

Draft Minute of Audit Committee Meeting held on Friday 11 March 2016

Present	
Leonie O'Connor (Chair)	Grahame Smith
Caroline MacDonald	
In Attendance	
Sally Castledine (Scott-Moncrieff)	Stuart Inglis (Henderson Loggie)
Margaret Cook (GCRB Chair)	Paul McAllister (Secretary to the GCRB Board)
Gary Devlin (Scott-Moncrieff)	Mark Roberts (Audit Scotland)
Martin Fairbairn (Interim Chief Officer)	Alex Stewart (Head of Finance, COGC)
Sandra Hampson (Executive Assistant)	Cathie Wyllie (Henderson Loggie)
Apologies	
Janet McKay	

1. Introduction and Welcome

Paper No: Verbal

1.1 Discussion

The Chair welcomed:

- Committee members to second GCRB Audit Committee meeting;
- Margaret Cook, GCRB Chair;
- Paul McAllister, Secretary to the Board of GCRB (and Clerk to the Glasgow Kelvin College Board of Management);
- Mark Roberts, Audit Scotland
- Sally Castledine and Gary Devlin, External Auditors (Scott-Moncrieff)
- Cathie Wyllie and Stuart Inglis, Internal Auditors (Henderson Loggie)
- Alex Stewart, Head of Finance, City of Glasgow College

2. Apologies

Paper No: Verbal

2.1 Decision

Apologies were noted for Janet McKay.

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.

Cathie Wyllie asked the Committee to **note** that Henderson Loggie were also auditors for Glasgow Clyde College and Glasgow Kelvin College.

4. Chair's Business

Paper No: Verbal

4.1 Decision

There were no matters raised under Chair's business.

5. Annual External Audit Report

Paper No: AC2-A

5.1 Discussion

The Chair **invited** Gary Devlin, Scott-Moncrieff, to present the annual external audit report to the Committee noting that GCRB management, the Chair of the Board and the Chair of the Audit Committee had all had an opportunity to comment on earlier drafts of the report. The purpose of the report was explained to the Committee before Gary handed over to Sally Castledine, Scott-Moncrieff, who highlighted the key areas to note, specifically governance and transparency.

The Committee discussed concerns with certain areas contained in the report.

5.2 Decision

The Committee **commented** on the report and **agreed** to ask the external auditors that the following changes be incorporated into the report:

- Correction of typographical error on page 1 of the amount of £118,317
- Expand on the references relating to Scottish Funding Council, Glasgow Caledonian University and City of Glasgow College regarding the satisfactory operation of their financial management systems.
- Insert additional text acknowledging the context for preparation of the accounts and the conduct of the audit.
- Insert additional text reflecting the improving governance arrangements.
- Include statement that a bribery policy is now in place.
- Include additional text to explain further the underspend against budget.
- Insert actual amounts where there are references to specific figures in the text.
- Add following text to Action Point 2 in the Management Action Plan – "More generally, management has also instituted regular financial reporting and monitoring so as to identify potentially unusual financial transactions".

The Committee agreed that the Chair and Martin Fairbairn would be authorised to agree the changes with the external auditors.

6. Review of Letter of Representation

Paper No: AC2-B

6.1 Decision

The Committee **agreed** to recommend to the Board that the letter be signed by the Interim Chief Officer on behalf of the Board.

7. Draft 2014-15 Annual Report and Accounts

Paper No: AC2-C

7.1 Discussion

The Chair invited Alex Stewart, Head of Finance, City of Glasgow College to present the draft 2014-15 Annual Report and Accounts. The Interim Chief Officer noted that he would present section 6. A grammatical error was noted on page 2, Overview paragraph “positioning ourself”.

7.2 Decision

The Committee **agreed** to advise the Board that:

- there are no matters from an audit perspective that prevent the accounts being approved;
- the Committee is satisfied that it is appropriate for the accounts to be prepared on the ‘going concern basis’; and
- the Board should note that:
 - although the required structures , systems and procedures for an effective system of governance and internal control have now been established, because they were not complete and fully implemented until recently, it has not been possible to rely upon them for the 2014-15 accounting period
 - this includes arrangements for the efficient and effective use of public funds;
 - however, all expenditure relating to GCRB during the period has been handled by the SFC, Glasgow Caledonian University and the City of Glasgow College. GCRB has obtained assurance from these organisations that their systems of governance and internal control were operating satisfactorily during the period.

11. Private Meeting with Internal and External Auditors

Paper No: Verbal

11.1 Discussion

The Chair **proposed** that item 11 on the agenda be taken at this point to allow Gary Devlin to leave the meeting at 11.30am and invited all attendees who are not Board members to leave the meeting excluding the internal and external auditors, Executive Assistant and Secretary to the Board.

Martin Fairbairn and Alex Stewart left the meeting.

The Committee heard that the Interim Chief Officer and Head of Finance, City of Glasgow College had been very responsive and helpful during this challenging audit process. The external auditors reminded the Committee of the key target of becoming a fully-operational fundable body and once that was achieved group accounts would then have to be done. The importance of having a permanent Executive Director in place was also noted and the GCRB Chair confirmed that interviews were due to take place within days and that the transition phase had also been discussed with the Chief Executive of the Scottish Funding Council. The internal auditors stated they too were appreciative of all the help given by Martin Fairbairn and Alex Stewart and noted that governance was not included in their internal audit report due to its inclusion in the external auditors report and the Audit Scotland report.

Martin Fairbairn and Alex Stewart re-joined the meeting.

8. Audit Scotland Update

Paper No: Verbal

8.1 Discussion

The Committee received an update on the timetable and process for possible reports by Audit Scotland.

9. Internal Audit Plan 2015-16

Paper No: AC2-D

9.1 Discussion

The Chair **invited** Cathie Wyllie, Henderson Loggie to present this item. Cathie introduced herself to the Committee and asked Stuart Inglis, Henderson Loggie to present the Internal Audit Plan 2015-16. The Committee noted the summary of potential internal audit coverage and allocation of audit days to cover ROA development, GCRB risk management, financial performance monitoring and audit management and planning. The Committee raised some concerns over how to prioritise areas with only 15 days, but were assured that this was appropriate for the first year. A report on the auditors' findings will be presented to the next Audit committee meeting.

9.2 Decision

The Committee **agreed** to recommend to the Board that the plan be approved.

10. Procurement Process for New Internal Audit Contract

Paper No: Verbal

10.1 Decision

The Interim Chief Officer informed the Committee that there was a joint agreement with GCRB and the three colleges and that APUC would assist in the procurement process. A further paper would be presented to the Committee at the May meeting.

12. Committee's Review of Effectiveness of External Auditors

Paper No: Verbal

12.1 Discussion

The Chair invited the internal and external auditors to leave the meeting – Sally Castledine, Cathie Wyllie, Stuart Inglis and Mark Roberts left the room.

The Interim Chief Officer informed the Committee that although the audit process had been complicated, Scott-Moncrieff had been very accommodating and Alex Stewart also stated that they had been very reasonable and helpful.

13. Minute of the Committee Meeting held on Monday 31 August 2015

Paper No: AC2-E

13.1 Decision

The Committee **agreed** that the minutes were a true record.

14. Committee Terms of Reference

Paper No: AC2-F

14.1 Decision

The Committee **agreed** to recommend to the Board the revised terms of reference.

15. Long Term Agenda

Paper No: AC2-G

15.1 Discussion

The Interim Chief Officer **invited** comments and suggestions or amendments to the long term agenda from the Committee.

15.2 Decision

The Committee **approved** the long-term agenda.

16. Updates from Assigned College Audit Committees

Paper No: AC2-H

16.1 Decision

The Committee **noted** this report.

17. Audit Scotland Report on College Sector

Paper No: AC2-I

17.1 Decision

The Committee:

- **noted** the key messages set out in the Audit Scotland report; and
- **agreed** that GCRB management should bring forward a report to the Committee's next meeting setting out how GCRB has addressed Audit Scotland's recommendations.

18. Draft Audit Committee Annual Report

Paper No: AC2-J

18.1 Decision

The Committee:

- **agreed** the issues to be covered in its annual report
- **agreed** to delegate authority to the Chair of the Audit Committee to approve the annual report.

19. Date of Next Meeting

Paper No: Verbal

The date of the next meeting was agreed as **Monday, 16 May 2016** at 11.00hrs at Anniesland Campus, Glasgow Clyde College.