

## Board Meeting

Date of Meeting	Monday 28 October 2019
Paper Title	Systems of Internal Control – Annual Review
Agenda Item	9
Paper Number	BM1-F
Responsible Officer	Jim Godfrey, Interim Executive Director
Status	Disclosable
Action	For Approval

### 1. Report Purpose

1.1. This paper provides the annual review of the Systems of Internal Control.

### 2. Recommendations

2.1. The Audit Committee recommends to the Board that it **approves** the attached annual review of the Systems of Internal Control.

### 3. Background

3.1. The Scottish Public Finance Manual (SPFM) is published by the Scottish Ministers to provide guidance on the proper handling and reporting of public funds. The Manual sets out the relevant financial requirements, promotes good practice and high standards of propriety. The SPFM is applicable to GCRB (and the Glasgow Colleges) and includes guidance on the systems of internal control within public bodies.

3.2. Accountable Officers are required to prepare governance statements as part of the annual report and financial statements for which they are responsible. To enable governance statements to be approved, Accountable Officer require assurances on the maintenance and review of systems of internal control.

3.3. Internal systems comprise the whole network of systems established in an organisation to provide assurance that organisational objectives will be achieved, with particular reference to:

- risk management;
- the effectiveness of operations;
- the economical and efficient use of resources;
- compliance with applicable policies, procedures, laws and regulations;
- safeguards against losses, including those arising from fraud, irregularity or corruption; and
- the integrity and reliability of information and data.

- 3.4.** However, the existence of policies and procedures does not guarantee that effective controls are in place to manage the risks. Effective monitoring and review are key components of an effective system of risk management and internal control.
- 3.5.** The Board, and its Committees, receive reports during the year and these reports specify the risks relating to the report. In reviewing these reports, the Board should consider how the risks have been assessed, how they have been managed or mitigated, and the implications for the overall strategy.

#### **4. Annual Review**

- 4.1.** In addition to its on-going review of risk, the Board is required to complete an annual review of the effectiveness of its systems of internal control. To assist with the annual review, the Scottish Government published the revised Internal Control Checklist in March 2019.
- 4.2.** GCRB has previously undertaken annual reviews of its systems of internal control in October 2017 and October 2018. The updated checklist has been completed for GCRB in 2019 and is attached as an annex to this report. As a result of completing the review, some issues have been identified within GCRB's operational plans for 2019-20. The review of the systems of internal control was considered by the Audit Committee on 3 October 2019 and recommended that the review is approved by the Board.

#### **5. Risk Analysis**

- 5.1.** The systems of internal control are designed to reduce the risks faced by GCRB. This comprehensive annual review of the internal controls identifies areas of strength that provide assurance to GCRB. This level of assurance enables the Board to be satisfied that it is able to complete the annual statement on the systems of internal control. This review also identifies some areas for development and these will be taken forward within the GCRB operational plan.

#### **6. Equalities Implications**

- 6.1.** There are no equalities implications as a direct result of the report's recommendation. However, the issue of equality is specifically addressed in the checklist.

#### **7. Legal Implications**

- 7.1.** There are no specific legal implications arising from this paper.

#### **8. Resource Implications**

- 8.1.** There are no specific resource implications arising from this report.

#### **9. Strategic Plan Implications**

- 9.1.** Robust systems of internal control are essential in achieving the strategic ambition of having robust governance arrangements.