



**HENDERSON LOGGIE**  
Chartered Accountants

## **Moray College**

**Annual Audit Report for 2009/10  
to the Board of Management and  
the Auditor General for Scotland**

**External Audit Report No: 2010/02**

**Draft Issued: 3 November 2010**

**Final Issued: 4 November 2010**



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## **Notice: About this report**

This report has been prepared in accordance with our responsibilities under International Standards on Auditing (ISAs) and those set out within Audit Scotland's Code of Audit Practice ('the Code') and Statement of Responsibilities of Auditors and Audited Bodies.

This report is for the benefit of only Moray College and is made available to Audit Scotland (together with the beneficiaries), and has been released to the beneficiaries on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without prior written consent.

Nothing in this report constitutes a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than the limited circumstances set out in the scope and objectives section of this report.

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## Executive Summary

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### Corporate Governance

- The College has shown a surplus for the year of £0.134 million (2008/09 - £0.025 million), against a planned surplus of £0.178 million, and has a positive general reserve balance of £0.421 million at 31 July 2010 (31/07/09 - £0.001 million). The underlying operating surplus was £0.007 million added to which there was a write-back of £0.127 million in the pension provision.
- The College's Corporate Governance Statement confirms that the College has been fully compliant with the principles of the June 2008 Combined Code on Corporate Governance during 2009/10 so far as it relates to further education colleges.
- We identified no significant control weaknesses during our audit. In general, the College's key systems of internal control appear to be adequate, well designed and operating effectively.
- The College's internal auditors have concluded that 'We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes. In our opinion Moray College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work.'
- The report published by Her Majesty's Inspectorate of Education (HMIE) in February 2010 following its review of the College in October 2009 concluded positively on the processes in place at the College.
- The College has an on-going process for identifying, evaluating and managing its significant risks.
- During the year UHI, of which Moray College is one of 13 Academic Partners, submitted an application for University Title. As part of the scrutiny arrangements the Quality Assurance Agency (QAA) visited a number of Academic Partners and the QAA is currently in the process of completing its assessment of the application.

### Performance

- The College updated its Strategic and Operational Plans during the year with input from Board members, officers, academic heads and other stakeholders. The Board based its planning considerations around certain scenarios relating to such key variables as the expected significant reduction in funding, UHI's development and the uncertainties in relation to the future of the Moray economy given the threat to its two RAF bases. Regular performance reports were submitted to the Board and committees during the year.
- The College's Risk Management Policy was last reviewed in March 2009, together with the Risk Strategy. The Risk Register is updated on an on-going basis to account for changes in strategic and operational risks.
- The Board of Management discussed a draft Sustainability Framework and Balanced Scorecard at its meeting on 13 April 2010 and these were subsequently submitted to the Scottish Funding Council (SFC).
- The College has a Value for Money (VFM) Strategy, which was reviewed in January 2010. The Audit Committee regularly considers a VFM matrix which summaries all internally generated VFM activity and resultant actions. One VFM review was carried out by the College's internal auditors during the year in relation to alternative income streams.



## Executive Summary

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### Financial Statements

- On 7 December 2010 we plan to issue an audit report expressing an unqualified opinion on the financial statements of the College for the year ended 31 July 2010 and on the regularity of the financial transactions reflected in those financial statements.
- The annual financial statements of the College comply with the Accounts Direction issued by the SFC and the Statement of Recommended Practice (SORP) on Accounting for Further and Higher Education.
- There were no audit adjustments made to the financial statements with only minor disclosure adjustments suggested. It was agreed not to amend the financial statements for four further trivial adjustments on the grounds of materiality.
- In 2009/10, as in previous years, the College accounted for its participation in the Aberdeen City Council Pension Fund as if it were a defined contribution scheme. This is consistent with the accounting treatment adopted in previous years and current advice provided by the scheme actuaries.
- The Life Sciences Centre remains a key element of the College's Estates Strategy which was revised during the year and, following consideration by the Building Committee, ratified by the full Board at its meeting on 5 October 2010.
- The College exceeded its FE WSUMs target for 2009/10 by 835 WSUMs (3.2%), (2008/09 – 36 WSUMs shortfall, 0.1%). The College failed to meet its target for HE FTEs by 8 FTEs (0.9%), (2008/09 – 16 FTEs shortfall, 1.8%) and a creditor of £0.142 million (2008/09 - £0.111 million) has been included in the financial statements in respect of the resulting clawback.



# Introduction

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## Background

1. 2009/10 was the fourth year of our five-year appointment as external auditors of Moray College ('the College'). This report summarises our opinion and conclusions and highlights significant issues arising from our work. It covers the communication of findings from the audit required by ISA 260: Communication of Audit Matters with Those Charged with Governance.
2. The framework under which we operate under appointment by Audit Scotland is as outlined in our Strategic Planning Memorandum and 2009/10 Annual Audit Plan issued on 21 April 2010 and considered and approved by the Audit Committee at its meeting on 25 May 2010. The scope of the audit was to:
  - provide an opinion on, to the extent required by the relevant authorities, the financial statements and the regularity of transactions in accordance with the standards and guidance issued by the Auditing Practices Board;
  - review and report on the College's corporate governance arrangements in relation to systems of internal control, the prevention and detection of fraud and irregularity, standards of conduct, and prevention and detection of corruption; and the College's financial position; and
  - review and report on the College's arrangements to manage its performance, as they relate to the economy, efficiency and effectiveness in the use of resources.
3. Our audit approach focused on the identification of the significant risk areas facing the College and the significant classes of transactions, estimates, other account balances and disclosures impacting upon the financial statements. These include:
  - compliance with legislation and financial regulations;
  - fixed assets transactions, including consideration of impairment; estate refurbishment and proper classification of expenditure; and compliance with relevant financial reporting standards;
  - recoverability of debtors;
  - recognition of funding provided for specific purposes and the regularity of corresponding expenditure;
  - compliance with Financial Reporting Standard (FRS) 17 Retirement Benefits and provision for pension liabilities for early retirees; and
  - compliance with the SORP on Accounting for Further and Higher Education.



## Introduction

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### Basis of Information

4. External auditors do not act as a substitute for the College's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
5. To a certain extent the content of this report comprises general information that has been provided by, or is based on discussions with, management and staff of the College. Except to the extent necessary for the purposes of the audit, this information has not been independently verified. The contents of this report should not be taken as reflecting the views of Henderson Loggie CA except where explicitly stated as being so.
6. As our audit is designed primarily to enable us to form an opinion on the financial statements taken as a whole, our report cannot be expected to include all the possible comments and recommendations that a more extensive special examination would bring to light.

### Acknowledgement

7. Our audit has brought us in contact with a range of College staff. We wish to place on record our appreciation of the co-operation and assistance extended to us by staff in the discharge of our responsibilities.

**Financial Position**

8. SFC circular SFC/31/2009, issued on 16 October 2009, defines a sustainable college as one which 'continually develops the quality of its learning activities to meet the changing needs of its customers, society and the economy, controls its costs, and year on year secures sufficient income to resource its planned activities and enable a level of current and future investment necessary to maintain its assets.'
9. Table 1 provides a summary of the College's planned and actual financial results, based on the formal returns submitted by the College to the Funding Council.

**Table 1: Comparison of planned and actual financial results**

	2008/09 Actual £000	2009/10 Planned £000	2009/10 Actual £000	2010/11 Planned £000
Financial outturn				
Surplus	25	178	134	23
Income and expenditure reserves	1	600	491	744
Cash balances	2,849	3,500	3,549	3,400

Source: Audited accounts and FFR

10. Overall, College income in 2009/10 has decreased by £0.451 million (3.6%) over 2008/09 to £12.191 million. There has been a decrease of £0.328 million (3.5%) in SFC grants, including a decrease of £0.101 million (1.3%) in recurrent grant and a decrease of £0.183 million (34.9%) in formula capital funding used to finance revenue expenditure.
11. Overall there has been a small increase in tuition fees and education contract income of £0.015 million (0.7%) over 2008/09. This is made up of a decrease of £0.031 million (3.5%) in FE fees and an increase of £0.046 million (4.6%) in HE fees. Education contracts income remains comparable with 2008/09 at £0.275 million. Endowment and investment income shows a significant reduction of £0.116 million (83.5%) over 2008/09 due to fixed term high interest UK bank deposits secured in previous years with favourable interest rates maturing during the year.
12. Expenditure in 2009/10 has decreased by £0.560 million (4.4%) over 2008/09 to £12.057 million primarily due to the impact of a £0.127 million pension provision credit (2008/09 - £0.254 million charge) and a decrease of £0.358 million (11.0%) in other operating expenses. This has been partly offset by an increase in staff costs of £0.153 million (1.8%) and an increase in the depreciation charge of £0.039 million (6.8%) following revaluation of the College's buildings at 31 July 2009.
13. The pension provision credit arose mainly as a result of the death during the year of one pensioner previously included in the provision.
14. There has been an across the board decrease in other operating expenses although the main movement relates to administration and central services costs, which show a decrease of £0.172 million (20.5%) on 2008/09. The reduction in other operating expenses has resulted from a number of initiatives including improved controls, energy usage awareness measures and buying gains through APUC (Advanced Procurement for Universities and Colleges).



# Corporate Governance

## Financial Position (Cont'd)

- 15. Staff numbers (FTEs) have increased by one from last year to 262 and staff received an average pay rise of 1.5% during 2009/10 (2008/09 - 3%).
- 16. The main reasons for the variance between the actual financial outturn and budget was the increase in the depreciation charge for the year (a different split between land and buildings was assumed in preparing the budget figure) and the pension provision credit, both of which are mentioned above. In addition, the College did not receive any economic downturn funding from the SFC (estimated in the budget at £0.080 million).
- 17. The College's cash balance at 31 July 2010 was £3.549 million, an increase of £0.700 million (24.6%) on the previous year. For the past few years the cash funds have been built up following the reversal of the previous deficit position. In order to keep funds liquid for the College's future estate plans any excess funds are invested in UK High Street bank accounts.
- 18. As reported in previous years, there is no agreed contractual position between the College and Moray Council regarding the loan due by the College to the Council. This position is said to be due to a loss of the loan papers at the time of local government reorganisation in 1996. Attempts by the College to formalise the loan have continued but have yet to be successful. The loan outstanding at 31 July 2010 amounts to £0.799 million (31/07/09 - £0.846 million).

### 2009/10 FTEs/SUMs outturn

- 19. The College's outturn against its 2009/10 FTEs/WSUMs targets is shown in table 2.

**Table 2: 2009/10 FTEs/SUMs outturn**

	HE 2008/09	HE 2009/10	FE 2008/09	FE 2009/10
FTEs/WSUMs target	888	886	26,437	26,437
FTEs/WSUMs actual	872	878	26,401	27,272

Source: Audited SUMs returns.

- 20. The College's internal auditors carried out the audit of the SUMs return for 2009/10. They concluded that the student data returns have been compiled in accordance with all relevant guidance, that adequate procedures are in place to ensure the accurate collection and recording of data; and, on the basis of testing, reasonable assurance can be taken that the FES return contained no material mis-statement.

### FRS 17 Retirement Benefits

- 21. In 2009/10, as in previous years, the College accounted for its participation in the local government pension scheme as if it were a defined contribution scheme. This is consistent with the accounting treatment adopted in previous years.
- 22. As reported last year, in a letter to all College Principals, dated 13 November 2008, SFC strongly advised all colleges in the Strathclyde Pension Fund, as well as the Aberdeen and Tayside schemes, to consider accounting for the scheme as a defined benefit scheme. However, SFC acknowledged that there is scope within the FRS 17 standard, as currently worded, to account for the scheme as a defined contribution scheme and that it is ultimately for colleges and auditors to determine the accounting treatment. The College should review compliance with any future direction by SFC.



**Financial Position (Cont'd)**

23. The Auditing Practices Board Practice Note 22 The Auditors' Consideration of FRS 17 'Retirement Benefits' – Defined Benefit Schemes requires auditors of entities accounting for multi-employer defined benefit schemes as if they were defined contribution to make enquiries of the directors regarding the basis for their conclusion that the entity's share of the scheme assets and liabilities cannot be identified. Auditors should also consider any relevant professional advice (for example actuarial or legal advice) that the directors may have obtained on this issue. Such enquiries were made via the Director of Finance and we also considered advice provided to the College by the Aberdeen City Council Pension Fund actuaries to support the current accounting treatment.

**Capital Income and Expenditure**

24. The College purchased assets with a value of £0.268 million in the year (2008/09 - £0.141 million) relating to plant and equipment. These have been funded from SFC formula capital funding and UHIMI capital funding. Deferred capital grants have been correctly treated in line with relevant fixed assets.
25. At a special meeting of the Board of Management, held on 24 November 2009, a clear consensus emerged that the College should back revised plans for the Moray Life Sciences Centre prepared by its architects in light of the SFC's Capital Investment Committee decision on 6 August 2009 not to support the College's Outline Business Case (OBC) for a major redevelopment of the existing College campus. At its meeting on 8 December 2009 the Board considered papers showing the project capital cost estimate and estimated running costs and formally approved the College's commitment to the revised plans.
26. Total project costs for the Life Sciences Centre have subsequently been reduced to approximately £6.0m and funding has been secured from the European Regional Development Fund (ERDF), Highlands and Islands Enterprise (HIE) and NHS Grampian. The Life Sciences Centre remains a key element of the College's Estates Strategy which was revised during the year and, following consideration by the Building Committee, ratified by the full Board at its meeting on 5 October 2010.
27. It is a key strategic objective of the College to provide sector-leading accommodation for the benefit of students and staff and the Board of Management will need to continue to oversee the development of the College's Estates Strategy. It is noted that plans are in place to formally review the Strategy in August 2011, once the College's future funding allocations are clearer.

**Provisions**

28. The College has a provision in its balance sheet for £2,977 million (31/07/09 - £3.103 million) relating to pension costs from early retirements awarded to former employees. Expenditure of £0.169 million has been charged in the year against this provision. The College's approach to the valuation of the provision has been to apply SFC actuarial tables on a consistent basis. The SFC issued guidance for the use of a net interest rate of 2.0% (2008/09 – 2.5%). As previously noted, one of the College's pensioners died during the year which has contributed to a decrease in the provision of £0.127 million (credited to the Income and Expenditure Account).
29. The College also has a provision in its balance sheet of £0.040 million (31/07/09 - £0.048 million) for dilapidation costs in respect of properties leased by the College. A provision of £0.040 million (31/07/09 - £0.060 million) also exists in respect of a potential VAT liability in respect of business / non-business apportionment. This is subject to on-going discussion with HMRC and is valued with advice from the College's VAT adviser.

**Systems of Internal Control****Control environment**

30. No material weaknesses in the accounting and internal control systems were identified during the 2009/10 financial statements audit which would adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

**Internal Audit**

31. Audit Scotland's Code of Audit Practice directs us to maintain effective co-ordination with internal audit and place the maximum possible reliance on their work. Wylie & Bisset LLP provided internal audit services to the College in 2009/10. We have reviewed the scope and extent of work performed by internal audit during the year and considered the impact of their findings and conclusions on our work, where appropriate.
32. The College's internal auditors have concluded that 'We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes. In our opinion Moray College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work.'

**HMIE Review**

33. We are also required by Audit Scotland's Code of Audit Practice to contribute to the 'whole organisation' approach to inspection through co-ordination amongst auditors, inspectors and other scrutiny bodies. We therefore place reliance on the reported results of the work of statutory inspectorates in relation to corporate or service performance.
34. The report published by HMIE in February 2010 following its review of the College in October 2009 concluded that '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; and
  - the college is led well and is enhancing the quality of its services for learners and other stakeholders.'

**Corporate Governance Arrangements**

35. The College has developed improved corporate governance arrangements over recent years. The arrangements were reviewed by the College's internal auditors during the year who confirmed that these were 'strong'.
36. During the year the Board of Management completed a self-evaluation exercise and members were given the opportunity to have a personal dialogue with the Chair in relation to their own involvement with the Board. The Board also held an annual Roles & Responsibilities meeting, where it takes an in depth look at itself and how it performs. This included consideration of the results of the self-evaluation exercise. Board training provided during the year included attendance at courses run by the Scottish Further Education Unit on governance.
37. The Assistant Principal / Clerk to the Board retired from his post on 31 August 2009 and the College appointed a part-time Clerk to the Board following a recruitment process. The part-time Clerk resigned in June 2010 and this role is now being performed by the Assistant Principal Student Services.



## Corporate Governance

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### Corporate Governance Arrangements (Cont'd)

38. On 30 September 2010 Audit Scotland published a report on The Role of Boards, which looks at the role boards play in overseeing the performance of different types of public bodies and will be of interest to College Board members. In due course Audit Scotland will be asking auditors to follow-up the report and summarise what action public bodies have taken in response and if they have implemented the reports recommendations.
39. Other sector-wide developments include the working group convened by Scotland's Colleges, the SFC and the Chartered Institute of Public Finance and Accountancy to support the development of a bespoke framework of governance for the College sector. In May 2010 the working group produced a consultation draft of a document entitled Delivering Good Governance in Scotland's Colleges: A Framework. The framework is based on The Good Governance Standard for Public Services and incorporates the elements of the Financial Reporting Council (FRC) Combined Code on Corporate Governance that are relevant to the sector. It is envisaged that the framework will replace the Guide for College Board Members published by the Association of Scotland's Colleges in 2006.

### Corporate Governance Statement

40. Colleges are required to include a statement on their corporate governance arrangements within their annual financial statements. The statement describes the ways in which the College has complied with good practice in corporate governance, including the arrangements for risk management.
41. We are required to review the statement to assess whether the description of the process adopted in reviewing the effectiveness of the system of internal control appropriately reflects the process. We are not required to provide an opinion on the College's systems of internal controls.
42. The College's corporate governance statement for 2009/10 states that the College complies with all the provisions of the June 2008 Combined Code on Corporate Governance in so far as they apply to the further and higher education sector, and it complied throughout the year ended 31 July 2010.
43. Our audit opinion on the statement is covered by our auditor's report and is unqualified in this respect.
44. In May 2010 the FRC issued a new edition of the Code, which will apply to financial years beginning on or after 29 June 2010.



## Corporate Governance

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### **Fraud and irregularity, standards and conduct, and prevention and detection of corruption**

45. During 2009/10 we had regard to Statement of Auditing Standards 110: Fraud and Error and ISA 240: The Auditor's Responsibility to Consider Fraud in the Audit of Financial Statements.
46. The College has appropriate arrangements in place, including current versions of its Standing Orders (October 2008), Financial Regulations (February 2010) and a Fraud Policy and Response Plan (February 2009). These documents are reviewed and updated periodically.

### **UHI University Title**

47. During the year UHI, of which Moray College is one of 13 Academic Partners, submitted an application for University Title. As part of the scrutiny arrangements the Quality Assurance Agency (QAA) visited a number of Academic Partners and the QAA is currently in the process of completing its assessment of the application.



## Performance

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### Performance

#### Introduction

48. The terms of appointment from Audit Scotland include a requirement for a proportion of our audit time to be spent on performance audit work. Performance audit work covers a variety of areas, both financial and non-financial, including both Audit Scotland centrally directed studies and locally determined studies based on agreement between each organisation and their auditors.
49. No performance audit studies were identified by Audit Scotland for the College during 2009/10.

#### Strategic and Operational Plans

50. The College's Strategic and Operational Plans are updated each year with input from Board members at annual planning seminars and workshops with officers, academic heads and other lay stakeholders. The latest Strategic Plan, covering the period 2009/10 to 2011/12 and incorporating the College Operational Plan for 2009/10, was approved by the Board of Management on 6 October 2009.
51. Detailed Operational Plans are also prepared by each College area. These set out aims / targets together with the responsible group or individual for each and completion dates. The Operational Plans are linked where applicable to the HMIE Confidence Statements, Support Area Self-Evaluation and the College Operational Plan.

#### Risk Management

52. The College has a Risk Management Strategy which provides a plan on the means of embedding effective risk management throughout the College. This was last reviewed by the College's Risk Management Group (RMG), which is composed of senior members of staff, in March 2009. A Risk Management Policy, which was also reviewed in March 2009, sets out the College's underlying approach to risk management and the roles and responsibilities of the Board of Management, College Principal, the Principal's Management Group (PMG), the RMG and other key parties. The main reporting procedures are also identified.
53. The College's Risk Register, which was reviewed and updated with a focus on institutional sustainability in May 2010, categorises risks and links the risks against the College's strategic objectives. The Risk Register is subject to review and update on a quarterly basis by the RMG with interim meetings if circumstances dictate. The Risk Register is reviewed at least annually by the PMG, Audit Committee and Board of Management.
54. Internal audit reviewed the College's risk management arrangements during the year and concluded that they were 'strong'.

#### Performance management

55. The Board and its committees receive quarterly reports on the College's performance in implementing its Operational Plan.

## Performance

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### Performance (Cont'd)

56. In October 2009 the SFC issued guidance on developing a sustainability framework under cover of SFC/31/2009. The sustainability framework is a statement endorsed by the Board of Management to explain how and why they consider the College to be sustainable. It should incorporate performance measures presented in the form of a balanced scorecard using the listing of the core performance indicators provided at Annex D of SFC/31/2009, which should also be included within the College's Operating and Financial Review. The framework requires to be produced as a supplement to the main Strategic Plan. SFC/31/2009 also required colleges to confirm that they have conducted appropriate scenario planning in light of possible reductions in public funding and the wider implications of changing economic conditions.
57. The Board of Management discussed a draft of the Sustainability Framework and Balanced Scorecard at its meeting on 13 April 2010 and these were subsequently submitted to the SFC. The Board based its planning considerations around certain scenarios relating to such key variables as the expected significant reduction in funding, UHI's development and the uncertainties in relation to the future of the Moray economy given the threat to its two RAF bases.

#### **Financial management**

58. Whilst financial stability has been established in recent years there remains a need to develop additional income streams and identify future savings. Strategic financial reporting is made to the Board of Management where performance against SUMs and HE targets and progress on recruitment geared to achieve strategic activity levels is monitored. A Financial Strategy document setting out the strategic financial priorities and related performance indicators for Moray College until 2011/12 was issued in October 2009.
59. The Finance & General Purposes Committee, which meets six times per year, monitors performance against the College's approved annual revenue and capital budgets. The format of the monthly management accounts, which are sent electronically to all Board members, includes a commentary on variances against budget for the income and expenditure account, balance sheet and year end forecast.

#### **Value for Money**

60. The College has a VFM Strategy, which was reviewed in January 2010. A VFM matrix has been developed which summarises all internally generated VFM activity and resultant actions. This is reported to the Audit Committee on a regular basis.
61. One VFM review was carried out by the College's internal auditors during the year:

#### **VFM – Alternative income streams**

- The internal auditors concluded that the College has 'strong' systems and procedures appropriate to its operations in this area although highlighted a small number of weaknesses or areas for potential improvement. Two recommendations were made, one medium and one low priority, and these are being actioned by management.



## Financial Statements

### Audit Opinion

62. On 7 December 2010 we plan to issue an audit report expressing an unqualified opinion on the financial statements of the College for the year ended 31 July 2010 and on the regularity of the financial transactions reflected in those financial statements.

### Audit Completion

63. An important measure of proper financial control and accountability is the timely closure and publication of audited financial statements. We have summarised in table 3 the three key elements of the audit process that we require the College to engage with.

**Table 3: Key elements of the audit process**

**Completeness of draft financial statements**

A set of draft financial statements was received at the start of the final audit visit. These were of a high standard and required only minor presentational changes as part of the audit process.

**Quality of supporting working papers**

A full set of supporting working papers were provided from the outset of the audit and were of a suitably high standard.

**Response to audit queries**

We are pleased to note that all audit queries were dealt with in a timely manner.

### Audit Adjustments and Confirmation

64. There were no audit and accounting adjustments made to the financial statements following the audit process.
65. A discussion on audit findings with the Director of Finance was held on 13 October 2010 at the conclusion of the audit fieldwork. It was agreed to leave the four unadjusted audit differences on the grounds of their trivial nature.
66. In addition a small number of disclosure and clarification adjustments were made to the financial statements to ensure SORP and Accounts Direction compliance and improve the overall presentation of the accounts.

**Confirmations and Representations**

67. We confirm that as at 4 November 2010, in our professional judgement, Henderson Loggie CA was independent within the meaning of regulatory and professional requirements and the objectivity of audit staff was not impaired.
68. In accordance with auditing standards, we obtained representations from the College on material issues.