

## Draft Minute of the Audit and Assurance Committee meeting held on Tuesday 14 January 2024

<b>Present</b>	
Edward McGrachan (Chair)	Sean McGovern
Helyn Thornbury-Gould	Alastair Milloy
<b>In Attendance</b>	
Penny Davis (Board Secretary)	Mark Laird (External Auditor)
Jim Godfrey (Finance and Resources Director)	Steven McNaught (Internal Auditor)
Janie McCusker (Board Chair)	Euan Robertson (External Auditor)
Wendy Odedina (Head of Service)	
<b>Apologies</b>	
Alan Sherry (Interim Chief Officer)	

### 1. Introduction and Welcome

Paper Number: Verbal

#### 1.1 Discussion

The Chair welcomed members and attendees to the meeting.

### 2. Apologies

Paper Number: Verbal

#### 2.1 Discussion

Apologies were noted for Alan Sherry.

### 3. Declarations of Interest

Paper Number: 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.

It was **agreed** that the internal and external auditors would leave for items 16 and 17.

## 4. Chair's Business

---

Paper Number: Verbal

### 4.1 Discussion

The Chair confirmed that since the last meeting of the committee he had attended the October board meeting and a meeting with the Board Chair and Committee Chairs.

## 5. Minute of the Committee meeting held on 1 October 2024

---

Paper Number: AAC2-A

### 5.1 Decision

The minutes of the meeting held on 1 October 2024 were **agreed** as an accurate record.

The Board Secretary noted that since the last meeting HEFESTIS have confirmed the replacement DPO and GCRB is in dialogue with them as appropriate.

## 6. Internal Audit Reports – Follow Up Review

---

Paper Number: AAC2-B

### 6.1 Discussion

The internal auditor presented the report and noted limited progress as the overall conclusion. He noted that this is related to the operating context of GCRB and the announcement of the Ministerial intention to dissolve GCRB which has now been confirmed.

The committee discussed the report and how the actions will be addressed through the period of transition with GCRB being dissolved. They discussed the need for GCRB to prioritise its resources and time during this period of change, whilst also ensuring it is undertaking its governance responsibilities whilst it is still the accountable body for the region.

The committee noted that GCRB has continuously strived to encourage increased collaboration across the region particularly in seeking opportunities for pan regional solutions on financial sustainability, regional planning and delivering benefits for learners. Progress has not solely been in the hands of GCRB, and substantial efforts have been made which have not been able to be realised by GCRB alone.

### 6.2 Decision

The committee **considered** the internal audit report and **noted** on the follow-up of previous recommendations 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.

It was **agreed** that internal audit recommendations should be considered as part of the transition planning process to ensure these are either closed off by GCRB or ownership is taken forward either through the assigned colleges or by the SFC, and that the GCRB Executive should report back at the next meeting of the committee on this matter.

## 7. Internal Audit Report – Assigned Colleges 2023-24

---

Paper Number: AAC2-C

### 7.1 Discussion

The internal auditor presented the report which he noted provides a summary of work across the three Glasgow colleges. He confirmed that there are no underlying weaknesses, and all have received a clean internal audit opinion.

He highlighted one matter with regard to consistency of approach in Glasgow Kelvin College for severance payments, however that this was not of significant concern.

### 7.2 Decision

The committee **noted** the report and the assurance provided by the opinion of the internal auditor (set out in paragraphs 1.4 to 1.6. of the report).

## 8. Review of Letter of Representation 2023-24

---

Paper Number: AAC2-D

### 8.1 Discussion

The Finance and Resources Director presented the paper noting that this is the standard letter of representation provided by the external auditor which accompanies the signing of the annual accounts and consolidated financial statements.

### 8.2 Decision

The committee **agreed** to recommend to the board that the letter be signed by the GCRB Chair and GCRB Interim Chief Officer on behalf of the board.

## 9. External Audit Annual Report 2023-24

---

Paper Number: AAC2-E

### 9.1 Discussion

The external auditor presented the draft external audit annual report for 2023-24 noting that it will remain draft until the annual report and consolidated financial statement are approved by the board.

He noted that all information was provided to a good standard and in good time and the conclusion reached that governance arrangements remain appropriate overall. He noted that the decision to dissolve GCRB came very late in the audit process and factual references to this are included within the report.

With regard to the single entity and consolidated group accounts, he noted the conclusions are all satisfactory and necessary assurances were provided.

With regard to wider scope elements, he noted that financial sustainability continues to be a significant risk for the sector, as noted in the wider Audit Scotland report on Scotland's Colleges. With regard to governance of the region, he confirmed that Audit Scotland will work together with GCRB and the colleges as external auditor, as part of the transitional arrangements for the accounts process as GCRB dissolves and new arrangements come into place.

## 9.2 Decision

The committee **noted** the external audit annual report.

# 10. Annual Report and Consolidated Financial Statements 2023-24

Paper Number: AAC2-F

## 10.1 Discussion

The Finance and Resources Director presented the annual report and consolidated financial statements for 2023-24. He confirmed that for GCRB as a sole entity, the board approved a planned deficit for this year due to the monies brought forward from the previous year, and a reduction in the funds used through the regional grant.

He noted that there were a number of late revisions due to a change in the accounts direction from SFC, mostly notably in respect to the national job evaluation project.

The committee discussed the potential for financial exposure in relation to the job evaluation project and it was noted that this risk did exist however was unlikely to crystallise within the time that GCRB would remain in operation. It was noted that this will be an issue for the sector to address in time.

## 10.2 Decision

The committee **agreed** to advise the Board of GCRB that:

- there are no matters from an audit perspective that prevent the annual report and consolidated financial statements for 2023-24 being approved; and
- the Committee is satisfied that it is appropriate for the annual report and consolidated financial statements for 2023-24 to be prepared on the 'going concern basis'.

The committee wished to put on record its thanks to the GCRB Finance and Resources Director, college finance colleagues, and the external auditor for their work on this significant item.

# 11. Update from College Audit Committees

Paper Number: AAC2-G

## 11.1 Discussion

The Finance and Resources Director presented the standard paper for information.

## 11.2 Decision

The Committee **noted** this report and the audit updates provided by the assigned Glasgow colleges.

## 12. Review of College Risk Registers

---

Paper Number: AAC2-H

### 12.1 Discussion

The Finance and Resources Director presented the report noting a general downwards trend in the evaluation of risk at individual college level.

### 12.2 Decision

The committee **noted**:

- the latest risk registers of the assigned colleges were recently reviewed by the audit committees of the colleges,
- the latest risk registers of the three colleges have been provided to, and reviewed by, the GCRB Finance & Resources Director,
- there has been a general downward trend in the assessment of risks with the number of high risks reducing significantly.

## 13. GCRB Audit and Assurance Committee Annual Report

---

Paper Number: AAC2-I

### 13.1 Discussion

The Board Secretary presented the committee annual report providing a summary of work undertaken, attendance, membership and proposed priorities moving forward.

It was discussed that priorities for next year will be in the context of dissolution and that further information will be provided in due course when a transition plan is created which will include matters related to the remit of this committee.

### 13.2 Decision

The committee **considered** and **agreed** the content of the summary report on its activity during the past year and **agreed** its priorities for 2025 should align with the transitional arrangements for the region.

## 14. Annual Review of Committee Effectiveness and Terms of Reference

---

Paper Number: AAC2-J

### 14.1 Discussion

The Board Secretary presented the report noting this is the annual opportunity for the committee to review its own performance and terms of reference.

## 14.2 Decision

The committee **considered** its performance and **agreed** no changes to the Committee Terms of Reference.

## 15. Assigned Colleges Audit and Assurance Committee Annual Reports

---

Paper Number: AAC2-K

### 15.1 Discussion

The Finance and Resources Director presented the report for information. He noted these are submitted to the SFC as part of the return for the annual accounts process.

### 15.2 Decision

The committee **noted** the reports.

## 16. Committee's Review of Effectiveness of Internal Auditor

---

Paper Number: AAC2-L

### 16.1 Discussion

The internal and external auditors left the meeting at this stage.

The committee discussed the performance of the internal auditor as per good practice.

### 16.2 Decision

The committee **considered** the internal auditor's performance over the past year against the key requirements of the role, noted that no concerns were raised, and **agreed** feedback to be provided in writing through the committee chair.

## 17. Committee Review of Effectiveness of External Auditor

---

Paper Number: AAC2-M

### 17.1 Discussion

The committee discussed the performance of the external auditor as per good practice.

### 17.2 Decision

The committee **considered** the external auditor's performance during 2024 against the key requirements of the role, noted that no concerns were raised, and **agreed** feedback to be provided in writing through the committee chair.

## **18. Long Term Agenda**

---

Paper Number: AAC2-N

### **18.1 Decision**

The Committee **agreed** the long-term agenda and **noted** that aspects of the committee business may be subject to review in the context of the Ministerial decision to dissolve GCRB and the associated transition plan.

## **19. Review of Disclosable Status**

---

Paper Number: Verbal

### **19.1 Decision**

The Board Secretary confirmed that the following papers were non-disclosable:

AAC2-C – internal audit report on assigned colleges 2023-24

AAC2-D – draft letter of representation

AAC2-E – draft external audit report 2023-24

AAC2-F – draft annual report and consolidated financial statements 2023-24

AAC2-K – assigned colleges audit committee annual reports

## **20. Date of Next Meeting**

---

Paper Number: Verbal

### **20.1 Decision**

The date of the next meeting was confirmed as 25 March 2025.