SCOTT-MONCRIEFF

EDINBURGH AND GLASGOW

Dundee College

Annual Report to the Board of Management and the Auditor General for Scotland 2008/09

November 2009

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Executive Summary

Finance

Our audit of Dundee College ("the College") is complete. We plan to issue an unqualified audit opinion on the truth and fairness of the accounts and on the regularity of transactions.

The College reported an operating deficit of £258,000 in 2008/09 (2007/08: £1.258m), against an original budgeted deficit of £556,000. The variance is primarily due to lower than expected operating costs (a College response to an anticipated reduction in income from the economic downturn). Exceptional restructuring costs of £1.61m were incurred in 2007/08 accounts as part of the Voluntary Severance Scheme. No such costs were incurred during 2008/09, which contributed significantly to the reduction in deficit from the prior year. Operating deficits are forecast for the next two years (£869,000 in 2009/10 and £507,000 in 2010/11), with the College projecting a surplus of £120,000 in 2011/12.

On 24 September 2009, the Scottish Funding Council (SFC) approved the College's Gateway 4 submission for the Gardyne Campus re-development, part of the plan to relocate the College's existing estate to two main campuses. A contract has since been signed with Bovis LendLease. Of the £47.7m total cost, SFC will provide £28.9m with the balance funded through asset disposal, College lending and existing cash resources. The project is expected to result in significant efficiency savings through reduced operating costs.

Governance

The College's Corporate Governance Statement confirms that the College has been fully compliant with the key principles of the 2008 Combined Code on Corporate Governance during 2008/09. We have reviewed the College's statement and can confirm that this is in line with the SFC's guidance and is not inconsistent with our understanding from the audit.

We did not identify any areas of concern from our review of the College's corporate governance arrangements in so far as they relate to prevention and detection of fraud and irregularity or standards of conduct and prevention and detection of corruption.

Her Majesty's Inspectorate of Education (HMIe) conducted a review into learning and teaching and other important activities that affect the quality of the learner experience. The College received all four unqualified confidence statements from the review.

Conclusion

This report concludes the 2008/09 audit of Dundee College. We have performed our audit in accordance with the Code of Audit Practice published by Audit Scotland, International Standards on Auditing (UK and Ireland) and Ethical Standards.

This report has been discussed and agreed with the Director of Finance. We would like to thank all members of the College's management and staff who have been involved in our work for their co-operation and assistance during our audit.

Scott-Moncrieff
23 November 2009

Introduction

1. This report summarises the findings from our 2008/09 audit of Dundee College. The scope of our audit was set out in our External Audit Strategy and Plan which was presented to the Audit Committee on 23 June 2009. The main focus of our external audit has been on the financial statements and governance arrangements.

2. Our plan summarised the key audit issues for 2008/09:

   - Estates Strategy
   - Tayside Superannuation Fund
   - Restructuring activities
   - Financial Position
   - Early retirement provision
   - Payroll system changes
   - Combined Code of Corporate Governance 2008

3. This report includes our findings in relation to these key issues. This report also includes a follow-up of issues identified during last year's audit.

4. This report will be submitted to the Auditor General for Scotland and will be published on Audit Scotland's website, www.audit-scotland.gov.uk.

Finance

5. It is the responsibility of the College to conduct its financial affairs in a proper manner. It is our responsibility to audit the financial statements and also to consider the College's governance arrangements in relation to the College's financial position.

Auditors' opinion

6. We are required to give an opinion as to whether the financial statements present a true and fair view of the financial position of the College as at 31 July 2009 and of its expenditure and income for the financial year. We are also required to include a regularity assertion in our independent auditors' report stating whether, in all material respects, expenditure and income were incurred or applied for their intended purposes and in accordance with guidance issued by the Scottish Ministers and the financial memorandum with Scottish Funding Council (SFC).

7. We plan to issue an unqualified audit opinion on the truth and fairness of the accounts and on the regularity of transactions.

Financial position

In-year performance

8. The College reported an operating deficit of £258,000 in 2008/09 (2007/08: £1.258m). The College's original budget predicted an operating deficit of £556,000. The variance is primarily due to lower than expected operating costs (including a College response to an anticipated reduction in income from the economic downturn). The table below reconciles the College 2008/09 original budget to the final outturn position.

Reconciliation between budget and outturn position

	£'000
Deficit per original budget	**(556)**
Movement:	
Grant income and tuition fee lower than forecast	(201)
Interest receivable	(203)
Savings in operating costs	730
Audit adjustments	(14)
Net other variances	(14)
Operating deficit per financial statements	**(258)**
Variance from original budget	**298**

Savings in operating costs

9. The £730,000 cost reduction was achieved through a combination of reduced activity in certain areas and deferment of certain expenditure, such as some information technology spend being moved back into 2009/10. Over £500,000 was saved against budget within supplies of consumable materials, largely due to the reduced european project activity in the year. A £251,000 saving was generated from the reduced information technology costs in the year.

Other movements

10. Other main movements related to:

- **Grant Income:** European Grant income was £325,000 lower than original budget. The level of income recognised in year is dependent on the progress of projects and progress was slower than initially forecast, particularly within the final quarter of 2009/10.

- **Interest receivable:** Bank of England reduced base rates from 5% to 0.5% between April 2008 and March 2009, and returns on investment income were impacted accordingly. The Finance Committee were kept informed of the likely reduction in investment income and budgets were updated accordingly.

Balance Sheet

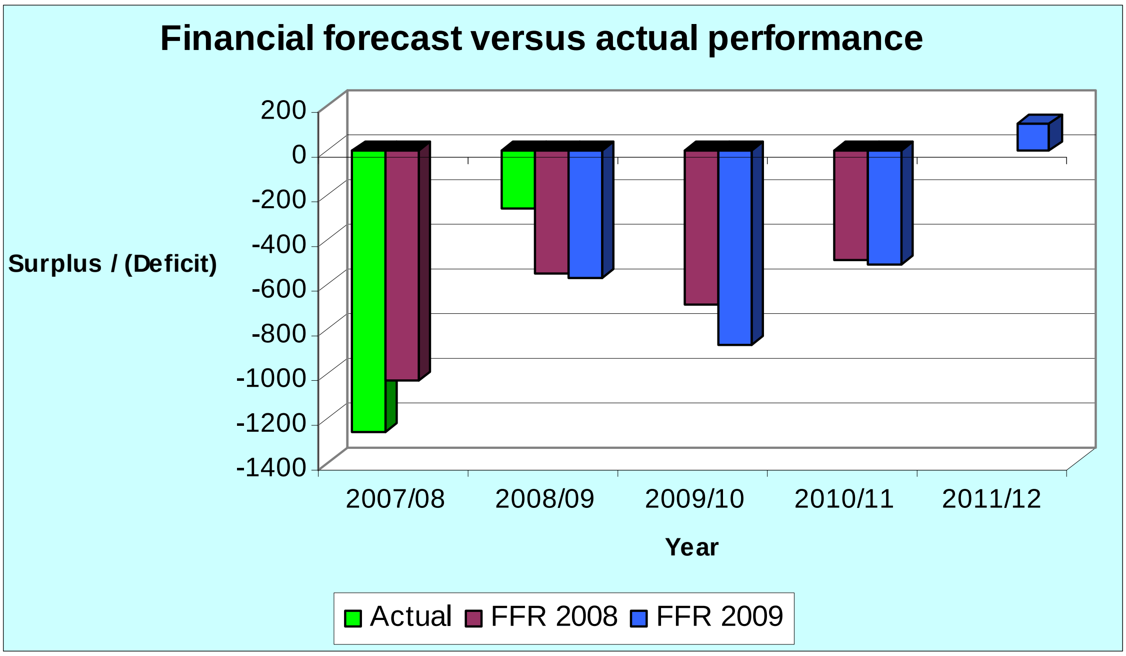
11. The College's Balance Sheet as at 31 July 2009 showed total reserves of £16.916m, with £7.891m in the general reserve and a healthy cash balance of £8.122m. Fixed asset additions during the year were £1.659m, including £651,000 of assets under construction.

12. The operating deficit incurred in the year was offset within the general fund by a £1.302m transfer from the revaluation reserve relating to the release of previously recognised revaluation gains. An impairment charge of £550,000 was taken to the reserve in recognition of the decrease in the valuation of assets that the College is planning to dispose of in 2011.

Financial forecasts

13. The College submits annual Financial Forecast Returns (FFRs) to SFC detailing the expected results for the current and next three years. SFC uses the FFRs to assess the financial performance of individual colleges and of the sector as a whole.

14. The graph below compares the actual results for 2008/09 with the FFR forecasts and shows the latest predictions within the 2009 FFR. The reported position is based on the deficits on operations prior to gain on sale of property and transfers between reserves.



Source: Dundee College Financial Forecast Return 2008 and 2009.

15. The College is forecasting operating deficits for the next two financial years, of £869,000 in 2009/10 and £507,000 in 2010/11. The College undertook a significant staff restructuring exercise during 2007/08. Exceptional restructuring costs of £1.61m were incurred in 2007/08 accounts as part of the Voluntary Severance Scheme. No such costs were incurred during 2008/09, which contributed significantly to the reduction in deficit from the prior year.

16. Expected efficiency savings arising from the above restructuring exercise have been incorporated into the FFR. However, anticipated savings from the estates reconfiguration exercise will not materialise until 2011/12 at the earliest.

Financial planning and monitoring arrangements

17. The College has a responsibility to conduct its financial affairs in a proper manner. As part of our audit, we are required to consider the College's financial standing, including the arrangements in place for financial planning, budgetary control and financial reporting. It is important that such arrangements are adequate in order to properly control the College's operations and use of resources.

18. The College budgets are devised at the start of the year and approved by the Board of Management. These are reviewed during the year and updated to take account of new information. The Board has established a Finance Committee which meets four times a year. Management accounts showing forecast year end positions against budget are presented to each Finance Committee meeting for review and comment.

19. In our opinion the College generally has effective financial management arrangements in place. We did note however that the format of the information reported to the Board and Finance Committees could be more aligned with the reporting format of the annual accounts as outlined within the SORP. This could improve the comparability between College budgets and in-year management accounts with the year-end financial statements.

Action Plan Point 1

Financial statements preparation

20. We are grateful to the Director of Finance and the finance staff for their assistance and support during the course of the audit. The draft accounts and supporting working papers were of a high standard.

21. We found that there are adequate resources and experience within the Finance Department to meet the College's financial management and reporting needs.

Audit adjustments

22. During the course of our audit we identified a number of adjustments to the draft financial statements. The impact of these adjustments is shown below.

Impact of Audit Adjustments

	£'000
Deficit in accounts presented for audit	**(244)**
Adjustments:	
Being reduced depreciation charge	292
Reduction in recognition of fee waiver income	(268)
Adjustment to Princes Trust income	(50)
Movement on early retirement pension liability	12
Actual deficit per financial statements	**(258)**
Net impact of adjustments	**(14)**

Reduction in depreciation charge

23. The College's Strategic Plan involves the reconfiguration of the existing estate to two main campuses at Kingsway and Gardyne. The College originally expected that the remaining premises, at Constitution Road, Graham Street and Melrose Terrace, would be disposed of by the end of 2009/10 and impaired the carrying value of these assets accordingly. A revised depreciation charge was being applied to write the asset down to their net realisable value by 2009/10.

24. The College now expects to dispose of these sites during 2011/12. Further, a valuation obtained at the end of 2008/09 showed that the net realisable value of the assets had reduced to £2.1m. Accordingly, the College impaired the assets by £550,000 in 2008/09 and the annual depreciation charge has been reduced through a combination of the extended useful economic lives and reduction in net realisable value of the sites.

Removal of fee waiver income

25. The College recognised a total of £2.885m of fee waiver income during 2008/09. This includes income of £268,000 claimed by the College which is above the allocation SFC has confirmed to date. SFC has generally funded such 'additional' claims in previous periods. However, the current economic climate and the rise in the level of such claims across the sector as a whole have increased the uncertainty over the SFC response to this situation for 2008/09. As a result, the College is now taking the prudent approach of recognising only that income which SFC has confirmed.

Other Adjustments

26. Other adjustments noted above relate to overstatement of income in respect of grant income from the Princes Trust project. The College has updated the accounting records and financial statements to reflect the actual amounts due. The College also originally overstated its provision for pension contributions and subsequently adjusted the provision to the valuation provided by the actuary.

27. We identified £44,433 of expenditure recognised in the year which relates to an information maintenance services prepayment for 2009/10. The College has not adjusted for the misstatement. We do not consider this to have a material impact on the financial statements and have included this within our summary of unadjusted misstatements, as attached to our letter of representation. Our other audit adjustments related to presentational and disclosure adjustments.

Review of accounting systems

28. Our audit involved reviewing the accounting systems and certain internal controls operating at the College, to ensure they formed an adequate basis for the preparation of the financial statements.

Authorised Signatories

29. The College has an authorised signatories list which sets delegated authorisation and approval levels to individual College employees. However, the list of authorised signatures does not contain specimen signatures for all authorising officers.

Action Plan Point 2

Payroll system changes

30. The College previously used Dundee Council as a payroll bureau service. This agreement ended in March 2009, with the College taking some payroll processing in-house and signing a seven year contract with Northgate for additional payroll processing support. Whilst the change has generally benefited the College, representing a notable improvement on the previous arrangement, we did note some issues which should be resolved as soon as is practical:

    - The College payroll department review monthly payroll exception reports provided by external provider, confirming accuracy and validity of changes such as starters and leavers within the monthly pay run. However, the monthly report provided by the new payroll provider is not always identifying all amendments taking place during the month. We noted particular problems with individuals leaving on the last day of the month, who were excluded from the exemption reports.

    - The College has experienced problems generating Full Time Equivalent (FTE) information, and making associated FTE submissions to SFC and disclosure in the financial statements.

    - Our testing indicated that leaver information is not always being retained on personnel files, in line with College procedural requirements.

Action Plan Point 3

31. Other than the issues above, we identified no reportable control weaknesses during our audit of the accounting systems. In general, the College's systems of internal financial control appear to be adequate, well designed and operating effectively.

Issues of particular significance for the 2008/09 audit

32. In order to assist College members' understanding of the financial statements and our audit, we have summarised the issues below that we believe are of particular significance to the 2008/09 financial statements.

Tayside Superannuation Fund liabilities

33. The College's employees belong to two principal defined benefit pension schemes, the Scottish Teachers' Superannuation Scheme (STSS) for the teaching staff and the Tayside Superannuation Fund (TSF) for the non-teaching staff.

34. The STSS is a multi-employer, notionally funded scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme. In line with FRS 17, the College has not recognised any asset or liability relating to STSS and the scheme is effectively accounted for as if it is a defined contribution scheme.

35. The TSF is also a multi-employer scheme. Following discussion with Barnett Waddingham, the TSF actuary, we confirmed that the College is not currently able to identify its share of the scheme assets on a reasonable and consistent basis. This is because assets are allocated on a pro-rata basis every three years in proportion to the liabilities held at that time, and are not tracked on an ongoing basis. The College has not recognised any asset or liability relating to TSF and the scheme is effectively accounted for as if it is a defined contribution scheme. This is consistent with the approach taken in 2007/08.

36. We have reviewed the College's disclosure within the financial statements and considered the accounting treatment to be appropriate, given the basis of allocation of scheme assets to the College. This would lead to the qualification of the financial statements made in 2007/08 by the previous auditor being lifted for 2008/09.

37. Scheme assets could be tracked for the College (that is, at employer level), going forward. This has been confirmed by the scheme actuary. We strongly recommend that the College investigate this issue further with TSF and the scheme actuary, to consider if this has any implications for future FRS 17 accounting and reporting.

Action Plan Point 4

Estates Strategy

38. The College has significant plans to reconfigure its estate, moving from the current five site model to two main campuses at Kingsway and Gardyne. The Gardyne redevelopment is a £47.7 million

project, to be funded through a mix of SFC grant, asset disposal, College lending and existing cash resources.

39. The Gardyne project is due for completion in time for the start of the 2011/12 academic year. During 2008/09 a total of £651,000 was recognised within assets in the Course of construction, primarily relating to professional and initial construction costs associated with the redevelopment. Plans are also being developed for a multi-million pound refurbishment and upgrade to elements of the Kingsway campus, focussing on key areas such as infrastructure works and significant IT upgrading.

40. On 24 September 2009, the Scottish Funding Council (SFC) approved the College's Gateway 4 submission for the Gardyne Campus re-development, part of the plan to relocate the College's existing estate to two main campuses. A contract has since been signed with Bovis LendLease. It is envisaged that this will generate significant efficiency savings at the College through reduced operating costs.

41. We reviewed the College's plans and progress during our audit visit, including certified spend to the financial year end and the implications for the existing estate. We have raised an audit adjustment during the year, per paragraphs 22-24, to reflect the revised useful economic lives of assets and a change in net realisable value of the asset following an independent valuation.

42. We will continue to monitor the College's progress in implementing the estate strategy and ensure that this is appropriately reflected within future financial statements.

Early retirement liabilities

43. The College has previously offered early retirement to staff, making monthly payments to the pension fund to cover any shortfall arising from the decision to grant early access to retirement benefits. In line with Financial Reporting Standard 12 - *Provisions, Contingent Liabilities and Contingents Assets* (FRS 12), the College recognises a liability for the future payments in relation to these early retirements. The College recalculates its estimate of this liability every year. The provision for early retirement was £4.522m as at 31 July 2009, a decrease of £88,000 from the balance as at 31 July 2008.

44. We reviewed the Colleges early retirement provision and, subject to a small adjustment in values, confirmed that this was consistent with the calculated liability as provided by an independent actuary. We also confirmed that this had been appropriately disclosed within the financial statements.

European grants

45. The College participates in a number of European Social Fund (ESF) projects. Dundee City Council is the lead partner for many of these projects. The conditions of the grants restrict expenditure to specific purposes and the College must keep detailed records of the expenditure against each grant. The College should not recognise the income until the conditions of the grant have been met.

46. We reviewed ESF income recognised by the College during the year and confirmed that it was consistent with College records and had been reflected appropriately within the financial statements.

Governance

47. It is the College's responsibility to ensure that it has adequate governance arrangements in place. It is our responsibility to review and report on these arrangements as they relate to:

- the College's review of its systems of internal control, including reporting arrangements
- the prevention and detection of fraud and other irregularities
- standards of conduct and arrangements for the prevention and detection of corruption
- the College's financial position

48. We reported on the corporate governance arrangements in relation to its financial position in the Finance section of this report. This section includes our comments on other aspects of the College's arrangements.

Corporate Governance Statement

49. Colleges are required to include in their financial statements a statement covering the responsibilities of their board of management in relation corporate governance arrangements. The statement should describe the ways in which the College has complied with good practice in corporate governance, including the arrangements for risk management, and report on the College's compliance with the Combined Code.

50. A revised Combined Code on Corporate Governance was issued in June 2008, which supersedes the Code issued in 2006. 2008/09 is the first year the College has had to state the extent of compliance with the 2008 code. The College's Corporate Governance Statement for 2008/09 explains that the College was fully compliant with the 2008 Combined Code throughout the period.

51. We reviewed the Corporate Governance Statement by:

- checking the statement against SFC guidance
- considering the adequacy of the process put in place by the Principal and Board of Management to obtain assurances on systems of internal control
- assessing whether disclosures in the statement are consistent with our knowledge of the College

52. We are satisfied that the statement is consistent with SFC guidance and that the contents are not inconsistent with information gathered during the course of our normal audit work.

Strategic Planning

53. In July 2009, the Board of Management approved an updated version of the College Strategic Plan for the period 2009-11. The College's strategic aims are as follows:

- To maintain long term financial stability through improved efficiency, strong corporate governance and effective risk management
- To enhance further the College's local, national and international reputation and standing
- To make a major contribution to sustainable economic growth in Scotland by increasing skills and business capacity in the local area and beyond
- To maximise relevant participation and widen access to high quality lifelong learning
- To transform the College's estate to meet the aspirations of present and future learners
- To maximise the potential of our people, inspiring success through dynamic leadership, active engagement, personal and professional development, team empowerment, and open and effective communication
- To continue to develop mutually beneficial collaboration and partnerships

54. The Strategic Plan has clear links to the finance and capital plans and the strategic aims form the basis of the College's own annual review.

Risk management

55. Risk management is important to the establishment and regular review of systems of internal control.

56. The College has established a Risk Management Policy and has a risk register in place. The Board of Management, with support from Executive Team, has ultimate responsibility for overseeing risk management. Risk are identified and assessed by the Executive Team and Strategic Forum and monitored by the Audit Committee.

57. From our review, the College appears to have sufficient and appropriate risk management systems in place.

Internal audit

58. Internal audit is a key component of the Board's corporate governance arrangements. The Board's internal audit service is provided by Henderson Loggie. We have considered the internal audit arrangements in place and concluded that there is an effective service which complies with relevant sector guidance.

59. To avoid duplication of effort and ensure an efficient audit process, we have made use of internal audit work where appropriate. During 2008/09 we have reviewed the following internal audit reports and integrated the findings with our own external audit work:

- Asset management
- Student fees
- Risk management and Business Continuity
- Curriculum
- Health and safety
- SUMS, Bursaries and EMA audits

Internal auditor 2008/09 conclusion

60. Internal audit has concluded in its annual report that the College has in place adequate and effective internal control systems. Internal audit concluded that proper arrangements were in place at the College to promote and secure Value for Money.

61. We are grateful to Henderson Loggie for their assistance during the course of our audit work.

Prevention and detection of fraud and irregularity

62. We are required to consider the arrangements made by management for the prevention and detection of fraud and irregularity. Fraud is defined as deception made for personal gain and irregularity is defined as transactions which do not comply with Scottish Ministers guidance.

63. The College has a fraud prevention policy and fraud response plan in place. The College has also established procedural guidance notes to allow staff to raise concerns. Management confirmed that there were no frauds identified during the year.

64. All SFC and other guidance and regulations are recorded by the College. The record maintained includes follow up action taken on each of the requirements of the circulars. All relevant guidance is issued to all relevant officers ensuring that all those concerned have access to adequate and relevant information.

65. We identified no issues of concern in relation to the arrangements for the prevention and detection of fraud or with regard to the legality of transactions.

Standards of conduct

66. We are required to consider the arrangements made by management in relation to standards of conduct and prevention and detection of corruption.

67. Propriety requires that public business is conducted with fairness and integrity. This includes avoiding personal gain from public business, being even-handed in the appointment of staff, letting contracts based on open competition and avoiding waste and extravagance. Guidance on standards of conduct, accountability and openness has been issued by the Scottish Government.

68. Our work in this area included a review of the arrangements for adopting and reviewing standing orders, financial instructions, registers of interest and schemes of delegation and complying with national and local Codes of Conduct. We also considered controls over ordering and procurement and disposal of assets.

69. Our audit identified no issues of concern in relation to standards of conduct, integrity and openness.

HMIe visit

70. Her Majesty's Inspectorate of Education (HMIe) carried out a review in February 2009. The review examined learning and teaching and other important activities that affect the quality of the learner experience. The review included discussion with learners, staff at all levels in the college, members of the Board of Management, employers, external agencies and other College stakeholders.

71. The review found a number of examples of excellence or sector-leading and innovative practice and included the following summary:

    HMIe is confident that:

    - learners are progressing well and achieving relevant, high quality outcomes
    - the College has in place high quality learning and teaching processes
    - learners are actively engaged in enhancing their own learning and the work and life of the College
    - the College is led well and is enhancing the quality of its services for learners and other stakeholders

72. We congratulate the College on the results of the HMIe review.

Looking Forward

Financial position

73. SFC has provided significant increases in funding to the Scottish Further Education sector in the past decade. The Spending Review and indications from the Scottish Government are that there will be no further significant increases. Coupled with increasing cost pressures this will result in limited financial resources for the Further Education sector.

Estates Strategy

74. The College has a significant capital development programme which will impact on its financial resources in the coming years. On 24 September 2009, SFC approved the College's Gateway 4 submission for the Gardyne Campus re-development, part of the plan to relocate the College's existing estate to two main campuses. A contract has since been signed with Bovis LendLease. Of the £47.7m total cost, SFC will provide £28.9m with the balance funded through asset disposal, College lending and existing cash resources. The project is expected to result in significant efficiency savings through reduced operating costs.

Appendix 1 - Action Plan

Our annual report action plan details the financial control weaknesses and opportunities for improvement that we have identified during our audit visit in addition to any reportable matters arising from our review of performance and governance systems.

The action plan details the officers responsible for implementing the recommendations and implementation dates. The College should assess these recommendations for their wider implications before approving the action plan. Following submission of this report to the Audit Committee, we will send a copy to the Auditor General.

It should be noted that the weaknesses identified in this report are only those that have come to our attention during the course of our normal audit work. The audit cannot be expected to detect all errors, weaknesses or opportunities for improvements in management arrangements that may exist.

Grading

To assist the Board in assessing the significance of the issues raised and prioritising the action required to address them, the recommendations have been graded. The grading structure is summarised as follows:

Grade 5	Very high risk exposure - Major concerns requiring Board attention.
Grade 4	High risk exposure - Material observations requiring management attention.
Grade 3	Moderate risk exposure - Significant observations requiring management attention.
Grade 2	Limited risk exposure - Minor observations requiring management attention
Grade 1	Efficiency / housekeeping point.

Issues arising from our 2008/09 audit

No	Title	Issue identified	Risk and recommendation	Management comments
1	**Format of Management Accounts** **(Para 19)**	The format of the financial information reported to the Board and Finance Committees could be more aligned with the reporting format of the annual accounts as outlined within the SORP.	Consistency between the management and statutory accounts could assist Board member in review and comment on the in-year position. College management should consult with members and consider aligning management and financial account formats as far as is practical. ***Grade 2***	Agreed – this does require to be addressed. **Responsible officer:** Assistant Principal & Director of Finance **Implementation date:** During 2009/10
2	**Authorised signatories** **(Para 29)**	The College's list of authorised signatories does not contain a complete listing of specimen signatures.	There is a risk that financial transactions are approved without appropriate authorisation. The list of authorised signatures should be updated with specimen signatures and made available reviewed to all relevant employees for reference. ***Grade 2***	This matter is currently under review as the College is working with its Internal Auditors to revise its financial procedures/regulations during 2009/10. **Responsible officer:** Assistant Principal & Director of Finance **Implementation date:** During 2009/10

No	Title	Issue identified	Risk and recommendation	Management comments
3	**Payroll System** **(Para 30)**	• The monthly report provided by the new payroll provider is not always identifying all amendments taking place during the month, particularly month-end leavers. • The College has experienced problems generating Full Time Equivalent (FTE) information, and making associated FTE submissions to SFC and disclosure in the financial statements. • Our testing indicated that leaver information is not always being retained on personnel files, in line with College procedural requirements.	Payroll data may be inaccurate, and controls to prevent incorrect payments being made may not operate effectively. The College should ensure that: • adequate exemption reports are produced for data amendments; • accurate FTE information can be produced efficiently from the system; and • all relevant staff are reminded of the need to retain leaver documentation on file, in line with College procedures ***Grade 2***	The new payroll system is not yet established, and work on improvements to controls/procedures is on-going. **Responsible officers:** Assistant Principal & Director of Finance and Director of Human Resources **Implementation date:** During 2009/10

No	Title	Issue identified	Risk and recommendation	Management comments
4	**Tayside Superannuation Fund Accounting Treatment** **(Para 37)**	Scheme assets could be tracked for the College (that is, at employer level), going forward. This has been confirmed by the scheme actuary.	The College may be able to identify its TSF scheme assets and liability share on a consistent and reasonable basis at some point in the future. We strongly recommend that the College investigate this issue further with TSF and the scheme actuary, to consider if this has any implications for future FRS 17 accounting and reporting. ***Grade 3***	Barnett Waddingham have stated that presently it is not possible, nor practical, to track the College's assets in TSF. The College is therefore, within the exemption allowed in FRS17, proposing to continue to account on a defined contribution basis. The College will continue to monitor the situation and review if necessary its position. It should be noted that the College is a minority stakeholder in the TSF scheme. **Responsible officer:** Assistant Principal & Director of Finance **Implementation date:** During 2009/10

Follow-up of issues from 2007/08 external audit (issues raised by previous external auditor)

No	Title	Original recommendation and management response	Update at October 2009 by Scott Moncrieff
1	**Pension Accounting**	**Original Recommendation** The actuary for the LGPS has advised that they are able to estimate on a reasonable and consistent basis the share of the College's assets and liabilities. The College did not agree with the basis and therefore have decided not to undertake full compliance with FRS 17. Discussions with those who run the scheme should continue with a view to reaching a situation whereby the College are satisfied that a reasonable estimate of assets and liabilities can be produced and incorporated into the accounts. **Management Response** The College has written confirmation from the LGPS scheme actuary that there has been no fundamental change to the 'notional' allocation of the schemes assets and liabilities. This allocation is in keeping with previous years and by accounting on a defined contribution basis in 2007/08, the College is consistent with previous years and previous audit opinions.	In line with reduced disclosure requirements afforded under FRS 17, the College does not recognise any asset or liability relating to the LGPS scheme, ie Tayside Superannuation Fund (TSF). It accounts for the scheme as if it were a defined contribution scheme. We have considered the methodology used by the Tayside Superannuation Fund actuary and have concluded that this does not allow a reasonable and consistent basis for allocating the College's share of schemes assets, as required by FRS 17, for the 2008/09 financial statements. See also point 4 in our 2008/09 audit action plan, above.

No	Title	Original recommendation and management response	Update at October 2009 by Scott Moncrieff
2	**Late invoicing**	**Original Recommendation** Ensure that invoices are prepared and issued promptly. **Management response** Problem was restricted to Vocational Training Unit. Controls within that department will be reviewed and necessary corrective action implemented.	No issues were identified during the course of our audit work to indicate that invoices were not being prepared in a prompt manner.

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