



BOARD OF MANAGEMENT

ANNUAL REPORT FROM THE AUDIT COMMITTEE

A Administrative Matters

The Audit Committee of Glasgow Clyde College has met six times since the start of the 2016/17 financial period up to the date of signing of the 2016/17 financial statements with meetings held in September and December 2016, and March, June, September and November of 2017.

B Remit and Membership of Committee

The remit of the Audit Committee, as approved by the Board of Management, is attached to this report.

The membership of the Audit Committee for the period 1 August 2016 to the date of signing of the financial statements was as follows:

Michael Yuille, Chair (to 28th September 2016)
David Watt (from 31st August 2016 and Chair from 29th September 2016)
Keith Rosser
Clare Walker
Michaela Ditrichova (to 21st June 2017)
David Perez (from 31st August 2017)

C Internal Audit

The internal audit service for Glasgow Clyde College during the financial period 2016/17 was provided by Henderson Loggie. They have been reappointed for a period of three years (extendable for a further twelve months) from 2017/18 following a tendering exercise.

During the financial period 1 August 2016 to 31 July 2017 there were five internal audit reports completed which were reports on the following areas:

- Staff Development;
- IT Strategy/IT Network Arrangements;
- Space Management;
- Student Fees; and
- Corporate Planning.

During the 2016/17 financial period there were 29 days of internal audit activity for the above reports plus management and planning.



BOARD OF MANAGEMENT

There were two reports which were agreed to be deferred from the 2016/17 internal audit plan and which were reported to the November 2017 Audit Committee which were:

- Corporate Governance; and
- Follow up review report on previous years' recommendations.

There were 6 days of internal audit activity for the above two reports.

Audit recommendations have been responded to and actions agreed as appropriate. Any remaining actions relating to previous internal audit recommendations have been included in the rolling audit action plan which is reported to Committee on an ongoing basis to ensure all recommendations are fully implemented.

The Internal Audit Annual Report for 2016/17 was considered by the Audit Committee of Glasgow Clyde College at its meeting in November. Within the annual report Henderson Loggie's opinion was that the College has adequate and effective arrangements for risk management, control and governance and that proper arrangements are in place to promote and secure value for money, with this opinion have been arrived at taking into consideration the work they have undertaken during 2016/17 and the previous year.

D External Audit

The external auditors of Glasgow Clyde College are Scott Moncrieff who were appointed by Audit Scotland for a five year period from 2016/17 to 2020/21.

Following the conclusion of their external audit of the financial statements of the College for the financial period ended 31 July 2017, Scott Moncrieff produced an External Audit Management Report to the Board of Management and the Auditor General for Scotland. Their report has been drawn up in accordance with the Code of Practice issued by Audit Scotland.

The external auditor's report as prepared by Scott Moncrieff covered the following areas:

- i) Key Messages;
- ii) Introduction;
- iii) Annual Report and Financial Statements;
- iv) Financial Management;
- v) Financial Sustainability;
- vi) Governance and Transparency; and
- vii) Value for Money

BOARD OF MANAGEMENT

plus Appendices covering the Management Action Plan and Respective Responsibilities.

The relevant sections of the report and the detailed recommendation and management responses contained in the external audit report for the financial period 2016/17 were reviewed by the Audit Committee at its November meeting prior to their submission to the Board of Management for consideration and approval on 13th December 2017.

In their management letter for the period ended 31 July 2017 the external auditor was satisfied that the financial statements represent a true and fair view of the financial position of the College for the period ended 31 July 2017 and on the regularity of transactions. They issued an unqualified audit opinion in terms of governance for the College.

E Risk Management and Corporate Governance

The Audit Committee as part of its remit keeps under review the College's internal control and risk management systems and will receive updates on Glasgow Clyde College's risk management processes. The College had in place for the financial period 2016/17 a risk management process with the risk register being reviewed at each Audit Committee meeting and reviewed quarterly at the full Board of Management meeting.

The Board of Management is committed to exhibiting best practice in all aspects of Corporate Governance. The Board will ensure that ongoing arrangements comply with the Code of Good Governance for Scotland's Colleges assisted by the Audit Committee in ensuring compliance.

An external review of the Board's effectiveness was completed by Polley Solutions in March 2017 and this concluded that the College meets its obligations under the Code of Good Governance for Scotland's Colleges and, in a number of areas, demonstrates high standards of governance

An internal audit review has recently been completed by Henderson Loggie on Corporate Governance which was a detailed desktop review against all the principles and provisions within the Code of Good Governance for Scotland's Colleges. This internal audit was reported to the Audit Committee at its November 2017 meeting and Henderson Loggie concluded that there was satisfactory assurance in this area with seven recommendations made plus some improvement points. The Committee have noted the planned actions to address the points made and have been assured that none of these have a significant impact to the College compliance with the Code however the agreed actions will be implemented by the College within the agreed timescales.

BOARD OF MANAGEMENT

F Value for Money

Glasgow Clyde College is committed to achieving public value from its available resources and this will underpin its ongoing decision-making and internal audit planning which will include some value for money review areas as appropriate. The Audit Committee relies on the professional judgement of the Internal Audit firm to have completed a suitable level of internal audit value for money review activity in discussion with management.

G Going Concern

For the going concern assessment the College needs to be viewed as being an entity which will continue in business for the foreseeable future. The responsibilities of those charged with governance include the going concern assessment which is carried out by management and reviewed by auditors, and the foreseeable future is deemed to be twelve months from the date of signing the College's financial statements. The Committee is satisfied that the College is a going concern based on the 2016/17 financial statements following the external audit review of the financial statements.

H Conclusion

The Audit Committee is satisfied as to the adequacy and effectiveness of the Glasgow Clyde College's internal financial and management systems as reviewed by internal audit and external audit for the financial period 2016/17.

The Committee is also of the opinion that the Board of Management's responsibilities in terms of audit practice have been complied with.

The Committee is committed to best practice in Corporate Governance and to complying with the Code of Good Governance for Scotland's Colleges for which all material aspects are being complied. Following the recent internal audit on Corporate Governance there are seven recommendations plus some improvement points and these will be implemented by the College within the agreed timescales.



BOARD OF MANAGEMENT

AUDIT COMMITTEE REMIT

The functions listed here are delegated by the Board to the Audit Committee.

<p>INTERNAL CONTROL</p>	<p>Reviewing, and advising the Board of Management of, the Internal Audit Service’s (IAS) and the External Auditor’s assessment of the effectiveness of the College’s financial and other internal control systems, including controls specifically to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness value for money; and</p> <p>Reviewing and advising the Board of Management on its compliance with corporate governance requirements, including risk management practices and best practice guidance.</p>
<p>INTERNAL AUDIT</p>	<p>Advising the Board of Management on the selection, appointment or reappointment and remuneration, or removal of the contracted out IAS provider.</p> <p>Advising the Board of Management on the terms of reference for the scope of the IAS.</p> <p>Reviewing the scope, efficiency and effectiveness of the work of internal audit, considering the adequacy of the resourcing of internal audit, and advising the Board of Management on these matters.</p> <p>Advising the Board of Management of the Audit Committee’s approval of the basis for and the results of the internal audit needs assessment and the strategic and operational planning processes of the College.</p> <p>Reviewing the IAS’s monitoring of management action on the implementation of agreed recommendations reported in internal audit assignment reports and internal audit annual reports.</p> <p>Considering salient issues arising from internal audit assignment reports, progress reports, annual reports and</p>



BOARD OF MANAGEMENT

	<p>management’s response thereto and informing the Board of Management thereof.</p> <p>Informing the Board of Management of the Audit Committee’s approval of the internal audit service’s annual report.</p> <p>Ensuring establishment of appropriate performance measures and indicators to monitor the effectiveness of the IAS.</p> <p>Securing and monitoring appropriate liaison and co-ordination between internal and external audit.</p>
	<p>Ensuring good communication between the Committee and the Lead of IAS.</p> <p>Responding appropriately to notification of fraud or other improprieties received from the Lead of IAS or other persons.</p>
<p>EXTERNAL AUDIT</p>	<p>Reviewing the external auditor’s annual Management Letter and monitoring management action on the implementation of the agreed recommendations contained therein.</p> <p>Advising the Board of Management of salient issues arising from the external auditor’s management letter and other external audit reports, and of management’s response thereto.</p> <p>Holding discussions with external auditors and ensuring their attendance at Audit Committee and Board of Management meetings as required.</p> <p>Considering the objectives and scope of any non-statutory audit work undertaken or to be undertaken, by the external auditor’s firm and advising the Board of Management of any potential conflict of interest.</p> <p>To consider the fee parameters within the external audit plan.</p> <p>Securing and monitoring appropriate liaison and co-ordination between external and internal audit.</p>
<p>VALUE FOR MONEY</p>	<p>Establishing and overseeing a review process for evaluating the effectiveness of the College’s arrangements for securing</p>



BOARD OF MANAGEMENT

	<p>the economical, efficient and effective management of the College’s resources and the promotion of best practice and protocols, and reporting to the Board of Management thereon.</p> <p>Advising the Board of Management on potential topics for inclusion in a programme of value for money reviews.</p> <p>Advising the Board of Management of action that it may wish to consider in the light of national value for money studies in the further education sector.</p>
<p>ADVICE TO THE BOARD OF MANAGEMENT</p>	<p>Reviewing the College’s compliance with the Code of Good Governance for Scotland’s Colleges and advising the Board of Management on this.</p>
	<p>Monitoring the integrity of the financial statements of the College and any formal announcements relating to the College’s financial performance, reviewing significant financial reporting judgements contained in them, and from an audit perspective recommending them for approval to the Board.</p> <p>Advising the Board on the College’s processes for risk, control and corporate governance.</p> <p>Producing an annual report for the Board of Management.</p> <p>Advising the Board of Management of significant, relevant reports from the Scottish Funding Council and Audit Scotland and successor bodies and, where appropriate, management’s response thereto.</p> <p>Reviewing reported cases of impropriety to establish whether they have been appropriately handled.</p> <p>Act in accordance with the whistle blowing policy.</p> <p>Meet in private with the internal and external auditors at least once annually.</p>



BOARD OF MANAGEMENT

	Liaise as appropriate with the Finance and Resources Committee.
MEMBERSHIP	The membership of the Committee is six Board members, of which one will provide the role of Chair of the Committee, and one will act as Vice Chair if elected. The Chair is elected by the Board of Management and the Vice Chair is elected by the Committee. There should be no overlap of Board members with the Finance and Resources Committee. The Chair of the Board should not be a member of the Audit Committee, although he/she can attend as an observer. The membership should include a qualified accountant and if no member of the Committee is a qualified accountant then arrangements should be made for a co-option. A staff member of the Board can be a member of the Audit Committee, providing they do not have executive authority within the College which is taken as being the College Management Team level. The Board reviews the membership every four years. The Principal, the Vice Principal Resources and the Director of Finance attend the Committee as advisers. The Committee meets at least four times per year.
QUORUM	The quorum set by the Committee is three members.