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**AUDIT COMMITTEE MEETING**

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Date of Meeting	27 September 2017
Paper Title	Audit Scotland Overview of Colleges 2017
Agenda Item	17.40
Paper Number	17.40A
Responsible Officer	Janet Thomson, Vice Principal Resources and College Development
Status	Disclosable
Action	For Noting

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**1 REPORT PURPOSE**

The purpose of this report is to highlight to Committee the key recommendations for Colleges of the recent annual review report by Audit Scotland of the College sector based on their review of the 2015/16 financial statements and associated returns.

**2. RECOMMENDATION**

Committee Members are invited to NOTE this paper.

**3. BACKGROUND**

**3.1** Audit Scotland prepare an annual review report on the Scottish College sector based on the financial statements of Colleges and any associated information they have available to them. The most recent report was published in June 2017 based on the 2015/16 financial statements and a copy was sent to Board members. The summary and recommendations section of the report are attached for noting by the Audit Committee.

**3.2** The main points highlighted in the report for Colleges are as follows :-

1. prepare longer-term financial plans, as we recommended last year, in order to support financial decision-making that takes account of both immediate and future cost pressures
2. calculate the cost of harmonising staff pay, terms and conditions and include these in their financial plans.

**3.3** The College has completed a five year financial plan and forecast which have been reported to the Board and the College has calculated the cost of harmonisation of pay through national bargaining which has been included in the financial plans.

**4. RISK ANALYSIS**

There are financial risks associated with the cost of national bargaining and other cost pressures which are reflected in the College's financial plans.

**5. LEGAL IMPLICATIONS/ FINANCIAL IMPLICATIONS/ REGIONAL  
OUTCOME AGREEMENT IMPLICATIONS**

The College needs to comply with the legislative and financial frameworks as referred to by Audit Scotland.

**6. HAS AN EQUALITY IMPACT ASSESSMENT BEEN CARRIED OUT**

N/A