



Annual Audit Report

to the Board of Management and the Auditor
General for Scotland
South Lanarkshire College
Year ended 31 July 2018





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This report has been prepared in accordance with our responsibilities as appointed auditors as set out in Audit Scotland's Code of Audit Practice. Reports and letters prepared by the auditor and addressed to South Lanarkshire College are prepared for the sole use of South Lanarkshire College and we take no responsibility to any member or officer in their individual capacity or to any third party.



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South Lanarkshire College
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5 November 2018

Dear Members

Annual Audit Report – Year ended 31 July 2018

We are pleased to present our Annual Audit Report for the year ended 31 July 2018. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented to you on 14 May 2018. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me.

Yours faithfully

Lucy Nutley
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1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

This Annual Audit Report sets out the findings from our audit of South Lanarkshire College ('the College') for the year ended 31 July 2018, and forms the basis for discussion at the Audit Committee meeting on 5 November 2018.

Our responsibilities are defined by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice ('the Code') issued by Audit Scotland. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

We have issued an unqualified opinion, without modification, on the financial statements on 4 December 2018.

Opinion on regularity

We have issued an unqualified regularity opinion on 4 December 2018, meaning that in our opinion, in all material respects the expenditure and income recognised in the financial statements have been applied for the purposes intended.

Opinion on other requirements

We have issued an unqualified opinion on the matters prescribed by the Auditor General for Scotland on 4 December 2018. Namely that the remuneration and staff report, performance report and governance statement have been properly prepared in accordance with the relevant legislation.

Wider scope work

We have concluded as follows against the wider scope dimensions for smaller bodies:

- The College has effective arrangements, including budgetary control, that help the Board members scrutinise finances; and
- The College has governance arrangements in place that provide appropriate scrutiny of decisions made by the Board and are reflected in their governance statement

Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Misstatements and internal control recommendations

Section 3 sets out the internal control recommendations that we make, together with an update on any prior year recommendations.

Section 4 outlines the misstatement noted as part of our audit.

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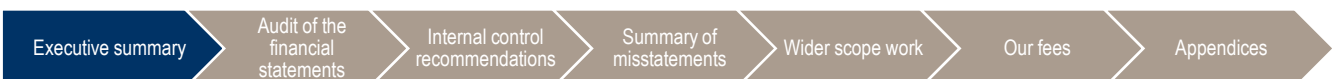
1. EXECUTIVE SUMMARY (CONTINUED)

Status of our audit work

We have completed our work on the financial statements and wider scope work for the year ended 31 July 2018.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in May 2018. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum to the Audit Committee.



1. EXECUTIVE SUMMARY (CONTINUED)

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We set materiality at the planning stage of the audit at £297k using a benchmark of 2% of gross expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors is £308k, using the same benchmark.

Threshold	Initial threshold £'000	Final threshold £'000
Overall materiality	297	308
Performance materiality	238	246
Trivial threshold for errors to be reported to the Audit Committee	9	9

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors

Performance Materiality

Our audit testing is based on a level of performance materiality, which is a percentage of overall materiality, but also dependent on the level of inherent risk assessed on the area being tested. It is lower than overall materiality as it helps to reduce the risk that the total of the uncorrected or undetected misstatements does not exceed materiality for the financial statements as a whole. It is based on between 50 – 80% of overall materiality depending on the inherent risk level assessed. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. This level was set at 3% of materiality.



2. AUDIT OF THE FINANCIAL STATEMENTS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 10 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the College's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. We have not identified any further significant risks during our audit work.

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting on amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Satisfactory assurance has been gained over the presumed risk of management override. We have no matters to report.

2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Valuation of land and buildings

Description of the risk

The financial statements contain material entries for land and buildings, totalling £32.8m as at 31 July 2017. Land and buildings are due to receive an interim desktop valuation at 31 July 2018. It is likely that revaluation amounts will be material to the financial statements. Valuations will be performed by an expert valuer.

How we addressed this risk

We addressed this risk through performing audit work over:

- examination of the professional qualifications of your valuer;
- challenge and substantiate the assumptions and the appropriateness of the date of the valuation used by your valuer in completing the valuations;
- ensure that valuations and impairments have been completed on the correct basis for each item and that movements are in line with expectation; and
- assess whether the report produced by the valuer has been correctly reflected in the accounts.

Audit conclusion

A full revaluation of the estate was performed as at 31 July 2018, assessing a value of £33.5m. This, and the corresponding increase in value (£1.795m) have been properly reflected in the financial statements.

Our audit work has provided satisfactory assurance that the valuation of land and buildings in the accounts is not materially misstated.

Revenue recognition

Under International Standards of Auditing there is a presumption, albeit rebuttable, that there is a significant risk of fraud and error in the timing of revenue recognition.

We have rebutted this presumed risk in relation to South Lanarkshire College's income. The income received by the College is primarily grant income, which is highly regulated and therefore carries a low inherent risk of fraud and error in revenue recognition. Commercial and other income, which carry a higher level of inherent risk, are not material to the financial statements. We have therefore rebutted the presumed risk of fraud and error in revenue recognition for all revenue at the College.

2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Valuation of pension liabilities

Description of the management judgement

The College makes contributions to two pension schemes – the Scottish Teachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). While both are defined benefit schemes, it is not possible to identify the College's share of the underlying assets and liabilities in the STSS and it is therefore accounted for as a defined contribution scheme.

The College's share of the SPF's underlying assets and liabilities is identifiable and a net liability is recognised in the accounts.

Given the scale of the liability recognised in the accounts, a misstatement in the reported position could be material to the financial statements.

How our audit addressed this area of management judgement

We considered the College's arrangements, including the existence of any relevant controls, for making estimates in relation to pension entries within the financial statements.

We also considered the reasonableness of the actuary's assumptions used in providing the College with information in the financial statements through the use of our internal experts.

Audit conclusion

Our audit work has provided satisfactory assurance over the valuation of the pension liability reported in the accounts and the actuarial assumptions used to calculate the liability. We have no matters to report.

2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Performance

The College is required to report financial performance under the HE/FE SORP, resulting in the reported surplus of £4,000k in the Statement of Comprehensive Income. However, as a central government body, the College is also required under the Accounts Direction from the Scottish Funding Council to report financial performance as an 'adjusted operating position'. We set out these required positions below.

FE/HE SORP Basis

	2017/18 £'000	2016/17 £'000
Operating income	15,869	14,877
Staff costs	11,349	10,370
Operating expenditure	4,484	4,492
Operating surplus for the year (FE/HE SORP basis)	36	15

Staff cost increases have been primarily driven by the outcome of national bargaining. The percentage increase is reflective of the sector as a whole. Operating expenditure has been maintained at the prior year level.

The College has released £292k from a creditor balance relating to an amount repayable to HMRC over 10 years, arising under the Lennartz scheme. Professional advice obtained by the College indicated that the balance had been paid in full in January 2018 and the amount remaining as a payable was not due to HMRC. This final balance was released to the Statement of Comprehensive Income, included as part of "Other gains and losses", and so it was not included within the operating surplus above. This will benefit the College as it will support future expenditure, and will provide a positive cash impact on an ongoing basis.

The above results demonstrate that the College is operating sustainably within its funding allocation, and the following points should be highlighted:

- The College met its student credit target confirming the level of funding in the financial statements;
- The College achieved its financial targets in line with its plan; and
- There were no significant changes to the reported position during the year.

Operating income has increased which is reflective of an increase in student activity credits of 3.8% and increase in the overall price per credit of 1.8%. In addition, £134k of income was received from the Energy Academy project.

2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Adjusted operating position

The table on the previous page sets out the financial position in accordance with the SORP requirements. The table below reflects the 'adjusted operating position' as required by the Accounts Direction set by the SFC. The adjusted operating position removes more volatile accounting entries, such as the valuation of pensions. Full details of the adjustments included are shown in note 26 to the accounts.

	2017/18 £'000	2016/17 £'000
Surplus before other gains and losses	36	15
Add back:		
- Depreciation (net of deferred capital grant release)	205	241
- Non-cash pension adjustment (service cost)	407	307
- Non-cash pension adjustment (interest cost)	80	65
- Non-cash pension adjustment (early retirement provision)	-	27
Deduct:		
- Non-cash pension adjustment (early retirement provision)	(3)	-
- Fixed budget for priorities allocated to Lennartz repayments	(86)	(227)
- Fixed budget for priorities allocated to estate costs	(111)	-
Adjusted operating surplus	528	428

As can be identified above, the College shows an improved position when taking into account the movements as prescribed by the SFC on a consistent basis in both 2017/18 and 2016/17. This is the final year that the Lennartz repayments will impact this assessment as the final payment was made in January 2018, however the fixed budget for priorities (depreciation budget for government funded assets) will be allocated elsewhere from 2018/19.

2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Qualitative aspects of the entity's accounting practices

We have reviewed the College's accounting policies and disclosures and concluded they comply with the requirements of the 2015 Statement of Recommended Practice: Accounting for Further and Higher Education and the Government Financial Reporting Manual (FReM) 2017/18, appropriately tailored to the College's circumstances.

The draft annual report and accounts were received from the Head of Finance on 10 October 2018 and were of an acceptable quality with some disclosures and notes missing. Our fieldwork commenced on 1 October 2018, and while we did not receive a full set of accounts on that date, we received a working version of the accounts before it is collated into the final format.

Producing quality supporting working papers is a crucial part of compiling financial statements that are complete and materially accurate. They also support the delivery of an efficient audit. Working papers provided for audit were good and staff were responsive to our requests during the audit.

Significant matters discussed with management

Our audit work highlighted an adjustment made of £1.2m in respect of the revaluation which related to integral assets in the buildings, such as lifts and air-conditioning. Management have continued to use the gross cost as proxy for fair value and adjusted the 2018 building valuation for this amount, which continues to be shown as plant and equipment. We have discussed with management the basis for this adjustment, which is in effect an estimate, and applied our judgement to this and consider it reasonable.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.



3. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	nil
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	nil
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	1



3. INTERNAL CONTROL RECOMMENDATIONS (CONTINUED)

Other deficiencies in internal control – Level 3

Description of deficiency

During the year, a global pension rate increase took place. Audit testing identified a staff member where the increase had not been correctly applied. Audit review determined this was a unique situation, but one that should have been prevented.

Potential effects

The application of incorrect pension contributions rates might result in a material misstatement of staff costs if this affected a high volume of staff members. This may also mean the College are not abiding by the terms of staff contracts, leaving themselves open to legal action and reputational damage.

Recommendation

Where any Global changes are made that affect employees and staff costs, ensure suitable reviews are undertaken to determine that all employees have been updated.

Management response

There are several checks in place at present and these will be formalised, with a note of review included in the Control Log prepared each month. This will include pension contributions with the report on contribution rates applied each month now being checked prior to final processing.

Follow up of previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency

Our review of the payroll system found the following control weaknesses:

Four members of staff have full access to the payroll system, which would allow them to access and amend their own records. A report of all changes made to the system in advance of the payroll being processed should be generated and formally reviewed. While a change report is being generated, it is not currently being formally reviewed.

Finally, we note that there is the potential for BACS payments (for payroll and other payments) to be generated and processed by the Head of Finance.

Potential effects

The payroll system as it currently operates, would allow a staff member with full access to the system to make changes to their own pay. The change may not then be detected as the report of all changes is not formally reviewed.

If the payroll BACS run were to be generated and processed by the same person, the fundamental segregation of duties control would be overridden.

2017/18 update

The Depute Principal now reviews the relevant payroll data to ensure there is segregation of duties in preparing and approving the data.

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4. SUMMARY OF MISSTATEMENTS

There were no unadjusted misstatements identified during the course of the audit above the trivial threshold of £9k.

The table below outlines the misstatements that have been adjusted by management during the course of the audit.

Adjusted misstatement 2017/18

	Statement of Comprehensive Income		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1 Dr: Holiday pay accrual Cr: Staff costs		69	69	
Being removal of draft Holiday Pay Accrual which had not been reversed when the actual accrual was posted				

Disclosure amendments 2017/18

The audit review process suggested a number of disclosure amendments, including:

- The Overview section in the Performance Report requires a paragraph explaining its purpose
- Providing a statement in the governance statement to demonstrate how the newly appointed Chair has assurance over the governance system in place for the full year, following his appointment in April 2018
- Updating the remuneration report to reflect actual amounts paid, not salary levels



5. WIDER SCOPE

Our approach to wider scope work

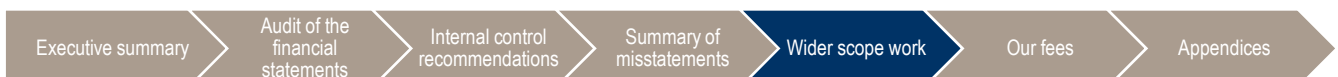
The Code requires us to conclude and make a judgement on the four dimensions of wider scope work. These are:

- financial sustainability;
- financial management;
- governance and transparency; and
- value for money.

In recognition that audit work should be risk based and proportionate to the nature and size of the audited body, the Code allows auditors to determine whether application of the full wider scope work is appropriate in smaller bodies. At the planning stage, we considered that the audit of South Lanarkshire College should be carried out under the small body provisions of the Code. We have reached this conclusion through our assessment of:

- the relative size of the College;
- the relative simplicity of the College's functions;
- the College's risk profile; and
- the results of our full review of wider scope dimensions in 2016/17 that did not indicate any areas of higher risk.

In line with the Code requirements, our work has therefore focused on financial sustainability and the governance statement.



5. WIDER SCOPE FINANCIAL SUSTAINABILITY

Dimension

Financial sustainability extends the going concern assumption from the financial statements, looking forward two to five years, reviewing and assessing arrangements for financial planning and affordable and sustainable service delivery in this timescale.

Our conclusion

South Lanarkshire College has adequate financial planning arrangements in place.

Financial Planning

Throughout the year, the College's quarterly monitoring reported a small financial surplus before other gains and losses which was achieved in 2017/18.

The College had expected to make use of their overdraft as in previous years, however they were able to manage their cashflow such that the overdraft was not required during the year. The College have an unsecured overdraft facility of £300k with The Royal Bank of Scotland which will be maintained.

A review of the minutes of the Finance Committee and onwards to the Board demonstrated effective challenge of the financial position by members throughout the year.

In its annual review of the FE sector, Audit Scotland's 'Scotland's Colleges 2018' noted that the Scottish Funding Council (SFC) now requires colleges to prepare six-year financial forecasts, with the current forecasts running from 2016-17 to 2021-22. The SFC has been working with sector representatives to develop a set of common assumptions that colleges should use for longer-term financial forecasting. These assumptions are used to produce a financial forecast return (FFR) which is submitted to the SFC annually. The College use the FFR as a basis for their financial strategy planning.

The College has a 6 year plan, in line with the SFC requirements. There are inherent uncertainties around SFC funding for the College and student support funds, coupled with European funding uncertainties (EU funding currently makes up 10% of the College's annual income), which provide difficulties in forecasting accurately.

The assumptions set out by the SFC have been used for SLC's forecast as shown below:

	Actual 2017/18 £000	Forecast 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000
Total income	15,869	19,926	17,207	17,492	17,785	17,957
Staff costs	11,349	11,364	11,591	11,823	12,060	12,240
Total expenditure	4,484	5,471	5,529	5,589	5,651	5,709
Surplus before other gains & losses	36	91	87	80	74	8

The plan was based on:

- Income assumptions provided by the SFC including the then latest expectations on European Support Funds post UK exit from the EU;
- A largely flat income level for other/alternative income levels – however the college is addressing its capability to submit effective tenders, and commercial income targets have been set for the academic faculties and the Alternative Funding team;
- Increase in operational expenditure over the 6 years from £15.9m to £17.9m; and
- Salaries remaining static at approximately 68% of total expenditure over the period

The Scotland's Colleges 2018 report highlighted that South Lanarkshire College was the only college to forecast a surplus in each year.

The Lennartz repayments are now fully completed, which means cash flow will be positively affected going forward. This is reflected in the forecasts which show predicted cash reserves of £900k by the end of 2023 (increasing from £612k in 2017/18).



5. WIDER SCOPE FINANCIAL SUSTAINABILITY (CONTINUED)

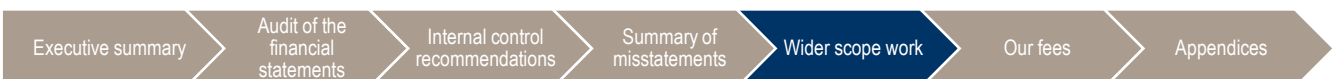
Asset Management and Estates Strategy

An Estates Strategy 2009-2019 is in place. It was introduced to complement the College strategic and operational plans. The Estates Strategy aims to support the current status and condition of the building and wherever possible recognise opportunities for improvement. It is reviewed annually and reported to the Senior Management Team and the Board.

An Estate Report is presented to each Finance and Resources committee to inform members of the current position. This report is then considered at the next Board Meeting. We understand that work is underway to refresh the plan in 2019.

Gardiner & Theobald were appointed by the Scottish Funding Council in January 2017 to provide a summary of the conditions of the estates within the Scottish Further Education sector, being the first independent review of the college estate in Scotland for 10 years. The South Lanarkshire College survey showed an estimate of £1.7 million of costs over the 5 year period from 2017-18 to 2022-23, with £680k being identified as urgent, for example roof repairs. Funding is being made available from the SFC for this specific expenditure that will be incurred in 2018/19. Agreed works at the College include roof repairs, boiler room maintenance, allowances for cyclic floor replacement and kitchen refurbishments. This expenditure has been factored into the 6 year plan, and it is expected this will be undertaken as suggested in line with the Estates Survey.

We consider that appropriate attention is given to the estate and assets, and that their maintenance is factored into long term plans and discussions.



5. WIDER SCOPE GOVERNANCE STATEMENT

Dimension

Governance and transparency covers the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

Our conclusion

South Lanarkshire College has governance arrangements in place that provide appropriate scrutiny of decisions made by the Board, that are reflected in the governance statement

Governance arrangements

Our work in this area has considered the overall governance arrangements in place at the College, the financial and performance reporting to the Board, and reviewed the minutes of committees to inform our assessment of the appropriateness of the governance structure. We have also attended Audit Committees during the year.

During 2017/18, the Board consisted of 16 members, 8 female and 8 male (including the Principal). The Board meets with the objective of the Gender Representation on Public Boards (Scotland) Bill which was introduced by the Scottish Parliament in June 2017 with an implementation date of 2022.

The key committees comprises of, and are chaired by Board members, with each also containing the Principal, with the exception of the Audit Committee. In addition, the Chair of the Board is also not permitted to be a member of the Audit Committee. The Principal and the Chair of the Board can attend Audit Committee meeting, which they do. Appropriate College officers attend committees and present reports as required.

The Board meets 6 times a year and each of the various the committees (including the Audit Committee) meet 4 times a year. Minutes of these meetings are published to the College's website in a timeous fashion following the meetings, showing transparency. Committee papers are detailed and provide a good overview of the content of the meetings. Reflecting regional arrangements, minutes and meeting summaries are provided to the corresponding committee of the Lanarkshire Board.

Governance Statement

As part of our audit we have read the governance statement included in the annual report. The governance statement sets out the corporate governance framework in place throughout the reporting year, the internal controls in operation, the work of internal audit and the overall efficiency and effectiveness of the governance framework.

The governance statement confirms the college's compliance with the 2016 Code of Good Governance for Scotland's Colleges.

We are required to read and provide an opinion on the governance statement. In our opinion, the information contained within is consistent with the financial statements. We also consider that the governance statement has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and further directions made by the Scottish Funding Council.

Internal audit

An effective internal audit service is an important element of any organisation's governance arrangements. Internal audit provide the College with independent assurance on internal control and corporate governance processes. The internal audit function at the College is provided by Scott-Moncrieff. Internal audit have attended Audit Committees throughout the year and have produced a number of reports to support the overall Head of Internal Audit Opinion.



6. OUR FEES

Fees for work as the College's appointed auditor

We reported our proposed fees for the delivery of our work in our Audit Strategy Memorandum, presented to the Audit Committee in May 2018. Having substantially completed our work for the 2017/18 financial year, we can confirm that our final fees are as follows:

Area of work	Proposed fee 2017/18	Final fee 2017/18
Auditor remuneration	£12,590	£12,590
Pooled costs	£810	£810
Contribution to Audit Scotland costs	£700	£700
Total Fee	£14,100	£14,100

We confirm that these fees are in line with the scale fee set by Audit Scotland. We also confirm that we have not undertaken any non-audit services for the College in the year.

APPENDIX A INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

