

Audit Committee Meeting

Date of Meeting	Tuesday 29 May 2018
Paper Title	Timetable for Year End Consolidation 2017-18
Agenda Item	8
Paper Number	AC4-D
Responsible Officer	Jim Godfrey, Finance & Resources Director
Status	Disclosable
Action	For Noting

1. Report Purpose

- 1.1. This paper provides an update of progress in terms of the Accounts Consolidation and sets out the key actions.

2. Recommendations

- 2.1. The Committee is invited to **note** this report.

3. Report

- 3.1. As members are aware, the Annual Report and Accounts (of the Glasgow College Region) will be consolidated for the year ending 31 July 2018.
- 3.2. The issues surrounding the consolidation process has been discussed with the external auditor on several occasions. Most recently, this was discussed at a meeting on 26 April 2018 as part of the external audit planning process.
- 3.3. The following are the key decisions taken:
- The external audit timetable has been agreed with each of the three colleges and GCRB for 2017-18.
 - Copies of these timetables have been provided to the GCRB Finance and Resources Director.
 - The external audit plan has been prepared for each college, and GCRB, which is being considered by the relevant Audit Committees.
 - The comparative figures for 2016-17 have been prepared and entered onto the consolidation template for 2017-18.
- 3.4. The issue of consolidation has also been discussed at a number of internal meetings, such as Chairs/Principals, Sustainability Group and with finance colleagues. The following are the key decisions:

- a) The colleges and GCRB have reviewed their accounting policies and a small number of minor differences identified. Minor changes have been implemented to ensure a consistent approach across the region.
- b) The colleges and GCRB have considered a timetable for the co-ordination of audit fieldwork, accounts preparation and committee meetings.
- c) The three colleges agreed to share all information (in respect of the draft annual report and accounts) with the GCRB Finance & Resources Director during the course of the accounts preparation process.
- d) The colleges have agreed to supply a final draft of the annual report and accounts and the draft annual accounts spreadsheet to the GCRB Finance and Resources Director by Friday, 30 November.
- e) The colleges have agreed to supply the final year end pack to the GCRB Finance and Resources Director by Monday, 17 December. This pack of information will include:
 - Signed copy of the Audited Financial Statements.
 - Annual report of the external auditor.
 - Report to finance committee which accompanied the financial statements.
 - Annual report of the internal auditor.
 - Annual report of the Audit Committee.
 - A copy of the Annual accounts spreadsheet signed by the Principal.
- f) GCRB will provide the consolidated report and accounts, together with supporting information, to SFC by Thursday, 31 January 2019.

4. Risk Analysis

4.1. The key risks relating to the consolidation of the financial statements are:

- The consolidated financial statements of the Regional Board are dependent upon the 3 assigned colleges. Any issue arising in respect of an assigned college, for example a delay, will have a direct impact on the ability of the Regional Board to meet its deadlines and obligations.
- There is a very little time available between the date an assigned college completes a task (during the year-end process) and the date when the Regional Board is due to complete the same task.

5. Legal Implications

5.1. There are no legal implications arising from this report.

6. Financial Implications

- 6.1.** Scott Moncrieff has advised that the external audit fee for 2016-17 is expected to be £20,760 (including VAT and a recharge from Audit Scotland). This cost reflects the additional work necessary to audit the consolidated financial statements.
- 6.2.** In addition, there is a significant cost to GCRB in terms of the time required to prepare the consolidated accounts and support the external audit process.

7. Strategic Plan Implications

- 7.1.** One of the implications of GCRB becoming fully operational was the need to prepare consolidated financial statements. The preparation of consolidated financial statements ensures that GCRB is compliant with one of the key governance responsibilities and helps realise its ambitions.

Action Plan

Task	Action	Person Responsible	Date
On-going dialogue	Finance Meetings between representatives of GCRB and Colleges	College Finance Lead and GCRB Finance & Resources Director	Quarterly Meetings in March, June, September and December 2018
Audit Planning	Meeting with Scott Moncrieff	Executive Director and GCRB Finance & Resources Director	April 2018
Consolidated notes	Clarify extent of coverage with External Auditor	Finance & Resources Director	May 2018
Consolidation software	Clarify use of with External Auditor	Finance & Resources Director	May 2018
Prior year comparators	Enter into consolidation template	Finance & Resources Director	May 2018
Annual Audit Plan	Considered by Audit Committee	External Auditor	May 2018
Actuarial Reports	Reports requested by Colleges and GCRB and common assumptions agreed.	College Finance Lead and GCRB Finance & Resources Director	July 2018
Accounts Direction	Considered by Audit Committee	GCRB Finance & Resources Director	October 2018
Draft Annual Report and Accounts	Commentary prepared	Chair/Executive Director	October 2018
	Financial Information	Finance & Resources Director	September 2018
	Pensions Note for Executive Director	Glasgow Kelvin College	September 2018
	Pensions Note for Employees	Actuary for the Strathclyde Pension Fund	September 2018
Systems of Internal Control	Internal Review conducted and considered by Audit Committee.	Report prepared by Finance & Resources Director and reported to Audit Committee	October 2018
External Audit	Audit Fieldwork in conjunction with GCRB	External Auditor	October 2018
Annual Report of the Audit Committee	Considered by the Audit Committee	Audit Committee	December 2018
Annual Report of the Internal Auditor	Draft report considered by the Audit Committee.	External Audit report to the Audit Committee	December 2018
	Presented to the Board	Audit Committee	January 2019
Annual Report of the External Auditor	Draft report considered by the Audit Committee.	External Audit report to the Audit Committee	December 2018
	Presented to the Board	Audit Committee	January 2019

Task	Action	Person Responsible	Date
Annual Report and Accounts	Draft version reviewed by the Audit and Performance and Resources Committee	Finance and Resources Director	December 2018
	Final version reviewed by Board	Finance and Resources Director	January 2019
Submission of Report of the Audit Committee, Annual Report of the External Auditor and Financial Statements	Documentation supplied to SFC in accordance with the Accounts Direction	Interim Finance & Resources Director	January 2019