

Audit and Risk Assurance  
Committee

2018/19 Annual Governance  
Statement

**Document Control Information**

Reviewed by the Board of Management:

January 2020

Approved by the Board of Management:

January 2020

Date of Next Review:

January 2021

## 1. Introduction

The Audit and Risk Assurance Committee of the Colleges Scotland board presents its annual Governance Statement in respect of the period 1<sup>st</sup> August 2018 to 31<sup>st</sup> July 2019.

## 2. Committee Membership

2.1 Board members who served on the Audit Committee during 2018/19 were as follows:

- Brian Johnstone (**Chair**)
- Liz McIntyre (**Vice Chair**)
- Willie Mackie
- Professor Sir Ian Diamond
- Sue Cook (**Co-optee**).

2.2 The Audit Committee met on two occasions during financial year 2018/19 as follows:

- Thursday 1 November 2018 (**quorate**)
- Thursday 6 June 2019 (**partially quorate**).

The meetings were attended as required by members of the executive/senior management team and the external auditors.

## 3. External Audit

### 3.1. 2018/19 Financial Statements

Johnston Carmichael presented its Audit Summary Report for the Year Ended 31<sup>st</sup> July 2019 to the Audit and Risk Assurance Committee on Friday 13 December 2019.

In relation to the 2018/19 annual financial statements for Colleges Scotland, Johnston Carmichael has issued an unqualified opinion.

### 3.2. Opinion on Financial Statements

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

### 3.3. Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **3.4. Matters on Which we are Required to Report by Exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

## **4. Risk Management**

**4.1.** The Audit and Risk Assurance Committee has overall responsibility for Risk Management as set out in its remit. The Risk Register is updated by the Chief Executive on at least a quarterly basis and presented as a standing item to each Audit and Risk Assurance Committee meeting for review, discussion, amendment and approval.

**4.2.** The Risk Register is also a standing agenda item at scheduled quarterly board meetings.

## **5. Conclusion**

**5.1.** The Audit and Risk Assurance Committee believes that Colleges Scotland has effective systems and processes in place regarding risk management, governance and financial control, subject to the Colleges Scotland Executive progressing matters in conjunction with the organisation's bank and external finance providers, to put in place a BACS system that would ensure the Colleges Scotland Executive authorise all payments from the Colleges Scotland bank accounts.

**5.2.** It is the Audit and Risk Assurance Committee's opinion that the financial statements for the year ended 31<sup>st</sup> July 2019 present a true and fair view of the state of affairs of Colleges Scotland and of the deficit of income over expenditure.

**5.3.** Accordingly, the Audit and Risk Assurance Committee recommends that the board approve the financial statements for the year ended 31<sup>st</sup> July 2019.

Brian Johnstone  
Chair of Audit and Risk Assurance Committee

Date: 29 January 2020