

**NOTES OF THE TWENTIETH MEETING OF THE AUDIT COMMITTEE  
HELD ON 28 NOVEMBER 2018, 4.30PM, BOARDROOM, LANGSIDE CAMPUS.**

**PRESENT:**

David Watt	Committee Chair
Clare Walker	Committee Member
Michael Payne	Committee Member

**IN ATTENDANCE:**

Jon Vincent	Principal
Janet Thomson	Vice Principal Resources & College Development
Tracy Elliott	Assistant Principal – Finance & Infrastructure
Steven McNaught	Henderson Loggie
Gary Devlin	Scott Moncrieff
Glenn Heritage	Clerk to the Board (Minute Taker)
Gillian Murray	Clerk to the Board

**ACTION**

**18.45 WELCOME AND APOLOGIES**

D Watt welcomed everyone to the meeting. Apologies were noted from Keith Rosser.

**18.46 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**18.47 MINUTES OF MEETING HELD ON 03 OCTOBER 2018**

The Minutes were agreed to be an accurate record of the meeting.

**18.48 MATTERS ARISING – ACTION GRID**

Progress on all of the Matters Arising in the Action Grid was noted as completed.

**18.49 DRAFT ANNUAL FINANCIAL STATEMENTS TO 31 JULY 2018**

T Elliott was invited to speak to the papers previously circulated. It was explained that some very minor changes are to be made which do not affect the overall position and a final copy will be circulated by email. The Committee were given an overview of the contents of the Report and Financial statements and informed that the basis was for a 'going concern' despite that there were challenges in future financial forecasts.

In response to questions T Elliott clarified the reporting basis which differs from income and expenditure, and outlined key movements.

The draft Accounts noted the review of Risk Appetite and J Thomson will provide a paragraph detailing the various appetite levels. G Devlin commented that at this stage there was little note regarding student related risks.

**JT**

Further detail was provided on the Scottish Government budgeting rules applicable to Colleges.

The Board of Management report section requires some amendments to nomenclature and Committee members. It was also agreed to include the Board meeting Attendance Grid. The title of Accounting Officer is also to be changed to Accountable Officer

**GH/TE**

**TE**

Some reclassification will be completed prior to presentation at Board meeting on 12 December relating to staff costs. Confirmation will also be sought on superannuation figures.

**TE**

It was agreed to circulate the Related Party Transactions section to Board members for comment on accuracy prior to completing the document.

**GH**

Subject to amendments above the Committee noted the report.

#### **18.50 EXTERNAL AUDIT REPORT TO 31 JULY 2018**

G Devlin of Scott Moncrieff was invited to speak to the External Audit report previously circulated.

It was confirmed the auditors will provide an unqualified opinion on the accounts and other related materials. The Finance team at Glasgow Clyde were commended for their quality of work and support of the audit process.

The future financial forecast and sustainability was highlighted as the significant issue arising from audit. Whilst assurances that ongoing work to mitigate was in progress, it had been challenging to identify set plans during audit. Looking ahead the expectation of audit would be formal plans to be produced and evidence of oversight to manage the risks.

**SM**

A discussion on this topic and the financial impacts felt across the sector gave indications of work undertaken. It was therefore agreed that the wording (paragraph 91) be amended to state that 'the Board of Management is in the course of developing formal planning' Discussion continued around the political impacts and influences. A revised paragraph will be supplied.

A discussion round governance and GCRB informed auditors that Glasgow Clyde does have a financial memorandum with GCRB and agreed by the Board. Therefore paragraph (99) and the section lead paragraph

**SM**

mentioning the relationship between GCC and GCRB will also require revision.

No major actions were defined in the audit report. There was discussion around the key messages, and wording here will also be revised.

**SM**

Under financial management and Glasgow Clyde Education Foundation auditors are asked to consider the presentation of both detail and figures given to ensure accuracy in reflecting the relationship and the funds held by GCEF.

**SM**

The Committee were informed that adoption of the Audit Committee Handbook is mandatory, and may require the existing remit to be revised. This will be placed on the Rolling Action Plan to be progressed.

**TE**

A minor revision may also be made to paragraph 111 to reflect support of management actions relating to GDPR. The Committee recognised the positive feedback from auditors of the Finance team, and will write to the team and also include this within the annual Audit Report to Board of Management.

**JT**

A discussion took place around the Letter of Representation and assurances which enabled the Board to direct the Accountable Officer to sign this. This led to agreement that the Certificate of Assurance provided this to the Committee.

Subject to the revisions above, the Committee accepted the report and agreed it does not require to be an agenda item for Board of Management but will be emailed once a final version is received.

**Clerk**

#### **18.51 DRAFT INTERNAL AUDIT ANNUAL REPORT 2017-18**

S McNaught was invited to speak to the report previously circulated.

A brief overview was given and S McNaught confirmed the internal audit opinion that the College has adequate and effective arrangements for risk management, control and governance.

A summary was provided of previous reports given throughout the year and no issues arose.

The Committee received and noted the report which will also be submitted to SFC and GCRB.

#### **18.52 COLLEGE STRATEGIC RISK REGISTER**

J Thomson was invited to give an overview of the current plan.

Clarification was provided on the status of the cladding at Mary Stewart Building and the actions planned and being taken to mitigate any potential risk.

The Committee noted the risk of industrial action and that balloting of Union members had opened on 28<sup>th</sup> November.

The Committee received and noted the report.

**18.53 STUDENT ACTIVITY DATA ANNUAL REPORT**

S McNaught gave a brief overview of this report previously circulated. No issues were highlighted.

It was confirmed that the Audit Certificate was satisfied in respect of this report.

The Committee received and noted the report.

**18.54 STUDENT SUPPORT FUNDS ANNUAL REPORT**

S McNaught gave an overview of this report previously circulated.

Attendance retention had been highlighted and auditors were content with conversations held with management. This led to a discussion around attendance levels, bursaries and targets.

The report made two minor recommendations; firstly in respect of early leavers and payments made after non-attendance, but recognising the challenge of identifying a precise leave date. Secondly, the need for a separate application form to be utilised for the Discretionary Fund. The Committee received and noted the report.

**18.55 PROPOSED INTERNAL AUDIT PLAN 2018-19**

S McNaught spoke to the revised Internal Audit Plan for 2018/19. This reflects the request of Audit Committee for allocation of four additional days.

The Senior Management Team will engage with auditors in respect of timings for audit visits.

A discussion around Safeguarding agreed that including students in the audit process would be appropriate.

It was also agreed that Health & Safety would be scheduled later in the academic year.

The Chair raised the question of allocating one day to a light assessment of fraud prevention measures in the light of the OSCR guidance and the subsequent report provided within this agenda.

The Committee agreed this would be an extension of the budgetary control. There would not be a need for an additional day.

The Committee agreed the Plan for 2018/19 subject to the above.

**18.56 INTERNAL AND EXTERNAL AUDIT ROLLING ACTION PLAN**

T Elliott was invited to speak to the plan circulated previously.

The Committee reviewed the Plan noting that many actions are now completed, with others due to be implemented by December 2018.

The Chair noted that updates against the plan must be focussed and succinct.

The next iteration of the Plan will present those items not yet fully implemented.

The Committee noted the plan contents.

**18.57 DRAFT ANNUAL REPORT FROM AUDIT COMMITTEE TO BOARD OF MANAGEMENT**

D Watt spoke to this report.

It was agreed to include a summary of conclusions from the external audit, and to highlight the unqualified opinion given. Future sustainability should also be mentioned.

JT

The Attendance Grid should also be included.

JT

J Thomson tabled an Assurance Framework paper which has been produced to accompany a report to the December Board meeting.

JT

**18.58 PRIVATE MEETING WITH INTERNAL AND EXTERNAL AUDITORS**

The Chair of Audit Committee engaged with both auditor representatives and was advised that neither internal nor external auditors had any issues which required to be raised.

As such private meetings will be arranged at a suitable time with both parties.

**18.59 STRATHCLYDE PENSION FUND ACTUARIAL VALUATION REPORT – ACCOUNTING ASSUMPTIONS**

T Elliott was invited to speak to this report.

The Committee noted the significant detail and information which has been clearly presented to support understanding of a complex topic area.

A discussion was held on the basis of assumptions used for the Actuarial Valuation These are default assumptions and the College would be required to advise within 10 days should we wish a different set of assumptions to be used. Approval would also be required from Finance & Resources Committee. This could be logistically challenging, and may not result in any direct benefit.

Following discussion the Committee were comfortable with the assurances given and thanked T Elliott for the considerable work entailed in providing the report.

**18.60 OSCR FRAUD PREVENTION GUIDANCE – INTERNAL CONTROLS ASSURANCE**

T Elliott was invited to present the report previously circulated. This had been requested at the Audit Committee meeting of 4<sup>th</sup> October.

The Committee received and noted the assurances given and the contents of the report.

**18.43 EQUALITY IMPACT OF DECISIONS MADE**

No decisions were made requiring an Equality Impact Assessment. .

**18.44 REVIEW OF PAPERS (INCLUDING DISCLOSABLE STATUS)**

18.49 Annual Financial Statements are not, at this stage disclosable.

18.50 External Audit Report is not, at this stage, disclosable.

18.59 Strathclyde pension Report is not disclosable.

18.60 Fraud Internal Controls is not disclosable.

All other papers are disclosable.

**Clerk**

**18.45 ANY OTHER BUSINESS**

The Chair gave a brief overview of the recent GCRB Audit Chairs meeting, noting presentations from Community Learning GCC and from Audit Scotland. A note of the meeting will be circulated.

There was no other business.

**JT**

**DATE OF NEXT MEETING**

4.30pm on Wednesday 27<sup>th</sup> February 2019, in Boardroom, Langside Campus