to amend both of these sections to reflect member comments.

### 12.2 Decision

The Committee **agreed** to recommend the Anti-Fraud Policy to the Board for approval subject to the agreed amendments.

## 13. Whistleblowing Arrangements

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Paper No: AC1-I

### 13.1 Discussion

The Board Secretary presented the whistleblowing policy which she noted had been reviewed further to discussion at the last meeting of the committee and also against good practise in this area.

The Committee suggested that the policy should be more explicit to where a disclosure should be made if Chair of the Board and Executive Director are conflicted, where people can report matters outside of the GCRB and the potential role of external audit.

It was also suggested to include 'as appropriate' regarding providing information on the outcome of investigations.

### 13.2 Decision

The Committee **agreed** to recommend the revised whistleblowing policy to the Board subject to the agreed amendments.

## 14. Update from Assigned College Audit Committees

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Paper No: AC1-J

### 14.1 Discussion

The Executive Director presented the paper which provided the Committee with an update of matters considered by the assigned college Audit Committees.

The Interim Finance and Resources Director highlighted the issue regarding historic ESF at City of Glasgow College and noted that this is a risk that may impact the final consolidated accounts. He noted that he is in discussion with the college on this matter and would support the college on this matter as required.

The Committee also noted that the GCRB audit committee should communicate with the college audit committees to inform them of the matters discussed at this Committee.

### 14.2 Decision

The Committee **noted** the updates from assigned college audits committees.

It was **agreed** that the Interim Finance and Resources Director should continue to monitor the ESF issue at City of Glasgow College and inform the committee of developments as required.

The Interim Finance and Resources Director should also facilitate an appropriate way to report back to college committees on the work of the GCRB Audit Committee.

## 15. Review of College Risk Registers

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Paper No: AC1-K

### 15.1 Discussion

The Interim Finance and Resources Director provided an overview of the exercise undertaken to review the assigned college risk registers noting that it provides assurance that the colleges are managing risk effectively.

He noted the high degree of consistency across the region, summarised the top risks and highlighted the risk attitude of each college.

He noted that he will undertake a quarterly review of college risk registers and report any pertinent issues to the committee.

### 15.2 Decision

The Committee **noted** the review of college risk registers.

## 16. GCRB Risk Register

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Paper No: AC1-L

### 16.1 Discussion

The Interim Finance and Resources Director provided an overview of the paper noting that the Committee has responsibility to oversee the process for risk management.

He noted that the Executive team discuss the risk register on a fortnightly basis and that specific risks will be discussed in depth at each board meeting as agreed at the September board meeting.

### 16.2 Decision

The Committee **noted** the report on the GCRB risk register.

## 17. Annual Review of Systems of Internal Control

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Paper No: AC1-M

### 17.1 Discussion

The Interim Finance and Resources Director provided an overview of the annual review of systems of internal control, noting that all bodies covered by the FREM are required to produce this report and it will support the annual report.

The Interim Finance and Resources Director noted that the Executive have identified some areas for development and these will feature within operational planning.

## 17.2 Decision

The Committee **agreed** to recommend the annual review of systems of internal control to the Board for approval.

## 18. Annual Review of Value for Money Strategy

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Paper No: AC1-N

### 18.1 Discussion

The Interim Finance and Resources Director presented the annual review of the Value for Money Strategy and highlighted minor suggested amendments.

The Committee discussed how to best measure value for money and it was agreed that the Interim Finance and Resources Director should reflect members views within work to develop a long term financial strategy for the Glasgow region.

### 18.2 Decision

The Committee **noted** the annual review of the value for money strategy.

## 19. Actions Arising from Review of Powers, Duties and Accountability

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Paper No: AC1-M

### 18.1 Discussion

The Board Secretary provided an overview of the report which identified actions arising from the review of GCRB's powers, duties and accountability.

She noted that the report is being presented to the committee to provide assurance that GCRB is fulfilling its statutory responsibilities. She noted that the main areas that require further action are ensuring compliance with equalities, data protection, FOISA and publication scheme and climate change requirements.

In the context of a discussion on how the regional governance structure related to the review of powers, duties and accountability, the Committee suggested that it would be useful to discuss this further with the full Board.

### 18.2 Decision

The Committee **noted** the report on actions arising from the review of powers, duties and responsibilities.

The Board Secretary **agreed** to reflect the discussions on the regional governance structure within the board development plan.

## 20. Long Term Agenda

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Paper No: AC1-O

### 20.1 Decision

The Committee **agreed** the long term agenda.

## 21. Date of Next Meeting

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Paper No: Verbal

### 21.1 Decision

The date of the next meeting of the Audit Committee was **agreed** as 5 December 2017.