

Glasgow Kelvin College: Audit planning update to the Audit and Risk Committee

16th May 2023

Stuart Nugent

- 2022/23 is first year of the new five-year audit appointment and first under the new Code of Audit Practice (2021).
- New appointments allow us to build new relationships and bring a fresh perspective.
- In year 1 we invest time speaking to people across the organisation – recognising our responsibilities are much wider than just the audit of the annual report and accounts.
- We will seek to share good practice and bring insight from our work across the public sector.

- Submission date for college accounts has not been impacted by the pandemic and remains - 31 December 2023.
- Some 2021/22 audits were not concluded until March 2023 impacting on our start for 2022/23, however we are working with the college to agree a timetable to achieve the end of December target date.
- Now moving from auditing remotely to a hybrid/on-site model to support our understanding of the audited body and improve efficiency.
- Revised auditing standard (ISA 315) new for this year and requires additional consideration of IT risks.

- We plan our audit to determine with reasonable confidence whether the financial statements are free from material misstatement. The materiality assessment is a matter of professional judgement. Our initial assessment is:

Materiality	College
Planning materiality – assesses the overall impact of audit adjustments on the financial statements.	£0.690 million
Performance materiality – if the aggregate of errors identified exceeds performance materiality, further audit procedures will be considered.	£0.520 million
Reporting threshold (i.e. clearly trivial) – we will report to those charged with governance all unadjusted misstatements above this amount.	£35,000

- We are not yet sufficient advanced in our planning work to present our Annual Audit Plan for 2022/23.
- We are currently assessing and identifying risks, which will have the most significant impact on our audit, in the following areas:
 - Management override of controls
 - Risk of fraud over revenue recognition
 - Risk of fraud over expenditure
 - Estimates and judgements concerning areas such as property valuation, pensions and provisions.

- Under the Code of Audit Practice we are required us to consider and conclude on financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.
- From our planning work we recognise the following specific risk areas:
 - Forecast funding gaps in the period from 2023/24 to 2027/28.
- During the audit appointment we will also consider priority themes across the public sector, including climate change, tackling inequalities and cyber security.

- The breakdown of the total expected 2022/23 audit fee was provided from our Audit Quality and Appointments team in December 2022.
- We can confirm that we have not identified any risks that would require us to increase the fee above the expected level.
- The total audit fee proposed is £60,700 (£40,580 in 2021/22).

- We have a core audit team including:
 - Stuart Nugent – Senior Audit Manager and engagement lead
 - Grace Symes – Auditor
 - Kirsty McCartney – Professional Trainee
- The team will be supplemented by others as required including the use of our digital colleagues.

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- We intend to conclude our planning work shortly and would propose circulating the Annual Audit Plan to members outwith the normal cycle and then presenting it to the next meeting to support any questions.
 - We will attend all Audit and Risk Committee meetings and look forward to engaging with you throughout the audit process.
 - Questions?