

AUDIT AND RISK COMMITTEE

NOTICE

There will be a meeting of the Audit and Risk Committee on 19 August 2025 at 1730 hours in the Boardroom and on Teams.

AGENDA

Agenda Item		Paper	Lead
01	Apologies for Absence	N	VA
02	Declaration of any potential Conflicts of Interest in relation to any Agenda items	N	All
03	Minutes of Previous Meeting – 6 May 2025	Y	PS
04	Matters Arising from the Previous Meeting	N	PS
Matters for Discussion			
05	CDN Presentation: Importance of Governance and Duties as Board Members	N	GH
06	Internal Audit		
06.1	Audit Report 2025/04 – Student Welfare – Duty of Care	Y	DA
06.2	Audit Report 2025/03 – Student Invoicing and Debts	Y	DA
06.3	Audit Report 2025/05 – Corporate Governance	Y	DA
06.4	Internal Audit Plan 2025/26	Y	
07			PF
07.1	Rolling Audit Recommendations Commentary	Y	
07.2	Rolling Audit Recommendations Monitor	Y	
08	Risk Management – Risk Register		PF
08.1	Commentary on SLC Strategic Risk Register	Y	
08.2	SLC Strategic Risk Register	Y	
08.3	Cyber Risk Register and CRF	Y	
08.4	Data Protection – ICO Accountability Tracker	Y	
09	Update from SLC Quality Enhancement Group:		EMcK
09.1	EMA' Spot Check' 2 nd Audit 25-04-25	Y	
10	ARC Work Plan for 2025-26	Y	EMcK
10.1	ARC Activity Monitor		
11	Draft Report of the Audit and Risk Committee to the Board of Management for 2024-25	Y	EMcK
Matters for Approval			
12			CS
12.1	Artificial Intelligence (AI) Policy	Y	
12.2	SLC AI Guidance for Students	Y	
12.3	SLC AI Guidance for Staff	Y	
External Audit			
13	Accounting Policies for Financial Statements 2024/25	Y	EMcK
14	Accounts Direction 2024-25	Y	PF

	Matters for Information		
15	Reserved Item: Commercially Sensitive Information De-regionalisation	Y	SMcM
16	Reserved Item: Commercially Sensitive Information Pension Project Update	Y	GMcl
17	Governance Rolling Review	Y	VA
18	Investigation into University of Dundee: Lessons Learned	Y	EMcK
19	Audit Scotland Technical Bulletin	Y	EMcK
20	Summation of Actions and Date of Next Meeting	N	VA
21	Any Other Business	N	

Key:

CS	Chris Sumner	Head of MIS
DM	Douglas Morrison	Board of Management Chair
EMcK	Elaine McKechnie	Vice Principal – Resources and Sustainability
GH	Gordon Hunt	Head of Strategic Insights, College Development Network
JM	Jacqueline Morrison	Committee Member
KP	Kirsty Pinnell	Committee Member
PF	Paddy Feechan	Head of Finance
PS	Peter Sweeney	Chair – Audit and Risk Committee
SC	Scott Coutts	Committee member
SMcM	Stella McManus	Principal

Unconfirmed ARC Minutes

AUDIT & RISK COMMITTEE

MINUTES

ARC Committee on 6 May 2025 at 1730 hours via Microsoft Teams and in the Boardroom at South Lanarkshire College

Present

Peter Sweeney, Chair
Heather Anderson, VC of the Board (online)
Jacqueline Morrison

In Attendance

Stella McManus, Principal
Elaine McKechnie, VP for FR&S
Andrew Kerr, Audit Scotland
David Archibald, Henderson Loggie (online)
Chris Sumner, Head of MIS
Gary McIntosh, Head of HR
Vari Anderson, Governance Professional
Scott Gray, TU (Lecturer) Representative-granted by PS
Paddy Feechan, Head of Finance

Christine Clark, Executive & Governance Administrator

AGENDA ITEM

01

Apologies for Absence

Douglas Morrison, Chair of the Board
Anne Doherty, Support Staff Member

The Chair welcomed all to the meeting, inviting attendees to provide feedback to him at any time. A note of thanks was extended to Tom Feely for his previous input to the College.

02

Declaration of any potential Conflicts of Interest in relation to any Agenda items

None.

03

Minutes of Previous Meeting – 04 February 2025

The minutes were duly **approved**.

04

Matters Arising from the Previous Meeting (04 February 2025)

(Item 5) SMcM confirmed her meeting with Chair of the LRSB and the matter was noted at the LRSB's ARC meeting. No further action is required.
GMcl liaised with the Internal Auditors, for advice, prior to contacting HMRC.

(Item 10) The Digital Strategy was approved by the Board of Management (03 March 2025).

Matters for Discussion	
05	<p>Reserved Item: Commercially Sensitive Internal Audit</p> <p>05.1 Audit Report 2025/02 – Payroll</p> <p>The Committee were provided with an update regarding the review of payroll.</p> <p>The details could not be published due to being commercially sensitive.</p>
06	<p>06.1 Rolling Audit Recommendations Commentary</p> <p>06.2 Rolling Audit Recommendations Monitor</p> <p>The Committee noted that a further 6 recommendations have been marked as closed during the last quarter. There are 27 recommendations outstanding, the achievement of all recommendations continues to be dependent on staff compliance with policies/procedures, training and the College having sufficient staff resources to undertake work – it being noted that the recent launch of the voluntary severance scheme and ongoing restructure has absorbed significant time and priority. The Committee were reassured that these recommendations will be prioritised for completion over the next quarter.</p> <p>The Committee were advised of the new (non-mandatory) Scottish Government guidance due around December 2025. This framework is sought to raise the bar around cyber security for public bodies.</p> <p>In respect of the current restructure, as an action point, the Committee requested an update to risk owners.</p>
07	<p>Risk Management – Risk Register</p> <p>07.1 Commentary on SLC Strategic Risk Register</p> <p>07.2 SLC Cyber Risk Register and CRF</p> <p>07.3 SLC Data Protection – ICO Accountability Tracker</p> <p>07.4 Regional Strategic Risk Report</p> <p>The Chair suggested the use of a dashboard to satisfy significant processes being in place to flag up the identification of risk and any necessary actions required.</p> <p>The Committee noted that 3 risk scorings have increased since February 2025, and were provided information around business interruptions, delays, assessments and extended learning times, and the impacted costs, resulting in increased scores this quarter. The Committee were advised that risk discussions took place with the SLT (24 April 2025).</p> <p>Discussion also included the capital funding risk increase and what this means for the College estate moving forward. Potential concern around 2026/27 is currently being monitored and the re-prioritisation of spend for next year.</p> <p>SMcM noted considerations under Horizon Scanning where SLC's biggest challenge is around lack of space. External consultative expertise may be beneficial, subject to Board input and approval prior to external involvement and costs.</p>

	<p>CS noted the existing subscription with business continuity investors for training, including JISC, and the importance of keeping this in focus under continuous periods of change.</p> <p>ACTIONS:</p> <ul style="list-style-type: none"> - PS and CS - Dashboard to be established for Key Risks (Long Term) - Exec Board – Board members to bear in mind any expertise and/or support that can be offered to support estates review.
08	<p>UK Public Sector Internal Audit Changes: 01 April 2025</p> <p>DA screen-shared and provided an overview of the PowerPoint slides previously circulated.</p> <p>Discussion included SLC's qualified staff having responsibilities linking in with particular areas of the college. Linkage to the strategic objectives and the recommendation for opportunities was welcomed by the Committee.</p>
	External Audit
09	<p>Draft External Audit Plan 2024-25</p> <p>The Committee noted the terms of the Draft External Audit Plan for 2024-25.</p> <p>Discussion around improved processes regarding non-consolidated accounts, and lack of clarity from SFC. It was noted that the Job Evaluation will be out to vote in the next few weeks.</p> <p>ACTION: Executive Team to update the Committee on any updates regarding Job Evaluation.</p>
10	<p>National Fraud Initiative: Results 2023/24</p> <p>The Committee were advised of the SLC matching exercise. No potential fraud issues were identified from the 68 matches. Previously 306 matches were noted.</p> <p>The Committee were encouraged no concerns were raised and acknowledged the value of iTrent moving forward.</p>
	Matters for Information
11	<p>Reserved Item: Sensitive Information</p> <p>Pension Project Update The Committee were provided with an update regarding the Pension Project.</p> <p>The details could not be published due to containing sensitive information.</p>
	Matters for Information
12	<p>Governance Rolling Review</p> <p>The Committee noted the latest version of the Rolling Governance Review.</p> <p>Discussion included contact with Board members around events such as Pastries with a Purpose and the recent tour of the campus. SMcM advised of the</p>

	<p>recent dining event at Scottish Parliament and assurances given around the ministerial appointment process for Chair of College Boards.</p> <p>ACTION: Terms of Reference (ToR) to be updated around expectations of Board involvement.</p>
13	<p>Cyber Essentials Certificate</p> <p>CS reported achievement of 1 of the 2 accreditations to date, noting some Colleges deciding against engaging with the Cyber Essentials Basic Accreditation training. Reference was linked to the previous item (No. 05 on the Agenda), highlighting the importance of keeping updated.</p> <p>The Committee noted the excellent input by the Depute Head of Department/ Lead, acknowledging how this is resource intensive including the Digital Strategy work.</p> <p>Discussion included views around ISO and the vision or appropriate steps required for SLC.</p>
14	<p>Audit Scotland Technical Bulletin</p> <p>The Committee noted the terms of the Audit Scotland Technical Bulletin.</p>
15	<p>Summation of Actions and Date of Next Meeting – 19 August 2025 (tbc)</p> <p><i>Item 6 Action point:</i> Exec Team - Risk owners to be updated after restructure.</p> <p><i>Item 7 Action point:</i> PS and CS - Dashboard to be established for Key Risks (Long Term)</p> <p><i>Item 7 Action point:</i> Exec Board – Board members to bear in mind any expertise and/or support that can be offered to support estates review.</p> <p><i>Item 9 Action point:</i> Executive Team to update the Committee on any updates regarding Job Evaluation.</p> <p>EM to provide further update regarding Job Evaluation at next meeting (August 2025).</p> <p><i>Item 12 Action point:</i> VA – Terms of Reference expectations around Board involvement.</p>
16	<p>Any Other Business</p> <p>The Committee noted Tom Feely has resigned from the Board. The Board remains compliant, and the Committee were reminded of the advertisement for Committee and Board member with a plea to share with networks.</p> <p>The Chair acknowledged a good sense of engagement as SLC continues to address any key challenges.</p> <p>Meeting closed at 1905.</p>

AUDIT & RISK COMMITTEE

DATE	19 August 2025
TITLE OF REPORT	Internal Audit Update
REFERENCE	06.0
AUTHOR AND CONTACT DETAILS	Elaine McKechnie – Vice Principal, Finance Resources & Sustainability Elaine.McKechine@slc.ac.uk
PURPOSE:	To update Members on work undertaken by the College's internal audit service, Henderson Loggie
KEY RECOMMENDATIONS/ DECISIONS:	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • Note the contents of the report and the 'good' rating in respect of the Student Welfare – Duty of Care audit; and • Note the contents of the report and the 'good' rating in respect of the Student Invoicing and Debt Management audit. • Note the contents of the report in respect of Corporate Governance.
RISK	<ul style="list-style-type: none"> • That the College fails to identify risks and appropriate controls during day-to-day operations. • That the College does not meet governance requirements because of poor risk management and controls. • That the College does not comply with the requirements of the Code of Good Governance and other requirements of it as a college. • That the College does not fulfil its requirements as regards giving assurance to the Regional body and to its external auditors.
RELEVANT STRATEGIC AIMS:	<ul style="list-style-type: none"> • The Student Experience • Culture and People Development • Growth and Innovation • Sustainability

<p>SUMMARY OF REPORTS:</p>	<p>Internal Audit has provided two reports for the Committee's consideration.</p> <ul style="list-style-type: none"> ▪ Student Welfare – Duty of Care 2024-25 ▪ Student Invoicing and Debt Management 2024-25 <p>Student Welfare – Duty of Care 2024-25</p> <p>The review focused on the controls in place to mitigate risks of failing to safeguard the health and wellbeing of students and staff and support students through the provision of a robust learner experience at the College.</p> <p>The audit received a 'good' grading, acknowledging that the system meets its control objectives.</p> <p>There were no issues identifying internal control weaknesses noted from the internal audit assignment. While the Board receive regular updates on all aspects of student welfare, an opportunity for enhancement has been proposed to give the Board an annual report on Safeguarding. Corporate Parenting and Prevent matters in summary of the activity across the academic year. The College will prepare this report for 2024-25 and beyond.</p> <p>Student Invoicing and Debt Management 2024-25</p> <p>The main purpose of this review was to ensure that the policies, procedures and processes in place within MIS and Finance for recording, processing, invoicing and receiving of student fees are effective</p> <p>The audit received a 'good' grading, acknowledging that the system meets its control objectives. There were no issues identifying internal control weaknesses noted from the internal audit assignment</p> <p>During the review it was noted that a number of policies and procedures had become due for review during 2025. It was determined that an exercise is currently being undertaken by the Head of Finance to review all current finance policies and procedures, including the Financial Regulations.</p> <p>Following issues with debts not being followed up within the timescales set out in the Debt Management policy, it was determined that appropriate resource was not in place to cover periods of absence. An additional member of staff is currently being trained in debt management to ensure that appropriate cover is in place to continue debt management activities in the absence of the primary member of staff responsible for this task.</p> <p>Corporate Governance 2024-25</p>
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	<p>The scope of this review was to conduct an independent review of the work completed by the College to progress issues raised in the Externally Facilitated Effectiveness Review described in the Code, in line with the Guidance Note issued by the College Development Network (CDN). The review covered the five sections of the Code namely:</p> <ul style="list-style-type: none"> • Section A - Leadership and Strategy • Section B - Quality of the Student Experience • Section C - Accountability • Section D - Effectiveness • Section E - Relationships and Collaboration <p>The review concluded that from a Board Member perspective, the College governance arrangements were operating well, with a number of strengths highlighted.</p> <p>Several Board members highlighted the significant improvement in the governance arrangements of the College in recent years, which they largely attributed to the positive impact of the current Chair of the Board and the significant amount of work conducted by the current Governance Professional and her predecessor, Peter Scott. The information gathered from the one-to-one discussions, did highlight some potential improvement areas, which are designed to enhance the existing governance arrangements and build on the solid foundations already developed.</p> <p>The areas for improvement are contained in section 6 of the report (at page 5).</p>
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South Lanarkshire College

Student Welfare – Duty of Care

Internal Audit report No: 2025/04

Draft issued: 4 June 2025

Final issued: 5 June 2025



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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



Management Summary

Overall Level of Assurance

Good	System meets control objectives.
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Risk Assessment

This review focused on the controls in place to mitigate the following risks on the South Lanarkshire College ('the College') Strategic Risk Register as agreed by the Senior Leadership Team on 24 April 2025 and presented at the Audit and Risk Committee meeting on 6 May 2025.

- Risk 11 - That there is a failure to safeguard the health and wellbeing of staff and students, risk score after mitigating actions, 3 - Low risk.
- Risk 12 - That the College cannot provide a robust learner experience supporting them onto their final destinations, risk score after mitigating actions, 12 - High risk.

Background

As part of the Internal Audit programme at the College for 2024/25 we carried out a review of the systems in place in relation to Student Welfare – Duty of Care. The Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The College has several statutory duties in relation to student wellbeing and Duty of Care:

- **Prevent Duty** - The Counterterrorism and Security Act 2015 places a duty on certain bodies to have, in the exercise of their functions, "due regard to the need to prevent people from being drawn into terrorism". The Act provides further guidance on how this should be achieved and states that the authorities subject to the provisions must have regard to this guidance when carrying out the duty.
- **Safeguarding Duty** – Within the context of the Getting It Right for Every Child (GIRFEC) approach, the Early Years Framework, and the United Nations Convention on the Rights of the Child, every adult in Scotland has a role in ensuring all children, young people, and adults at risk live safely and can reach their potential. The College is committed to collaboratively safeguarding the safety and wellbeing of children, young people and adults at risk who undertake study or employment with the College and takes all reasonable steps to safeguard students and staff.
- **Corporate Parenting Duty** - The Children and Young People Act 2014 introduced legislation relating to Corporate Parenting. Under the Act, the College has statutory duties as a 'corporate parent'. The Act defines corporate parenting as "an organisation's performance of actions necessary to uphold the rights and safeguard the wellbeing of a looked after child or care leaver, and through which physical, emotional, spiritual, social and educational development is promoted."

Scope, Objectives and Overall Findings

The scope of this audit was to review the action the College is taking to meet its specific statutory duties related to the care of students, as described within the 'Background' section.

The table below notes each separate objective for this review and records the results:

Objective	Findings			
The objective of this audit was to obtain reasonable assurance that the College has:		1	2	3
		No. of Agreed Actions		
1. Duty of Care policies and documented procedures in place which are communicated to all staff.	Good	-	-	-
2. Appointed staff or groups with specific responsibilities to assist the College in meeting its statutory duties related to the care of students.	Good	-	-	-
3. A formal risk identification and assessment process.	Good	-	-	-
4. A Duty of Care training programme for staff which includes induction training and regular refresher training.	Good	-	-	-
5. Engaged with Prevent partners and collaborated with other Corporate Parents.	Good	-	-	-
6. Regular reporting of Duty of Care matters to senior management and the Board of Management.	Good	-	-	-
Overall Level of Assurance	Good	-	-	-
		System meets control objectives.		

Audit Approach

Through discussion with the Executive Team, the Head of Student Services, and staff who have a role within Safeguarding in the College, and review of policies and procedures, we identified the internal controls in place and compared these with expected controls. A walkthrough of key systems was then undertaken to confirm our understanding. We have reported on areas where expected controls were found to be absent or where controls could be further strengthened.

Summary of Main Findings

Strengths

- The College established a comprehensive Safeguarding Policy and Procedures document in April 2023, which was updated in May 2024 and is due for another review in May 2025. This sets out its Safeguarding aims, objectives, staff roles and responsibilities for its delivery.
- The College has in place a Corporate Parenting Plan 2024-28 ("*We promise to Care*") which supports the vision of Scotland's "The Promise" to ensuring care experienced children and young people realise their maximum potential. The promise is at the core of the Corporate Parenting Plan Action Plan to improve the retention rate of these students, which is currently below the national average. Progress with these actions is subject to review and updating on an annual basis.
- There are a number of other policies in place to deliver the College's Safeguarding and Corporate Parenting approach.
- The College has appointed staff members and groups with specific responsibilities to meet its statutory Safeguarding duties within its Safeguarding Network.
- The Safeguarding Network has a crucial service in triaging and facilitating support to individuals with relevant concerns through the Safeguarding and referral process within Report Now.
- Referrals on potential Safeguarding issues can be made either by the students or staff through the Report Now system which captures all the relevant information so that it can be fully investigated and a decision made on the appropriate course of action to be taken to address the issues raised.
- The College also offers an onsite Student Counselling Service, and individuals may often be referred to it when they highlight Safeguarding or mental health concerns. The service provides an evaluation of the effectiveness of its services in an annual report.
- The College has undertaken extensive work on the prevention and response to Gender Based Violence (GBV) through its collaboration with Fearless Glasgow and EmilyTest. This resulted in it being the first College to obtain the EmilyTest Charter - evidencing its standards and excellence in prevention, intervention, and support for students and staff subjected to GBV.
- The College's arrangements for supporting students in relation to Safeguarding are included within the student induction process and is advertised throughout the College and online.
- Mandatory training is provided to all staff members across all levels and areas of the College on Safeguarding, with mandatory refresher training undertaken every two years.
- Specific training on Safeguarding and preventing issues are provided to those within the Safeguarding Network who perform a Safeguarding role.
- The College actively and frequently engages with Prevent partners, third party and other corporate parents to meet its duties, utilising the sharing of insights, good practice, resources, and developmental opportunities.
- The Head of Student Services, who is the College's Head of Safeguarding, regularly reports on Duty of Care matters to the Senior Leadership Team (SLT) and to the Learning, Teaching and Student Experience Committee (LTSE) and Human Resources (HR) Committee. The minutes of these meetings are shared with the Board of Management.

Summary of Main Findings (Continued)

Opportunity for Enhancement

At present there is no formal annual report on Safeguarding, Corporate Parenting and Prevent matters provided to LTSE or the Board of Management, which provides explicit confirmation of compliance with the collective duties placed on the College. We have agreed with management that an annual report to LTSE will be produced and therefore since action is already planned we have not raised a separate recommendation on this point.

Acknowledgments

We would like to take this opportunity to thank all the staff at South Lanarkshire College who helped us during the course of our review.

Main Findings and Action Plan

Objective 1 – The College has Duty of Care policies and documented procedures in place which are communicated to all staff.

Safeguarding

The College has in place a Safeguarding Policy and Procedures document, which was approved in April 2023. This was updated in May 2024 and was due for review in May 2025, with the process owner being the Head of Student Services who is the College's Head of Safeguarding. The policy and procedures articulate the College's approach to ensure the safety and wellbeing of children, young people and adults at risk and the College believes that everyone has a responsibility to promote and safeguard their welfare, and that all College users should have a safe and supportive environment within which they can prosper and thrive."

In addition, the College's Safeguarding Policy and Procedures also detail:

- Its safeguarding policy statement.
- The key safeguarding principles.
- Roles and responsibilities for its delivery.
- Definition of abuse and safeguarding situations.
- Identification of vulnerable groups.
- The College's safeguarding policies and procedures.
- Its alignment to current safeguarding legislation and national guidance.

While the College's Board of Management and its Principal has overall strategic responsibility for this policy and for ensuring the College meets all of its legislative requirements, the Vice Principal Learning, Teaching and the Student Experience and Vice Principal Finance, Resources and Sustainability are the Executive Safeguarding leads. The operational lead for Safeguarding within the College lies with the Head of Student Services as Head of Safeguarding and their deputy the Curriculum Manager Learning Development. In this role they are supported by staff who have defined roles within the College's Safeguarding Policy and Procedures. There are named Safeguarding Officers within both the Curriculum Areas and Support Services to provide help and support in the delivery of the College's Safeguarding Policy and Procedures.

The College's Safeguarding Policy and Procedures provides step-by-step guidance for staff on identification and how to respond to any concerns raised, with a flowchart in place detailing the required process to be followed. The audit confirmed that the Safeguarding Policy and Procedures is reviewed annually by the Head of Safeguarding along with input from the Student Association. These changes are reviewed and approved by the Senior Leadership Team (SLT) and the Board of Management. Changes are communicated to employees via e-mail articles in the staff newsletter and updates to the staff intranet.

If staff have any Safeguarding concerns or disclosure from a student, they are required to follow the Safeguarding process within the referral forms which are now completed within the Report and Support system. Staff are encouraged to seek advice from Student Services, or any of the Safeguarding Officers if they require any guidance or support to deal with possible Safeguarding issues.

Objective 1 – The College has Duty of Care policies and documented procedures in place which are communicated to all staff (continued).

Prevent Duty

The College considers its Prevent Duty under Safeguarding; there is no separate Prevent policy or procedure. The Head of Student Services is the College's Prevent Lead with staff made aware of their responsibilities regarding Prevent through mandatory training. Should any staff members identify any potential Prevent Duty, regarding a student, it should be raised immediately as an urgent referral within the Report and Support system.

The UK Government has published a National Prevent Referral Form (August 2024) which the College also uses to report Prevent-related concerns to Police Scotland and the relevant Local Authority. This role is undertaken by the Head of Safeguarding. The College may also learn of any Prevent issues within its remit from external agencies. The College collaborates with external agencies in any instances where Prevent risks are present. However, management highlighted that the College's role is primarily to monitor behaviour and not to intervene. The Head of Safeguarding has responsibility for assessing and addressing any Prevent concerns and completing the National Prevent Referral Form, where necessary. The Head of Safeguarding works collaboratively with a wider range of child protection and safeguarding agencies including for example the local authority Child Protection teams, Multi-Agency Public Protection Arrangements (MAPPA), Criminal Justice, Social Work, Police Scotland.

Corporate Parenting

The College has in place a Corporate Parenting Plan 2024-28 ("*We promise to Care*") that was approved January 2024, which outlines how it will meet legislative requirements in relation to Corporate Parenting and ensure alignment to the College's Strategic Aims. It also sets out the action plan to ensure it meets its responsibilities in relation to:

- Children and Young People.
- Promise to care and its five foundations of Voice, Family, Care, People and Scaffolding.
- Promoting Equality, Diversity and Inclusion.

An Implementation and Action Plan is included in the Corporate Parenting Plan 2024-28, which contains eight separately defined areas to achieve these objectives across the College and describes the partnerships with other Corporate Parents and Agencies. A key theme of the plan is the need for continuous review and updating to improve the range of services in place to support students. Each section within the Action Plan contains agreed actions to deliver continuing improvements in Safeguarding arrangements. Each element of the Action Plan has in place specific action, an action owner, with timeframes, and indicators of success.

Progress against each of the agreed actions is measured by the staff member responsible for its implementation and is overseen by the Head of Student Services as Head of Safeguarding who updates the plan annually. We reviewed the Action Plan and confirmed it to be detailed, and the objectives to be specific, achievable, realistic.

Objective 1 – The College has Duty of Care policies and documented procedures in place which are communicated to all staff (continued).

To deliver the College's Safeguarding approach there are a number of aligned policies and procedures that support its key themes of:

- Corporate Parenting.
- Access and inclusion.
- Prevent Duty.
- Mental health and wellbeing.
- Carers.
- Gender Based Violence (GBV).
- Behaviour and Attendance.
- Fitness to study.

Our review confirmed that all of the current policies and procedures in these areas were either up to date or will be reviewed prior to the new Academic year beginning in August 2025, with the exception of the Student Mental Health Strategy, and delivery of its priorities. This update has been delayed as the Scottish Government Student Mental Health Action Plan (SMHA) was published in September 2024 and work is ongoing with the Student Association to produce an updated SMHA for the College.

The Safeguarding Policy and Procedures are communicated to new staff as part of the formal induction process. Safeguarding also features as part of the mandatory training programme. In addition, the staff intranet features a dedicated Safeguarding landing page, which provides an overview of the College's arrangements and signposts to key resources, Student Services and other helpline numbers. It also identifies staff members with specific Safeguarding responsibilities and includes a direct link to the Safeguarding incident reporting system.

To further support both students and staff, helpline numbers are displayed on posters across the College's campus, these posters were evident in all notice boards during our time within the College. To increase awareness, students are provided with information about the Safeguarding process and mental health support services both at initial application stage and again at induction. While not a legal requirement, the College has invested significant resources in developing information and support for students on GBV which is regarded and treated as a Safeguarding issue.

The responsibilities placed upon students in relation to their own behaviour within the College to other students and staff including any breach of the Safeguarding requirements are detailed within the Student Code of Conduct along with the consequences for breaching this code. It was evident from the interviews undertaken from staff involved in Safeguarding in the College, that Corporate Parenting is largely understood as an ethos and culture which is adhered to through various activities and support aimed at Safeguarding the College users. Staff members interviewed are aware of the College's Corporate Parenting Duty and their own responsibilities in relation to its application and the safeguarding of students.

Objective 2 – The College has appointed staff or groups with specific responsibilities to assist the College in meeting its statutory duties related to the care of students.

Safeguarding and Mental Health

All College staff have a Duty of Care towards children, young people and adults at risk. However, the following roles have specific responsibilities to assist the College in meeting its statutory duties:

- Corporate responsibility for this process lies with the Senior Safeguarding Officers and the Vice Principals.
- The Head of Student Services is the Head of Safeguarding. Along with their deputy, they manage and coordinate the day-to-day operations and further development of Safeguarding provision. They also coordinate the Safeguarding incident reports within the Report Now system.
- Supporting them is the Safeguarding Network consisting of the Safeguarding Officers within the Curriculum Areas and Support Services who act as a point of contact for providing Safeguarding and child / adult protection expertise and advice for both staff and students.
- The network consists of the Curriculum Manager for each Curriculum Area and a designated Safeguarding Officer in each of the College's departments, in total the network consists of 20 members of staff across the College.
- This network manages Safeguarding referrals / incidents, which are received via the Safeguarding reporting forms which are now available online and completed on the Report Now system. This process is monitored and overseen by the Head of Safeguarding who distributes the referrals to the Safeguarding Officers to investigate and monitors their progress to completion to ensure appropriate outcomes in line with the Safeguarding Policy and Procedures are achieved.
- The College also has staff trained in Mental Health First Aid and Applied Suicide Intervention Skills Training (ASIST) providing immediate help and support when required especially where the individual's immediate safety is a concern.

The College also offers an onsite Student Counselling Service, and individuals may often be referred to it when they highlight Safeguarding or mental health concerns. This service is funded by the College from a non-core funding stream; therefore, its ongoing provision cannot be guaranteed. Those with a Safeguarding role have received specific training to support those students who may be experiencing Safeguarding or mental health issues.

Safeguarding Group

There is a formal quarterly meeting of the Safeguarding Network, where they share knowledge and discuss lessons learned from any specific incidents. In the intervening period between meetings, staff within the Safeguarding Network collaborate on an ongoing basis through a shared Microsoft Teams channel.

Objective 2 – The College has appointed staff or groups with specific responsibilities to assist the College in meeting its statutory duties related to the care of students (continued).

Extended learning Support (ELS)

The College has in place an ELS policy and procedures to help students with additional support needs to maintain their learning within the College. Students with these needs are referred to the ELS team who are experienced in providing support and undertaking assessments to identify what the additional needs are and how the College can support and develop an action plan for the student to complete their course of study. There are increasing demand for ELS and support from the College Learning Hub across all subject areas as students are presenting with increasingly complex needs and support requirements, including those who are care experienced.

The Promise

The Scottish Government has pledged that Scotland would keep ‘the Promise’ to care experienced children and young people that they will grow up loved, safe, and respected which is detailed within its Plan 2024-30 Scotland’s route map to keeping the Promise. As a Corporate Parent, the College must contribute towards meeting the Promise. These elements are captured within the Corporate Parenting Plan 2024-28 which outlines the College’s promise for care experienced students. Within the Corporate Parenting Plan, the College acknowledges the issues and barriers faced by care experienced students and that their retention rate for this cohort of students within the College is below the national average. To deliver on its promise, the Implementation and Action Plan contains an emphasis on improving the outcomes of care experienced students in six of the eight defined areas, with a total of 17 of the agreed 21 actions focused on this cohort of students. Progress against each of the agreed actions within the Action Plan is measured by the staff member responsible for implementing it and is overseen by the Head of Student Services who updates the plan annually with progress report to the Learning, Teaching and Student Experience Committee (LTSE) and the SLT.

Gender Based Violence (GBV)

While not a legal requirement, the College has invested a significant amount of time and effort in developing programmes to help and support those affected by GBV. This includes the College’s commitment to making the campus a safe space for everyone, providing a consistent, caring, and timely response to any GBV incidents, as well as signposting students and staff to various relevant resources and contact details on the College’s website. The College was the first in Scotland to be awarded the Emily Test Charter in November 2023, which evidences the standards adopted and the initiative taken by the College in prevention, intervention, and support for students and staff subjected to GBV.

Objective 3 – The College has a formal risk identification and assessment process.

Risk management operates at two distinct levels within the College, at both a strategic and individual level when Safeguarding issues are identified. The strategic risks are outlined within the Management Summary of this report. These risks are “owned” by the Vice Principal Learning, Teaching and the Student Experience for strategic risk 12 and by the Executive Team for strategic risk 11. These risks assessments are reviewed and updated on a quarterly basis by the SLT. Assessment of the current risk and effectiveness of controls in place to mitigate the risk are assessed by:

- Having oversight over the Safeguarding Incident Reporting Forms.
- Identifying trends and patterns in the referrals made for Safeguarding and their progress from information available from the Report Now system.
- Understanding wider factors (economic, political etc.) that may impact on the Prevent and Safeguarding risks present to the College.
- The Head of Student Services represents the College within the College Development Network (CDN), where members of colleges across Scotland discuss emerging issues and trends and share good practice.
- Working with the Prevent Coordinator at South Lanarkshire Council.
- Collaborating with other partners, such as Education Scotland or key external stakeholders such as the Construction Industry Training Board (CITB) on student welfare issues.

Individual Safeguarding concerns are managed by the Student Services team and Safeguarding Officers. A dedicated Safeguarding incident reporting and case management system, Report Now, is used within the College where either students or staff can raise a Safeguarding incident. The system enables these incidents to be captured, assessed and, when required, action plans are developed based on an individual risk assessment to support the student to continue their studies. Our walkthrough noted that it has digital workflows for tracking the status of each incident and communicating cases to key College stakeholders.

This includes completion of an Incident Reporting Form on Report Now, which is used to:

- Log the incident.
- Assign the incident to the relevant Safeguarding Officer.
- Verify information provided by the student or staff member who reported the concern.
- Confirm review and approval of the agreed support for the student and track their progress.

The Safeguarding incident reporting and case management system enables secure data retention, should the need arise for follow up or reporting of future concerns regarding the student. Under UK GDPR legislation, only a restricted number of people within the College have access to the information disclosed in relation to Safeguarding referrals and their outcomes. This restriction of access rights is maintained by sharing the information on a strict “need to know” basis and through the established access rights controls for the Safeguarding incident reporting system. The individual concerned in the incident is kept informed of their case while it is within the jurisdiction of the College, and where required when it is shared with an approved external agency.

Objective 4 – The College has a Duty of Care training programme for staff which includes induction training and regular refresher training.

The training and support provided to staff on student wellbeing and Duty of Care were noted to be comprehensive. Every College employee has a Duty of Care towards children, young people, and adults at risk. Accordingly, all staff members at the College are subject to mandatory Safeguarding training which consists of an online course that includes Safeguarding and Prevent considerations. Their Safeguarding Duty of Care for students is also detailed in the College's Staff Handbook requirements and new employees complete this training as part of their induction.

Existing staff must complete refresher training on a two-year cycle within the TES eLearning package. The Learning and Development team within the College is responsible for coordinating the delivery of the Safeguarding training and communicating any instances of non-completion to the SLT and the Human Resources (HR) Committee. Compliance with these requirements is monitored, with non-compliance flagged to the line manager to resolve, and overall College compliance rates reported to the HR Committee.

A role profile is in place for Safeguarding Officers and others with a direct involvement in this process. To effectively discharge these roles, additional training is in place, covering topics such as: recognising signs of distress; understanding mental health challenges; and responding appropriately to Safeguarding disclosures (including the use of risk assessments). External bodies have supported the delivery of this training in key areas, including Child and Adult protection, Prevent, Mental Health, and ASIST. Safeguarding Officers have also attended training on GBV and in Prevent Multi-Agency Panel (PMAP).

Objective 5 – The College has engaged with Prevent partners and collaborated with other Corporate Parents.

The College collaborates with a range of external partners to maintain and share knowledge. For example, the College has representation within the CDN Safeguarding Network through the Head of Student Services and other members of the College Safeguarding Network. The CDN Safeguarding Network allows colleges across Scotland to share insights, resources and good practice, as well as participate in training. CDN includes representatives from the Scottish Government, Police Scotland, and Education Scotland allowing cross organisational knowledge sharing. As operational lead, the Head of Student Services along with members of the College Safeguarding Network works closely and collaborates with the following partner organisations to meet the College's corporate parenting obligations:

- The Prevent Co-ordinator at South Lanarkshire Council.
- Police Scotland, who provide support and advice on any disclosed Prevent concerns regarding individual students.
- CITB whom the College holds regular meetings with regarding its apprentices.
- Liaises with external agencies to develop established referral pathways for Safeguarding and mental health incidents.
- Facilitates collaboration and unified approach to wellbeing and mental health between different areas of the College such as the Student Information and Welfare Team, the Marketing and Communications Team, the Equality and Diversity Lead, and the Nurture Steering Group,
- Network for Suicide Prevention in Colleges and Universities, focused on implementing Scotland's suicide prevention strategy and the 'Creating Hope Together' action plan.
- Collaborates with a number of third sector organisations including South Lanarkshire Women's Aid, Lanarkshire Rape Crisis, Victim Support, Carers Trust, Who Cares? Scotland and Centre for excellence for children's care and protection (CELSIS).

The College also participates in the Fearless Glasgow consortium of universities, colleges, and third sector organisations (such as Emily Test). This group collaborates on both strategic and operational levels to effectively prevent and respond to GBV, with a primary focus on further and higher education settings. The College also works directly with all relevant Local Authorities to support individual care experienced learners using a multi-agency approach and also with works with social care organisations, via named contacts.

Objective 6 – The College has regular reporting of Duty of Care matters to senior management and the Board of Management.

The Head of Student Services provides regular reports to the SLT and to the LTSE and HR committees and the various management groups including Quality and Health and Safety within the College. These reports set out what the College is doing to ensure it continues to meet its Safeguarding, Corporate Parenting and Prevent obligations along with its ongoing duty of care towards the students. Information for these reports is drawn from a number of sources including:

- Report and Support system.
- Counselling Service Annual reports.
- Student surveys.

Report and Support system

Reports are drawn from the Report and Support system which provides a real time dashboard of the number of incidents raised, their current status, the type of concerns raised, and the number now closed. The system has the functionality for each individual incident to be drilled down for a detailed account of current investigation or its outcome including any agreed appropriate action plans when the incident is closed.

Counselling Service Annual reports

The Counselling Service provides an annual report detailing activity it has undertaken in the past academic year. This includes the number of students attending the counselling service and an evaluation of the impact it has had on the individual. This is based on the service users completing a questionnaire on their views of the service and how it has supported them as an individual.

Student surveys

Surveys are undertaken both by the College and the Student Association which provides a view of both the awareness and use of the Safeguarding and Corporate Parent activities in place. At the February 2025 meeting of the LTSE an annual update on the current 2024-28 Corporate Parenting Plan and progress against its Action Plan was tabled. As well as reporting progress towards the achievement of the Action Plan, the update highlighted the need for further developments to improve the attainment levels of care experienced students as these levels within the College have not improved in line with national performance levels. The Action Plan outlines a number of identified areas where improvements can be made to help improve retention and attainments levels.

In addition, in reviewing the last three meetings of the LTSE we noted that a Student Association report is tabled at every meeting, which provides updates on mental health and GBV issues and the provision of College support services in these areas.

At present there is no formal annual report on Safeguarding, Corporate Parenting and Prevent matters provided to LTSE or the Board of Management, which provides explicit confirmation of compliance with the collective duties placed on the College. We have agreed with management that an annual report to LTSE will be produced and therefore since action is already planned we have not raised a separate recommendation on this point.

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South Lanarkshire College

Student Invoicing and Debt Management / Debtors and Income

Internal Audit report No: 2025/03

Draft issued: 4 August 2025

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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



Management Summary

Overall Level of Assurance

Good	System meets control objectives.
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Risk Assessment

This review focused on the controls in place to mitigate the following risks on the South Lanarkshire College ('the College') Strategic Risk Register as at April 2025:

- Risk 1 - That the College cannot maintain financial stability (risk score after mitigating actions, 20 – Very high risk); and
- Risk 2 - That there is a failure of financial controls (risk score after mitigating actions, 10 – High risk).

Background

As part of the Internal Audit programme at the College for 2024/25 we carried out a review of the systems in place for Student Invoicing and Debt Management / Debtors and Income. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The main form of non-grant income to the College is through tuition fees from self-funding students and funding from bodies such as the Student Awards Agency for Scotland (SAAS). The College also receives commercial income from courses provided to employers or through other commercial activities.

In the most recent accounts for 2023/24, tuition fee income (including education contracts) for the College totalled £3.071m (2022/23 - £3.022m); which is made up of £0.893m (£0.988m) for UK Higher Education (HE) students, £0.013m (£0.001m) for non-EU HE students, £1.319m (£1.363m) for UK Further Education (FE) students, £0.472m (£0.437m) for SDS Contracts, and £0.374m (£0.233m) for Other education contracts.

The majority of students attending full-time FE courses are not charged a fee. Income is recovered from the Scottish Funding Council (SFC) through the fee waiver grant. The majority of full-time students on HE courses are funded by SAAS. For the remaining full-time students fees are payable by the student or by a sponsor, often the student's employer. Students liable to pay part-time fees can claim exemption if they are able to provide evidence of entitlement to specific benefits, or if they are from low-income families, and the fee income is recovered through the fee waiver grant. Overseas students pay higher fees than students from Scotland.

To maintain a balanced budget, it is essential that the College has an effective process to invoice and collect monies due from these sources. This audit reviewed the effectiveness of the controls in place to manage these processes and the process relating to aged debt.



Scope, Objectives and Overall Findings

The main purpose of this review was to ensure that the policies, procedures and processes in place within MIS and Finance for recording, processing, invoicing and receiving of student fees are effective.

We also reviewed the systems of internal control in place within the College in relation to significant commercial income generating activities, education contracts and other income.

The table below notes each separate objective for this review and records the results:

Objective		Findings				
The objectives of this audit were to ensure that:		Level of Assurance	1	2	3	Action Already in Progress
			No. of Agreed Actions			
1.	Enrolment procedures across the College are sufficient to ensure accuracy of student records information, including adequate checking of student data by MIS	Good	0	0	0	✓
2.	There is accurate and timely transfer of data between the student records system and the finance system, and regular reconciliation between the systems	Good	0	0	0	
3.	All fees are fully and correctly invoiced and processed for self-financing students and sponsored students. Fee-waiver students are appropriately identified	Good	0	0	0	✓
4.	Invoices / claims are raised promptly in respect of other income due to the College	Good	0	0	0	✓
5.	Credit notes are appropriately authorised before issue	Good	0	0	0	
6.	Adequate debt management and recovery procedures are in place and are consistently followed in practice	Satisfactory	0	0	0	✓
Overall Level of Assurance		Good	0	0	0	
			System meets control objectives.			

Audit Approach

From discussion with Head of Finance, Head of Management Information Systems and Services, Assistant Finance Manager and other Finance staff, we identified the key internal controls in place within the College's student fees process, and for other significant income generating activities, and compared these with expected controls. We have reported on areas where expected controls were found to be absent or where controls could be further strengthened.

Compliance testing was then carried out where necessary to ensure that the controls in place are operating effectively.

Summary of Main Findings

Strengths

- A Staff Guide is in place for the enrolment process. The guide is updated annually and sets out the enrolment process and highlights any changes from the previous academic year.
- During application and enrolment, a number of questions are asked to determine what source of finance will be applicable to the student, and to identify if they may be eligible for a fee waiver.
- Self-funding students are required to pay all course fees up-front at the time of enrolment. Alternatively, for fees over £350, there is scope to arrange a payment plan with the College.
- For all students that are not self-funded, evidence is required at the enrolment stage to evidence how fees will be paid. Where evidence is not provided, the student status will be amended to self-financing until such time that evidence can be provided.
- A Tuition Fee Policy (April 2024) is in place, setting out the methodology for setting fees, policy relating to payment of fees and responsibilities.
- Data is transferred between the student records and finance systems via an easy link integration method. Reviews are undertaken by the Finance department on receipt of the report and again prior to processing invoices to ensure accuracy and completeness of the data.
- There are process notes (April 2024) in place relating to the raising of invoices, providing information for both student fee and non-student fee invoices.
- During testing of a sample of tuition fees raised in 2024/25, it was established that the correct finance source had been identified and the fee correctly raised in a timely manner in all cases. Similarly testing of a sample of invoices raised under the non-student fee invoicing process established that invoices were correctly raised and in a timely manner.
- All invoice requests must be supported by documentation and / or details or calculation
- All credit notes are reviewed by the Assistant Finance Manager prior to being processed to ensure that request is legitimate and the information correct
- Debt Management Processes (April 2025) are in place and define action that should be taken for overdue invoices.

Actions Already in Progress

- During our review we noted that a number of policies and procedures had become due for review during 2025. It was determined that an exercise is currently being undertaken by the Head of Finance to review all current finance policies and procedures, including the Financial Regulations.
- Following issues with debts not being followed up within the timescales set out in the Debt Management policy, it was determined that appropriate resource was not in place to cover periods of absence. An additional member of staff is currently being trained in debt management to ensure that appropriate cover is in place to continue debt management activities in the absence of the primary member of staff responsible for this task.

Acknowledgments

We would like to take this opportunity to thank the staff at South Lanarkshire College who helped us during the course of our review.

Main Findings

Objective 1 - Enrolment procedures across the College are sufficient to ensure accuracy of student records information, including adequate checking of student data by MIS

The student enrolment process is supported by a Staff Guide for Enrolments, which was first published in June 2023. The guidance document is reviewed on an annual basis to ensure it aligns with the enrolment process for the upcoming academic year and was most recently reviewed in June 2024 for the 2024/25 academic year. The guidance document clearly sets out changes for the upcoming academic year to ensure that staff are aware as to how the process may differ.

The process begins with the curriculum plans being uploaded to the College website. This is the offering of courses that students can choose to apply for. The course information uploaded includes all details on the course, the fee for the course and eligibility for different funding sources.

Students complete an online application form. The application form asks questions to cover all the relevant residency and eligibility requirements as well as other relevant funding questions. Depending on the answers the students give, they are provided with notifications that they may be liable for fees - for example, a student who has not been in Scotland for three years prior to the course would be notified that they could be liable to the pay additional fees.

There is a specific section on the form which relates to determining a student's source of finance (SoF). The student will be asked a number of questions about the type of course they are enrolling on and specific circumstances which may make them eligible for a fee waiver. If the student is required to pay for the course as they have indicated that they are self-financing in the system, the option for payment will be present at the end of the enrolment process.

Students are allocated to the course they apply to from the application stage, and the Student Records team will manually adjust the SoF code for each student on the course who differs from the standard, based on the information in their application.

Once the application is completed, it is submitted by the student and is treated as a 'pending' application. The application will be reviewed by both the Admissions team and the course lecturers / curriculum managers. Once reviewed, students will be offered either conditional or unconditional offers. Where students are denied, they are not considered further. Where students have conditional offers, they must meet the conditions, at which point they are moved to 'unconditional'. Unconditional students are pulled through to the student records system SITS, with records information populated from their application. A record is established, and the student is marked as pre-enrolled. This sends an email to the student which allows them to complete enrolment. The enrolment form is reviewed each year to ensure it is up to date with the current year's requirements.

When completing the enrolment form, the student will be asked to select their SoF. They can select their funding source from a dropdown menu, and the selections will be limited based on the information entered so far in the student's application and enrolment form, as well as the funding sources that the course is eligible for. Information provided by students is reviewed by College staff to ensure accuracy and that the correct SoF has been applied.

Objective 1 - Enrolment procedures across the College are sufficient to ensure accuracy of student records information, including adequate checking of student data by MIS (Continued)

Where students are self-funding, they will be asked to pay before they complete the enrolment form. Students can either pay in full at this stage or can arrange to pay by instalments in line with the College's policies. Enrolling students are given access to a payment section within the student portal where they can see any outstanding fees to pay and can make payments from here. Where students are employer or Student Awards Agency for Scotland (SAAS) funded, this section is not shown. Payment plans can be set up where fees total at least £350. The student would be asked to pay 20% upfront, with the remainder paid by Standing Order.

Evidence is reviewed where the student is not self-financing. Where students do not provide evidence and do not confirm their external funding, they are marked as self-financing and sent an invoice for fees. The College has found that sending the invoice promptly in the first instance tends to be a more effective process than contacting the student and requesting them to provide the evidence. The student is still given a chance to acquire and provide evidence of their funding source, at which point a credit note would be issued against the invoice sent to the student, and a new invoice to the funder raised.

As part of our testing, we reviewed SITS data for a sample of students, to ensure that the SoF aligned with other information provided such as the type of course and mode of attendance, with no issues noted.

Fee waiver students are also identified as part of the enrolment process. Students are asked during application and enrolment to indicate that they are fee waiver students. Where students are fee waiver, they are asked to provide evidence of this to either their lecturer, curriculum head or directly to the Finance department. The staff member would then update the system to show that the student had provided their fee waiver evidence. In line with advice from the Scottish Funding Council (SFC), copies of the evidence provided by the student is not stored by the College but a record of the staff member reviewing the evidence is kept.

Objective 2 - There is accurate and timely transfer of data between the student records system and the finance system, and regular reconciliation between the systems

Student fee information is transferred from the student records system SITS to the finance system BluQube, for invoicing. This is done using an “easy-link” integration, with information uploaded from SITS, directly to BluQube. The frequency with which this process is carried out varies throughout the year depending on the volume of student fee information that needs to be processed. The process is carried out frequently during periods of high enrolment such as August and January, however the process is carried out throughout the year as needed.

The Student Records department creates the Fees Transaction Record (FTR) and runs the Generation of Fee Transactions (GFT) and produces and prints off a Fees Due Report (FDR). The FDR is passed to the Finance department who review the document to ensure accuracy and completeness before processing.

The report indicates to the Finance department that there are invoices ready to be generated on the finance system. Finance will then run the Print Fee Invoices (PFI) process which will prepare all invoices to be raised based on the FDR. These are initially allocated an unprocessed status to allow reconciliations to be completed. The Assistant Finance Manager checks to ensure that all records have been included, and then each invoice is processed and sent out from BluQube. As part of our testing, we reviewed the checking and reconciliation process on-screen and deemed there to be sufficient checks in place.

There are interface messages within the BluQube system which indicate errors and detail reasons why any invoices have not managed to move from unprocessed to processed. This allows Finance staff to further investigate the issues, and make any amendments required to process and raise the invoice. The Finance team perform checks, tracking invoice numbers to make sure that all invoices have been properly processed.

Objective 3 - All fees are fully and correctly invoiced and processed for self-financing students and sponsored students. Fee-waiver students are appropriately identified

Fee Setting

A Tuition Fee Policy is in place, first published in May 2024. The policy is to be updated annually to ensure accurate reflection of any changes for the next academic year. This process is currently ongoing, with the next iteration to be published ahead of the 2025/26 academic year. It is established in the policy that all fees are payable in advance unless the student is funded by SAAS, funded by Student Funding for National Certificate (NC) courses (England, Northern Ireland and Wales), or is eligible for fee waiver. Fees for Rest of UK and International students are set by the College.

Funded tuition fee rates for home students are set nationally by government bodies and other training agencies. For academic year 2024/25 these are set at £1,285 for full-time higher education (HE) courses, and £1,008 for full-time further education (FE) courses.

The College sets fees annually, with consideration to SFC and SAAS fee rates, anticipated demand and business need. Using relevant guidance, the Head of Finance sets the fees for review and approval by the Senior Leadership Team. For non-funded courses, the Alternative Funding team, in conjunction with Curriculum Management have discretion to set prices for activity based on the course costing mechanism currently in place, with approval from the Head of Finance. Typically, this activity will not contribute to the College funded teaching activity target and should generate a minimum contribution of 30% to the overhead cost of the College.

Raising Student Fees

Process Notes relating to invoice processing of tuition fees were first published in April 2024 and are due to undergo annual review to ensure that they remain up to date for any changes for the next academic year. The document sets out the process by which invoices relating to student fee income are raised, beginning with student registration. Upon enrolment, a student's details are saved in the student records system, SITS. The Student Records department input student fee information and create a FTR against each student record which records information regarding tuition fee payer, or whether the student will receive funding through another source such as SAAS. The process is detailed at Objective 2 above.

Students receive their invoices via email. Payments can be made through various methods which include bank transfers, online payments, or instalment plans (if fees total is over £350). When paying by an instalment plan, a deposit of 20% is required up front.

Where contracts are in place with other organisations, such as the Scottish and Northern Ireland Plumbing Employers' Federation (SNIPEF) or Construction Industry Training Board (CITB), students are identified by the Student Records team, and an invoice is created based upon the contract rather than the standard fees as described above.

The Finance department then checks the invoice for payment. Any invoices that have been paid, are matched to the payment by the Finance team.

Objective 3 - All fees are fully and correctly invoiced and processed for self-financing students and sponsored students. Fee-waiver students are appropriately identified (Continued)

Raising Student Fees (Continued)

Where students are funded by SAAS, information is checked by Finance and compared to the SAAS report which is provided weekly by SAAS. Student records staff send the confirmation of attendance, along with notification of any withdrawals, to SAAS. Where confirmation of SAAS funding is not provided, students will be invoiced, in line with the self-financing process described.

As identified under Objective 1, the students' SoF is identified during application and enrolment and transferred to SITS based on this information. Where students are not entitled to funding through SFC or SAAS, they will be required to be self-funded or sponsored by an employer who will finance the fees.

Courses are allocated a 'majority fee code' – a standard SoF and fee rate based on where the majority of students on the course will receive their funding from. For example, courses where the majority of students tend to be SAAS or SFC funded, will be allocated these relevant codes as standard within SITS. Student entries are not limited to this specific SoF, because self-funded and sponsored students can still undertake these courses. This allows for the baseline course fee to be entered.

As students are allocated to their course within SITS, the College allocates SoF codes to each student based on the course and the information in the student's application. This allows course costs to be allocated to each student, however this is amended for any student who differs from the majority code.

It was established that each course has an agreed fee. Courses have different fee values depending on the funding source or if a separate fee has been agreed as part of a contract to deliver a course.

Objective 3 - All fees are fully and correctly invoiced and processed for self-financing students and sponsored students. Fee-waiver students are appropriately identified (Continued)

As part of our testing, we selected a sample of 15 student fees raised for the 2024/25 academic year. These were selected from a report generated from the SITS system. Our sample included 10 students that were identified as being self-financing, and five students whose fees were being financed by their employer or another sponsor.

During testing it was determined that three of the sample identified as being employer or sponsor funded, were not for a specific student's fee and were instead based upon contract agreements with the employers. In each case, the invoice matched the fees per SITS, invoices were sent to the correct recipients, and we reviewed the contracts in place to ensure that fees had been charged at the agreed upon rates. For the remaining 12 sampled fees, the fee recorded in SITS and the finance system was agreed to the invoice with no issues noted. We also reviewed the invoices to ensure that the amount invoiced aligned to agreed fee rates for the 2024/25 academic year with no issues noted.



Objective 4 - Invoices / claims are raised promptly in respect of other income due to the College

The Invoice Process notes (April 2024), referenced under Objective 3 also contain information about non-student fee invoicing. During discussions with the Assistant Finance Manager, it was established that typical non-student income sources may include, but are not limited to:

- Nursery rent;
- Additional Support Needs costs for use of Notetaker and Signer;
- Bursary Students overpayments;
- Canteen/Hospitality; and
- Uniforms / Kits.

Each of the above are invoiced via BluQube, although there are slight differences in the way they are invoiced.

The College owns nursery space which is rented to Thrive Education and Childcare who run the nursery service. There is a contract in place with a standard concession fee paid quarterly in advance by Thrive, who pay by Standing Order. This is a fixed annual figure, and individual invoices are not raised for this. However, as part of the agreement, where Thrive exceeds a threshold of income received from the nursery, an additional fee is payable to the College. Where this occurs, Thrive will notify the College so that an invoice for the appropriate sum can be raised.

The College also provides notetaking and signing services for students that need additional support. Admin staff in each faculty are responsible for keeping a record of which students have been using these services and when these services have been used. Where applicable, invoices will be raised to SAAS for Disabled Students Allowance to recuperate the costs.

On occasion, bursary overpayments to students may occur due to the College's payment schedule. Payments are made four-weekly and include two weeks in arrears, and two weeks in advance. As such, when a student withdraws it is possible that they have already received advanced bursary funding for a period they are no longer enrolled with the College. Where this occurs, Finance will be notified and an invoice raised to the student for the overpayment.

Hospitality services are offered by the College, both internally and externally. Where catering is for internal purposes, approval is granted by senior management and an internal journal transfer processed to allocate the costs to the relevant department. Where catering is provided for any other reason monthly statements are provided to the Finance team with a breakdown of services provided, allowing Finance to raise invoices to the relevant parties.

For some courses, students will be required to have a kit or uniform. These kits are ordered and distributed by the College, and where not covered by bursary, will be invoiced to the relevant students.

Objective 4 - Invoices / claims are raised promptly in respect of other income due to the College (Continued)

During discussion with Finance staff, it was established that for any invoice to be raised, a request must be made from the relevant department and key information including amounts, details of the debtor, and supporting documentation must be provided so that an invoice may be raised through the BluQube system. When a request is received, the information is reviewed by a member of the Finance team prior to processing. Requests received from external organisations, such as Thrive or SAAS, are invoiced based on defined agreements.

We selected a sample of 10 invoices raised under the non-student fee invoicing process from the BluQube system and tested the following:

- That the invoice was correctly raised with details matching those held in the request;
- That requests were made, and approvals were granted before the invoice was raised;
- Where appropriate, a purchase order (PO) was received before an invoice was raised; and
- That invoices were raised promptly.

During our testing we ensured that an invoice request was received by Finance with details of what was to be included on the invoice. In two instances, we noted that invoices were raised as a result of pre-existing contract arrangements in place. These related to the nursery at the College and CITB - Construction Industry Training Board. In these instances, information was provided to Finance to verify the amounts to be invoiced, and this was verified as being in alignment with the contracts in place.

One invoice sampled was requested by Hospitality for catering provided to an external organisation. In line with the process described above, we reviewed the record created by the Hospitality department detailing the items ordered, the value of this and the organisation to be invoiced and confirmed this agreed to the invoice raised. No issues noted.

We also noted that three invoices were not raised promptly, with all three being raised 167 days after the initial request was made. These invoices were all for the recovery of Bursary overpayments made. It was explained that when the request was initially made by the Student Records team, the Head of Finance was considering whether the invoices should be sent out to recover the overpayments. This was then considered by the Vice Principal - Finance, Resources and Sustainability, who decided that the invoices should be sent out to students, leading to the invoices being raised and going out in December 2024. It was noted that going forward, the Student Funding department will be managed by Finance, and the invoices to recover overpayment of bursaries will be issued on a more frequent basis which should prevent any future delays.

Objective 5 - Credit notes are appropriately authorised before issue

On occasion, the College may need to raise a credit note to process a refund or correct an error that was made on an invoice. Credit notes may be issued to students where:

- Students do not complete enrolment, or withdraw from their course;
- Students swap from one course to another;
- Students are initially classed as self-financing, but it is later confirmed that they will be either SAAS or employer funded;
- Refunds granted for student kits

Credit notes may be issued to organisations:

- Amending the amount to be charged;
- Correcting errors in invoiced amounts;
- Refunds granted

Finance staff typically receive requests to raise credit notes directly from the specific departments, or from external organisations. On occasion, Finance staff may also identify administrative errors made on invoices and process corrections for these.

Where credit notes are being raised against student fees, a request will be raised by the Student Records team and are processed by the Finance team before being issued to the student or employer / sponsor. Requests for credit notes from external organisations can vary, with requests raised by the Student Records team where these are related to SAAS invoices, or from faculty staff, detailing the reasons for the request.

All credit notes are reviewed and authorised by the Assistant Finance Manager prior to being processed and sent to the relevant party.

We selected a sample of 10 credit notes for testing, split as five credit notes issued to students, and five issued to external organisations. For each item we reviewed the following:

- The credit note aligned with the request made and supporting backup;
- The credit note had been reviewed and approved by the Assistance Finance Manager; and
- Credit notes were raised promptly after request and authorisation.

During testing it was noted that one credit note was not raised in a timely manner with a delay of 65 days between the initial request being received, and the credit note processed. It was explained that the Student Records team had issues moving the student status from Current to Withdrawn within the student records system and the Finance team would not process the credit note until they received confirmation in line with established controls. While there was a delay in the credit note being raised, this was a system issue, with all other processes correctly followed. No further issues noted.

Objective 6 - Adequate debt management and recovery procedures are in place and are consistently followed in practice

As set out within the College's Financial Regulations (May 2024), it is the responsibility of all members of staff to ensure that revenue to the College is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. This includes the prompt notification to the Finance team of sums due so that collection can be initiated.

The Head of Finance has authority to refer potential bad debts to a collection agency. Debts over £50 may be referred to a collection agency, however any debts below £50 are written off after a period of 12-months if collection is not considered to be viable. Sums over £10,000 must have Board approval before write-off.

The debt management process is further supported by the Debt Management Policy and Procedure document which was first published in December 2021. The document was last updated in April 2025 and is due to undergo a full formal review in December 2025. The policy is intended to minimise instances of bad debts by setting out a robust debt management process. While students are required to pay course fees at time of enrolment, the College does operate an instalment plan which students may use if they are paying fees over £350, with an initial 20% deposit due at the time of enrolment. Students may also be eligible to enter a payment plan if they have difficulty meeting the full cost of fees, or where a student enters into arrears.

As detailed under Objective 1, invoices are raised for all student fees where alternative funding has not been secured. Debtors who have not paid in full at enrolment or made alternative arrangements to enter into the payment plan, will be sent an invoice for the balance due. If unpaid, the College will write to the student to notify them that non-payment will result in the debt being passed to a recovery company.

The following debt management process is then followed:

- 30 days after invoice date - 1st Reminder Letter detailing payment methods;
- 60 days after invoice date – Final Reminder Letter; and
- 90 days after invoice date - Referral to debt collection company for any unpaid debts.

Once a debt has been referred to the debt collection agency, the Student Records team are notified and student results and certification are withheld until the point at which the debt is cleared, or an agreement can be made regarding a payment plan.

Each month, the Assistant Finance Manager will prepare the sales ledger reconciliation statement. The Head of Finance reviews the reports on a quarterly basis to assess the College's bad debt provision. Within the finance system, staff can see details of student fees and any outstanding amounts due to the College as well as any notes that have been recorded against the student record in relation to debt management action or arrangements that have been put in place. Where possible, Finance staff will leverage the relationship that academic or support staff have with students to prompt payments to be made, or payment plans to be entered into. Generally, the College has found this to be an effective method in encouraging payment where other methods have not worked.

Objective 6 - Adequate debt management and recovery procedures are in place and are consistently followed in practice (Continued)

As part of our testing, we selected a sample of 10 aged debts from the aged debt report to May 2025. This was split as a sample of five student fee debts, and five non-student debts. For the five student debts we were able to confirm that appropriate action had been taken in all cases. We highlighted one instance where there had been a delay in the 1st reminder letter being sent. In instances of delay, the following letters will be sent 30 days after the previous letter to ensure appropriate time for action from the debtor. During discussions it was established that there have been historic issues with delays to the debt management process due to resourcing issues. It was confirmed that an additional member of staff is receiving training to undertake debt management duties and as such this should be less of an issue going forward.

For the five non-student debts it was highlighted that there are some other arrangements in place with particular organisations. For invoices sent to South Lanarkshire Council, the College has a key contact and any queries in relation to non-payment are discussed with them directly as opposed to issuing letters for each individual debt. In our sample we identified that there were seven active debts relating to South Lanarkshire Council, all of which were in discussion. As at June 2025, five of the invoices had been paid in full. For invoices relating to Thrive Childcare and Education, the College's childcare provider, an invoice is raised at the beginning of the financial year. While this shows as a debt, there is an agreement in place for this to be paid off over the course of the year and as such reminder letters are not issued for this debtor. For the three remaining debtors, we noted that debt management action was undertaken in line with procedures, with all reminder letters and referrals to the debt collection agency made as appropriate.



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South Lanarkshire College

Corporate Governance

Internal Audit report No: 2025/05

Draft issued: 9 August 2025

Final issued: 12 August 2025



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1. Background

- 1.1 As part of the 2024/25 internal audit programme, a request was made to introduce a review of Corporate Governance. The primary rationale for completing this exercise was to provide Board Members with the opportunity to highlight any improvements required in the existing governance arrangements, so that these can be added to the rolling governance action plan. This will allow any improvement actions identified to be addressed in advance of the next Externally Facilitated Effectiveness Review.
- 1.2 The Code of Good Governance for Scotland's Colleges (2022) states that:

"D24 The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness every three to five years. The board should determine the timing for this externally facilitated review as part of the annual effectiveness review. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online".
- 1.3 The College Development Network (CDN) Guidance Note on Conducting Externally Facilitated Effectiveness Reviews, which was updated in June 2022, states that *"External Effectiveness Reviews (EERs) should be carried between three to five years after the previous review. The Board should determine the timeframe for the next external review as part of their annual effectiveness review, considering progress against the action plan that resulted from the previous review and the outcome of the annual effectiveness review. The timeframe should meet the governance related development needs of the board and should be responsive to the dynamic nature of governing as a process and may change year on year"*.

2. Scope and Objectives

- 2.1 The scope of this review will be to conduct an independent review of the work completed by the College to progress issues raised in the Externally Facilitated Effectiveness Review described in the Code, in line with the Guidance Note issued by the College Development Network (CDN). The review covers the five sections of the Code namely:
 - Section A - Leadership and Strategy
 - Section B - Quality of the Student Experience
 - Section C - Accountability
 - Section D - Effectiveness
 - Section E - Relationships and Collaboration
- 2.2 The objective of this review was to complement the work already completed by the College, through discussions with Board members, in order to meet the requirements of the CDN Guidance Note, which sets out the specific requirement to provide a *'basic level of assurance relating to core governance requirements plus an agreed list of actions on areas that board members wish to develop their governance further'*.

3. Approach

- 3.1 At the planning phase, it was agreed with the Governance Professional that one-to-one meetings would be arranged with the Chair of the Board of Management and the Chairs of each of the Board Subcommittees. It was also agreed that a meeting would be arranged with the Academic Trade Union Member and the Student President. These discussions would be supplemented by a review of Committee papers and other documentation, in relation to the governance arrangements of the College.



3. Approach (Continued)

3.2 Individual interviews were subsequently arranged and conducted with each of the interviewees listed below:

- Douglas Morrison - Chair of the Board of Management
- Heather Anderson - Vice Chair of the Board
- Scott Coutts - Chair of the Finance & Resources Committee and Senior Independent Member
- Peter Sweeney - former Chair of the Human Resources Committee
- Professor Jo Gill - Chair of the Learning, Teaching and Student Experience Committee
- Tom Feely - former Chair of the Audit and Risk Committee
- Scott Gray - Academic Trade Union Member
- Catriona Blacker - Student President

3.3 Unfortunately there has been a significant time lag between the initial interviews conducted, and the completion of the interview with the Student President, due to challenges in arranging a suitable meeting date. Therefore, the alignment with committees shown in paragraph 3.2 reflects the responsibilities at the time the respective interviews were conducted. So, for example, Tom Feely has subsequently resigned from the Board and Peter Sweeney is now the Chair of the Audit and Risk Committee, while Heather Anderson has taken on the role as Chair of the Human Resources Committee in an acting capacity.

3.4 We have subsequently analysed the outcomes from these discussions to identify those areas where respondents felt assured regarding compliance with the Code of Good Governance for Scotland's Colleges and to identify those areas where there was room for improvement in the current College governance arrangements.

4. Overall Conclusion

4.1 Overall, our review concludes that from a Board Member perspective, the College governance arrangements are operating well, with a number of strengths highlighted. Several Board members highlighted the significant improvement in the governance arrangements of the College in recent years, which they largely attributed to the positive impact of the current Chair of the Board and the significant amount of work conducted by the current Governance Professional and her predecessor, Peter Scott. The information gathered from the one-to-one discussions, did highlight some potential improvement areas, which are designed to enhance the existing governance arrangements and build on the solid foundations already developed.

4.2 There was a high degree of Non-Executive Board Member engagement in this review, which reflects a high degree of engagement with the College in their role as individual Board Members.

4.3 The membership across the various Boards and Board sub committees includes a diverse range of skills, which are available to provide support and challenge to the College Management Team. The general feedback from interviewees presented a positive perception of compliance with the Code of Good Governance for Scotland's Colleges.

5. Acknowledgements

We would like to take this opportunity to thank the College Non-executive Board Members and the Governance Professional, who provided the input required to allow us to progress this independent review.



6. Findings and Recommendations

- 6.1 The recommendations arising from the last Externally Facilitated Effectiveness Review, which was produced by the College Development Network and issued on 28 June 2021, were monitored through a Governance Plan and fed into the annual governance narrative within the College's Annual Report and Accounts.
- 6.2 The internal audit report 2022/07 - Corporate Governance - Governance Improvement Plan, which was issued in November 2022, confirmed that 13 of the 16 actions on the Governance Improvement Plan could be classified as completed at that time. This included evidence to confirm the progress made in the areas such as:
- Review of Board committee remits
 - Work to discuss and develop a suite of KPIs
 - Delivery of Board/SLT workshop events
 - Summaries produced of key business for Committees to aid forward planning
 - Scheme of delegation and Conflict of Interests details published
 - Adoption of a new Code of Conduct
 - Training days and pre meetings introduced to enhance relationships between the Board and Executive
 - Creation of a development plan for Board members, which include staff and student board member presentations, have been produced and that a refreshed skills matrix and CPD log
 - Committee membership and attendance list produced
 - Diversity Paper delivered at a Board development event
 - Appointment of an Acting Clerk to the Board
 - Strategy day to inform the development of the Leading and Learning Scheme
 - Production of a schedule of all College policies and procedures to allow status to be tracked
 - Scheme of delegation around policies
 - Revised standard approach for the layout of Board agendas and papers
 - Work to develop a bi-annual stakeholder newsletter, following a stakeholder analysis exercise informed by the discussion at the May 2022 Board development event
 - Increased prominence attached to the Student Association Report when compiling agendas
 - Work to improve engagement with the Regional Strategic Body
 - Enhanced sharing of committee dates with the regional strategic body to allow movement towards alignment of meeting schedules.
- 6.3 Given the relatively small number of improvement actions ongoing within the Governance Improvement Plan, at the point we reported in November 2022, we recommended that the remaining actions should be subsumed into a rolling Governance Action Plan, which would be topped up by any actions arising from the annual self-evaluation exercise conducted against the Code of Good Governance for Scotland's Colleges, and any actions arising from the periodic externally facilitated effectiveness reviews. It was agreed that the status of the rolling Governance Action Plan should be reported to the Board of management annually.
- 6.4 Therefore, we are comfortable that the College has mechanisms in place to ensure ongoing oversight of governance improvement actions in the intervening years between independent Externally Facilitated Effectiveness Reviews, as described in the CDN Guidance Note issued in June 2022.

Strengths

- 6.5 During the one-to-one discussions with Board Members, some key positive themes emerged around:
- The high quality of the papers presented to the Board and to Board sub-committees.
 - The accuracy and the level of detail captured in the minutes presented for approval.
 - The collective recognition of the hard work of the College Management Team, and the Governance Professional, in effectively supporting the governance processes.
 - The positive tone of the various meetings and the respectful way in which they are chaired.
 - The timeliness of distribution of papers for the Board and Board sub-Committees.
 - The usefulness of the agenda setting meetings, for the Chairs of each Board subcommittee, prior to each meeting.
 - The positive impact which the introduction of the Chairs committee has had on the ability to talk through significant issues and opportunities with the Principal.
 - The benefit of the introduction of the Board Member tours of the College campus in allowing Board Members the opportunity to speak to College staff and gain a deeper understanding of the day-to-day delivery and culture of the College.
 - The way in which the skills of prospective Board members have been aligned with the specific Board or Board sub committees they are members of.
 - The way in which the agendas are structured to prioritise items which are for decision or discussion, in order to allow sufficient time for discussion and debate.
 - The benefit of the Board Strategy Days in raising awareness and showcasing the key developments across the College and the key priorities for the coming year.
 - The opportunity for Board Members to work in groups at the Board meetings and in the Board Strategy Days.
 - The inclusive way in which the Board Chair ensures that all Board Members have the opportunity to provide input on key issues for decision or discussion.
 - Confirmation that the introduction of one-to-one discussions with the current Chair of the Board of Management are a positive development and that these meetings provide a useful the opportunity to raise any issues around the existing governance arrangements.
 - The opportunity for managers outwith the Executive Management Team to present papers to the Board and/or Board subcommittee was highlighted as a positive development by Board Members. Specific benefits highlighted were the development opportunity for the managers involved the reduction of the burden placed on the College Management Team and the opportunity to discuss issues with staff who may be closer to the operational issues in the area under discussion.

6. Findings and Recommendations (Continued)

Areas for improvement identified

- 6.6 In evaluating the feedback received through the one-to-one discussions, a number of improvement themes emerged as follows:
- a) It was highlighted by the Student President, that although there is a standing agenda item for the Student President's Report, it is not always clear, in advance of each Board or Board subcommittee meeting, where the student perspective is specifically required or would be beneficial, on other agenda items.
 - b) Some interviewees highlighted the challenge of linking the overarching priorities from the College Strategy 2022 – 2025 to the work of the committees they attend.
 - c) The complexity of the issues being considered by the Board, and the need for connectivity between the detailed discussions and considerations which take place at Board subcommittee level, were highlighted by a number of interviewees.
 - d) Section E of the Code of Good Governance for Scotland's Colleges focuses on Relationships and Collaboration. While a range of information has routinely been provided to the Board on external partnerships, a number of Board Members highlighted a desire for further clarity on key College partnerships with employers.
 - e) Although the general feedback around Board induction was positive, the view was expressed by some Board Members that the induction process was very focused on the Board of Management and that further tailored training to prepare Board Members for their role on Board sub committees would be useful.
 - f) Although Board Members praised the improvements made in developing the College's risk management arrangements, since the Vice Principal – Finance, Resources & Sustainability came into post, some Board Members expressed the view that there was an opportunity to align some strategic risks with specific Board sub committees in order to link the detailed discussions on risk mitigation at subcommittee level to the Audit and Risk Committee and Board considerations of the Strategic Risk Register.

6. Findings and Recommendations (Continued)

- 6.7 Each of the issues described in paragraph 6.6 are explored in more detail below, with recommendations made to address the issues highlighted, where required.

Areas for improvement identified through the one-to-one discussions

Observation	Recommendation
<p>It was highlighted by the Student President, that although there is a standing agenda item for the Student President's Report, it is not always clear, in advance of each Board or Board subcommittee meeting, where the student perspective is required or would be beneficial.</p> <p>Providing advance warning of expected input on a particular topic would allow the opportunity for wider consultation and the preparation of a more rounded response, in advance of the meeting.</p>	<p>R1 It is recommended that as part of the agenda setting meeting with the relevant Chair, the Governance Professional could complete a checklist or aide memoire, which would provide the respective Chair with advance warning of any specific agenda items where a particular perspective is being sought. This would allow the opportunity for further discussion on the topic in advance of the relevant meeting. Although this issue was raised in the context of Student Board Members, this could equally apply to Staff Board Members or Trade Union Board Members.</p>
Management Comments	Timescales and Responsible Person
<p>The Executive Team meet with the Student Association President and Vice President on a monthly basis to discuss key issues both operational and governance.</p> <p>Agree with recommendation.</p>	<p>Action by: Governance Professional</p> <p>Timescale: August 2025</p>



Corporate Governance

Observation	Recommendation
<p>Some interviewees highlighted the challenge of linking the overarching priorities from the College Strategy 2022 – 2025 to the work of their committee. The view was expressed that as part of the work to develop the next iteration of the College Strategy there is a need to clearly articulate the way in which the various initiatives which are ongoing or are planned link into the local, regional and national priorities and to develop performance measures which will allow the impact of this range of activity to be captured and aligned with the Board and Board-subcommittees. This will allow a more cohesive approach to demonstrating impact and allow the story of success to be presented in a meaningful way to multiple stakeholders.</p>	<p>R2 It is recommended that as part of the strategic planning process to develop the next iteration of the College Strategy beyond 2025, the Board should consider mapping the ongoing and planned initiatives and projects with local, regional and national priorities and defining performance metrics which will allow internal and external reporting on the impact which these initiatives and projects are delivering. This will also allow alignment of responsibility for oversight of specific strategic priorities with the Board and Board sub committees.</p>
Management Comments	Timescales and Responsible Person
<p>Agreed this is a work in progress for the next Board meeting.</p>	<p>Action by: Principal</p> <p>Timescale: August 2025</p>



Observation	Recommendation
<p>The complexity of the issues being considered by the Board, and the need for connectivity between the detailed discussions and considerations which take place at Board subcommittee level, were highlighted by a number of interviewees.</p> <p>It was evident from our discussion with the Chair of the Finance and Resources Committee that there were clear benefits in being a member of this committee and also the Learning, Teaching and Student Experience Committee.</p> <p>In discussion with the Chair of the Board it was evident that the focus is on ensuring a quality discussion at the Board and at each Board sub-committee, rather than on deliberately placing Board Members on multiple sub committees in order to provide read across (for example, between the discussions on the steps required to manage financial pressures and the potential impact of these financial decisions on the student experience or on the quality of learning and teaching).</p>	<p>R3 It is recommended that discretion should be given to each Board subcommittee Chair to invite Board Members from other Board sub committees to attend their meetings, depending on the subject matter to be discussed at individual meetings and the linkages to matters being discussed in other committees.</p>
Management Comments	Timescales and Responsible Person
<p>Agreed.</p>	<p>Action by: Board Members with guidance from the Governance Professional</p> <p>Timescale: Immediate.</p>

Corporate Governance

Observation	Recommendation
<p>Section E of the Code of Good Governance for Scotland's Colleges focuses on Relationships and Collaboration.</p> <p>While a range of information has routinely been provided to the Board on external partnerships, a number of Board Members highlighted a desire for further clarity on key College partnerships with employers, recognising that this is an extremely complex picture in terms of the wide range of partnership activity and the impact that each element of partnership activity may have on the achievement of College objectives and the mitigation of risks around effective stakeholder engagement to inform curriculum planning and commercial activity.</p>	<p>R4 It is recommended that the relevant College leads on partnership activity should conduct an annual self-evaluation exercise to assess the relative importance of the partnership activity in delivering a) the strategic objectives of the College, and b) the extent to which the partnership activity provides mitigations against any identified corporate risks around effective stakeholder engagement to inform curriculum planning and current/future commercial activity delivered by the College.</p>
Management Comments	Timescales and Responsible Person
<p>There is a stage before this recommendation which also includes potential partnership work and pipeline activity which will be going to the FRC in August 2025. Note that the college does not as yet have a great deal of partnership work, this is mainly with the SL Council and the local employers.</p> <p>Furthermore, curriculum planning centres around labour market intelligence, Scottish Government priorities and skills gaps, this is also part of routine audit.</p>	<p>Action by: Vice Principals of Finance and Student Experience and Innovation.</p> <p>Timescale: February 2026</p>



Corporate Governance

Observation	Recommendation
While the induction process was praised by Board Members, in terms of preparing individuals for their role on the Board of Management, there was a view that more tailored training is required to effectively equip Board Members for their role on Board sub committees.	R5 It is recommended that consideration should be given to the development of tailored induction to prepare new members for their role on Board sub committees.
Management Comments	Timescales and Responsible Person
Agreed and work is in train on this by the Governance Professional	Action by: Governance Professional Timescale: September 2025



Observation	Recommendation
<p>Although Board Members praised the improvements made in developing the College's risk management arrangements, since the Vice Principal – Finance, Resources & Sustainability came into post, some Board Members expressed the view that there was an opportunity to align some strategic risks with specific Board sub committees in order to link the detailed discussions on risk mitigation at subcommittee level to the Audit and Risk Committee and Board considerations of the Strategic Risk Register.</p>	<p>R6 It is recommended that consideration be given to aligning the oversight of specific strategic risks to individual Board sub committees. This would ensure that the detailed discussions on mitigations for these risks, which happen at Board subcommittee level, are fed in to the Audit and Risk Committee and Board considerations of the Strategic Risk Register.</p>
Management Comments	Timescales and Responsible Person
<p>Much work has been done, with further sessions being held on risk with the Board as well as adding risk appetite to the risk register. Each board paper has a section on specific risks related to the specific issue being reported in the paper.</p> <p>It may be that as part of the committee agenda there is a standing item on risks from the strategic risk register pertaining to that particular committee, which members could feed into.</p>	<p>Action by: VP Finance and Governance Professional</p> <p>Timescale: December 2025</p>

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AUDIT & RISK COMMITTEE

DATE	19 August 2025
TITLE OF REPORT	Internal Audit Plan 2025/26
REFERENCE	06.4
AUTHOR AND CONTACT DETAILS	Elaine McKechnie – Vice Principal - Finance, Resources & Sustainability; Elaine.Mckechnie@slc.ac.uk .
PURPOSE:	To update the Committee on the intended Audit Plan for 2025/26.
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to: <ul style="list-style-type: none"> Note the contents of the report in respect of planned audit activity in 2025/26.
RISK	<ul style="list-style-type: none"> That the College fails to identify risks and appropriate controls during day-to-day operations. That the College does not meet governance requirements because of poor risk management and controls. That the College does not comply with the requirements of the Code of Good Governance and other requirements of it as a college. That the College does not fulfil its requirements as regards giving assurance to the College Board and to its external auditors.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> The Student Experience Culture and People Development Growth and Innovation Sustainability
SUMMARY OF REPORT:	<ul style="list-style-type: none"> Internal Audit has provided an Internal Audit plan for 2025/26 for the Committee's consideration. The plan was initially considered by the College Executive team and was discussed with Heads of Service to agree suitable timelines for each assignment to take place. While Student Activity (credits), Student Funding and Follow up reviews are mandatory assignments annually, the below assignments have been carefully selected to enable the College to test the suitability and robustness of existing procedures. <ul style="list-style-type: none"> Student Experience – Curriculum Students Association Financial Sustainability Business Continuity

	<ul style="list-style-type: none"> In agreement with Internal Audit, the College intends to undertake the work across October 2025 – March 2026 and will bring reports from each assignment to subsequent Audit & Risk Committees across 2025-26.
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1 INTRODUCTION

1.1. This paper provides an overview of the intended Audit & Risk Committee Internal Audit plan for 2025-26.

2 BACKGROUND

2.1 The College needs an internal plan annually to ensure robust governance, accountability, and strategic oversight.

- 2.1.1 The plan targets areas of highest strategic and operational risk, ensuring resources are focused where assurance is most needed.
- 2.1.2 It helps meet mandatory requirements under the Post-16 Audit Code of Practice and the Code of Good Governance for Scotland's Colleges, which expect internal audit to be planned, risk-informed, and reported on annually.
- 2.1.3 The plan reflects the college's evolving priorities, systems, and external influences—ensuring internal audit remains relevant and responsive.
- 2.1.4 It enables the committee to track progress on previous audit recommendations and assess the effectiveness of internal controls and risk management processes.
- 2.1.5 A published plan provides a clear roadmap for internal audit activity, supporting scrutiny by the board, external auditors, and regulators like the Scottish Funding Council.

3 THE INTERNAL AUDIT PLAN FOR 2025/26

3.1 The below table contains a summary of planned audit activity across 2025-26, excluding the routine student activity (credits) and student funding audits, which will take place in September and October 2025 respectively.

3.1.1 *Table 1 Planned Internal Audit Assignments for 2025-26*

Internal Audit Area	Timeline	Owner
Student Experience – Curriculum	Dec 25	Head & Depute Head of Curriculum
Students Association	Oct 25	Head of Student Services
Building Maintenance*	13 Oct 25	Head of Facilities/Head of Finance
Financial Sustainability	Feb 26	Head of Finance
Business Continuity	Mar 26	Head of Digital/Head of Facilities

**Continuation of 24/25 activity deferred to October 2025.*

3.2 The College recognises that the recent restructure and appointment of postholders into new or revised roles will add a greater layer of challenge across 2025-26 as the College embeds new processes.

3.3 The above areas selected are therefore representative of areas of College operations in which less change has taken place, leaving previously scoped areas such as Quality and Budgetary Control for future assignments, once processes have been fully revised and established across 2025-26.

3.4 In agreement with Internal Audit, the College intends to undertake the work across October 2025 – March 2026 and will bring reports from each assignment to subsequent Audit & Risk Committees across 2025-26.

3.5 The Committee is reminded that the internal audit plan is a proposal and timings and full scope for each assignment will be fully devised in due course through discussion with College Leads and Henderson Loggie.

4 EQUALITIES

4.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

5 RISK AND ASSURANCE

5.1 The main risks are:

5.1.1 that the College fails to identify risks and appropriate controls during day-to-day operations.

5.1.2 that the College does not meet governance requirements because of poor risk management and controls.

that the College does not comply with the requirements of the Code of Good Governance and other requirements of it as a college; and

5.1.3 that the College does not fulfil its requirements as regards giving assurance to the College Board and to its external auditors.

6 RECOMMENDATIONS

6.1 The Committee is recommended to:

6.1.1 Note the contents of the report in respect of planned audit activity in 2025/26.

South Lanarkshire College

Internal Audit Annual Plan 2025/26

Internal Audit Report No: 2026/01

Draft issued: 22 July 2025

2nd Draft issued: 11 August 2025

3rd Draft issued: 13 August 2025

Final issued:



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Introduction

- 1.1 The purpose of this document is to present for consideration by management and the Audit & Risk Committee the annual operating plan for the year ended 31 July 2026. The plan is based on the proposed allocation of audit days for 2025/26 set out in the extended Strategic Plan 2021 to 2026 (Report 2025/01, issued 6 November 2024). The preparation of the extended Strategic Plan involved discussion with the Principal, Vice Principal Learning, Teaching & the Student Experience and Vice Principal Finance, Resources & Sustainability, consideration of areas of higher risk and need from a review of the College's Strategic Risk Register and a review of previous internal audit coverage. The Audit & Risk Committee approved the extended Strategic Plan at its meeting on 15 November 2024.
- 1.2 The annual operating plan for 2025/26 shows three changes to the allocation set out in the extended Strategic Plan:
- the proposed joint review of Curriculum and Quality will now focus on Curriculum only as the Tertiary Quality Enhancement Framework (TQEF) is still in its infancy and the College plans to use 2025/26 to embed a new quality department (following the internal restructure at the College) and new processes to support the TQEF environment. Management has requested that the review of Quality is therefore deferred to 2026/27;
 - the proposed joint review of Budgetary Control and Financial Planning will now focus on Financial Planning only as the College has only recently filled the post of Head of Finance in March 2025 and there are more budget improvements planned for the process across March to May 2026. Management has therefore requested that the review of Budgetary Control be deferred so that it can test the validity of those better-established procedures in 2026/27, rather than review and conclude on procedures currently; and
 - management has also requested that the proposed review of Staff Development be deferred until 2026/27 on the basis that the Human Resources (HR) area has been subject to several audits in recent years, the new system is only just being rolled out more fully and staff development / appraisal / career reviews / training will only come into sharper focus during 2025/26. A HR executive administrator has just been recruited, who will administer much of the training function at the College. Deferring the audit will allow time for the new processes to be embedded. A review of the Student Association's student engagement activities has been included in its place.
- A copy of the updated Internal Audit Strategic Plan 2021 to 2026 is included at Section 2 of this report.
- 1.3 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2025/26, together with the proposed audit approach. These have been arrived at following discussion with the Principal, Vice Principal Student Experience & Innovation and Vice Principal Finance, Resources & Sustainability. The outline scopes will be refined and finalised after discussion with responsible managers in each audit area prior to each audit.
- 1.4 Separate reports will be issued for each assignment with recommendations graded to reflect the significance of the issues raised. In addition, audit findings will be assessed and graded on an overall basis to denote the level of assurance for the area reviewed and therefore the priority that should be given to each report.
- 1.5 We have produced this document and carry out all our internal audit practice in line with the requirements of the Global Internal Audit Standard (effective from 9 January 2025) and the Global Internal Audit Standards in the UK Public Sector (effective from the 1 April 2025).

Strategic Plan 2021 to 2026

Proposed Allocation of Audit Days

			Actual	Actual	Actual	Actual	Planned
	Category	Priority	21/22	22/23	23/24	24/25	25/26
			Days	Days	Days	Days	Days
Reputation							
<i>Publicity and Communications</i>	Gov	M/H			5		
<i>Health and Safety / Wellbeing</i>	Gov	H	5				
Student Experience							
<i>Curriculum</i>	Perf	M					6
<i>Quality</i>	Perf	M		6			
<i>Student support</i>	Perf	M			5		
<i>Student recruitment and retention</i>	Fin/Perf	M					
<i>Student welfare – Duty of Care</i>	Perf	M				5	
<i>Student Association</i>	Gov	L					5
Staffing Issues							
<i>Staff recruitment and retention</i>	Perf	L/M		5			
<i>Staff development</i>	Perf	M					
<i>Payroll</i>	Fin	M/H				6	
<i>Teaching staff utilisation</i>	Perf/Fin	M					
Estates and Facilities							
<i>Building maintenance</i>	Fin/Perf	M				5	
<i>Estates strategy / capital projects</i>	Fin/Perf	M					
<i>Space management / room utilisation BPR</i>	Perf	M			6		
<i>Asset management</i>	Perf	M					
Financial Issues							
<i>Budgetary control</i>	Fin	H		5			
<i>Student invoicing and debt management</i>	Fin	M				3*	
<i>General ledger</i>	Fin	L					
<i>Procurement and creditors / purchasing</i>	Fin	M/H			5		
<i>Debtors / Income</i>	Fin	M				3*	
<i>Cash & Bank / Treasury management</i>	Fin	M					
<i>Fraud Prevention, Detection and Response</i>	Fin	M					
<i>Financial sustainability</i>	Fin	H					6

Strategic Plan 2021 to 2026

Proposed Allocation of Audit Days (continued)

	Category	Priority	Actual 21/22 Days	Actual 22/23 Days	Actual 23/24 Days	Actual 24/25 Days	Planned 25/26 Days
Commercial Issues							
<i>Business Development</i>	Fin/Perf	M					
<i>External Activities</i>	Gov/Fin/ Perf	M					
Organisational Issues							
<i>Risk Management</i>	Perf	H	5				
<i>Business Continuity</i>	Perf	M					5
<i>Corporate Governance</i>	Gov	M	1			5	
<i>Corporate Planning</i>	Perf	M					
<i>Performance reporting / KPIs</i>	Perf	M					
<i>Partnership Working</i>	Gov/Perf	M					
<i>Equalities</i>	Gov	L					
<i>Environmental Sustainability</i>	Gov/Perf	M				5	
Information and IT							
<i>Cyber security</i>	Perf	M/H	5				
<i>Data protection / records management</i>	Gov	H					
<i>FOI</i>	Gov	M					
<i>ICT and Digital Transformation</i>	Perf	M/H					
<i>Strategy implementation</i>							
<i>Licencing</i>	Perf	L					
Other Audit Activities							
Credits Audit	Required		6	6	6	6	6
Bursary, Childcare and Hardship Funds Audit	Required		5	5	5	5	5
EMA Audit	Required		2	2	2	2	2
Management and Planning)			3	3	3	3	3
External audit / SFC)							
Attendance at A&R Committee)							
Follow-up reviews			2	2	2	2	2
Audit Needs Assessment			2			1	
Total			36	34	39	51	40
			=====	=====	=====	=====	=====

Key

Category: Gov – Governance; Perf – Performance; Fin – Financial

BPR = Business process review
 * these assignments will be linked



Outline Scope and Objectives

Audit Assignment:	Student Experience – Curriculum
Priority:	Medium
Fieldwork Timing	TBC
Audit & Risk Committee Meeting:	TBC
Days:	6

Scope

This audit will consider the key risks in relation to the College's curriculum.

Objectives

The objective of the audit will be to ensure that:

- the core College curriculum is aligned with national priorities and the needs of regional industry, employers and individual learners;
- there is a process in place to review and refresh existing programmes on a regular basis;
- adequate controls are in place over the development of new programmes including the preparation of a business case, costing and pricing;
- the College has exploited the potential of new technology in order to widen access to the curriculum and enhance the learner experience;
- the curriculum planning process takes sufficient cognisance of the College's Credits target; and
- there are strong links between the curriculum planning process and workforce planning, timetabling and budgeting.

Our audit approach will be:

Interviews will be held with the Vice Principal Student Experience & Innovation, Head of Curriculum, Depute Head of Curriculum and other relevant managers and staff to assist in documenting the systems and processes in place. A detailed assessment of the key internal controls will be performed, and an audit testing programme will be devised thereon.

Audit Assignment:	Student Association
Priority:	Low
Fieldwork Timing	TBC
Audit & Risk Committee Meeting:	TBC
Days:	5

Scope

Student engagement at the College is about students and staff working together to improve the learning and teaching experience. The College wants its students to be involved in all aspects of learning, helping to shape the College's direction by being a key part of the decision-making process in the College.

There are several ways students can get involved including being a part of the Student Association or becoming a Class Representative.

The scope of this audit will be to review the Student Association's student engagement activities.

Objectives

The specific objectives of our audit will be to obtain reasonable assurance that:

- the Student Association strategy links to national (NUS) and local priorities, is supported by action plans and subject to appropriate monitoring;
- there are effective mechanisms in place to facilitate and encourage student representation (e.g., class reps, student officers);
- effective communication channels are being used to promote engagement activities;
- there is collaboration between the Student Association, College staff and external partners (e.g. local / national groups, other student associations); and
- mechanisms are in place to assess how Student Association engagement activities contribute to student wellbeing, inclusion, and academic success.

Our audit approach will be:

From discussion with the Student Association President and Vice President, College Head of Student Services, and other relevant College managers and staff and Student Association Officers, we will consider whether the above objectives are being met.

Audit Assignment:	Financial Sustainability
Priority:	High
Fieldwork Timing	TBC
Audit & Risk Committee Meeting:	TBC
Days:	6

Scope

This audit will review the College's financial planning practices and protocols to consider whether these are in line with good practice.

Objectives

The objectives of the audit will be to ensure that:

- the College has developed a long-term financial strategy, which includes long-term financial forecasts; and
- assumptions used in the financial forecasting returns submitted to the SFC are robust, realistic and are applied consistently. Any departure from the SFC guidance on common sector assumptions is justified to the Board and the SFC.

Our audit approach will be:

The Vice Principal Finance, Resources & Sustainability, Head of Finance and Finance staff will be interviewed, and financial plans, forecasts and reports reviewed, to determine current working practices in financial planning.

Note: the final scope and objectives for this review will be agreed following further discussion with College senior management.

Audit Assignment:	Business Continuity
Priority:	Medium
Fieldwork Timing	TBC
Audit & Risk Committee Meeting:	TBC
Days:	5

Scope

We will undertake a review of business continuity planning to consider whether there are adequate plans in place to minimise disruption to operations following significant incidents, including those affecting buildings, equipment or services.

Objectives

The objective of our audit will be to obtain reasonable assurance that:

- Business Continuity / Contingency Plans are in place covering all of the College's activities and locations;
- the Business Continuity Plans / Contingency Plans are workable, properly communicated to members of staff, and have been adequately tested; and
- the processes and procedures in place follow recommended good practice.

Our audit approach will be:

Obtain copies of Business Continuity / Contingency Plans in place and consider whether they cover all of the College's activities and locations.

Discuss the College's approach with the Vice Principal Finance, Resources & Sustainability, Head of Digital, Head of Facilities and other key managers and staff, and review evidence of how plans have been communicated to staff and other stakeholders, and the extent to which plans have been tested and assurance over the robustness of plans obtained.

An assessment of the key processes and internal controls will be performed with reference to relevant good practice guidance.

Audit Assignment:	Credits Audit
Priority:	Required annual audit
Fieldwork Timing	TBC
Audit & Risk Committee Meeting:	TBC
Days:	6

Scope

Credits Audit Guidance, issued by SFC, requests that colleges obtain from their auditor's assurances as to the reasonableness of procedures used in the compilation of the Credits related element of the student activity data for the academic year (FES return).

Objectives

To obtain reasonable assurance that:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- the FES return is free from material misstatements.

Our audit approach will be:

Through discussion with the Head of Digital and other College staff, and review of relevant documents, we will record the systems and procedures used by the College in compiling the returns to SFC and assess and test their adequacy. We will carry out further detailed testing, as necessary, to enable us to conclude whether the systems and procedures are working satisfactorily as described to us.

Detailed analytical review will be carried out obtaining explanations for significant variations from previous year's activity.

Our testing will be designed to cover the key risk areas identified in Annex C of the Credits Audit guidance.

We will also review the final error report from the FES on-line checks.

Audit Assignment:	Bursary, Childcare and Hardship Funds Audit
Priority:	Required annual audit
Fieldwork Timing	TBC
Audit & Risk Committee Meeting:	TBC
Days:	5

Scope

We will carry out an audit on the College's student support funds for the year ended 31 July 2026 and provide an audit certificate.

Objectives

The audit objectives will be to obtain reasonable assurance that:

- the College complies with the terms, conditions and guidance notes issued by the SFC and SAAS;
- payments to students are genuine claims for hardship, childcare or bursary, and have been processed and awarded in accordance with College procedures; and
- the information disclosed in each of the returns for the year ended 31 July 2026 is in agreement with underlying records.

Our audit approach will be:

- Reviewing new guidance from the SFC and SAAS and identifying internal procedures through discussion with College staff, and review of relevant documents;
- Agreeing income to awards;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing for large or unusual items, obtaining explanations where necessary; and
- Carrying out detailed audit testing, on a sample basis, on expenditure from the funds.

Audit guidance issued by SFC will be utilised. This includes 'Areas of risk and audit considerations' for bursaries and for the discretionary funds and childcare.

Audit Assignment:	EMA Audit
Priority:	Required annual audit
Fieldwork Timing	TBC
Audit & Risk Committee Meeting:	TBC
Days:	2

Scope

Guidance on the audit requirements for Education Maintenance Allowances (EMAs), issued by SFC, includes the requirement to have a separate audit of EMAs on an academic year (August to July) basis.

Objectives

To obtain reasonable assurance that:

- the information set out in the EMA returns is in agreement with the underlying records;
- the College used the funds in accordance with SFC's conditions and the principles of the EMA programme; and
- the systems and controls for the administration and disbursement of the funds are adequate.

Our audit approach will be:

Through discussion with Finance staff, and review of relevant documents, we will record the systems and procedures used by the College in compiling the EMA returns and assess and test their adequacy. We will carry out further detailed testing, as necessary, to enable us to conclude that the systems and procedures are working satisfactorily as described to us.

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Fieldwork Timing	TBC
Audit & Risk Committee Meeting:	TBC
Days:	2

Scope

This review will cover reports from the 2024/25 internal audit programme and reports from earlier years where previous follow-up identified recommendations outstanding.

Objectives

To establish the status of implementation of recommendations made in previous internal audit reports.

Our audit approach will be:

- for the recommendations made in previous reports ascertain by enquiry or sample testing, as appropriate, whether they have been completed or what stage they have reached in terms of completion and whether the due date needs to be revised; and
- prepare a summary of the current status of the recommendations for the Audit & Risk Committee.

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AUDIT AND RISK COMMITTEE

DATE	19 August 2025
TITLE OF REPORT	Rolling Audit Recommendations Monitor
REFERENCE	07.1
AUTHOR AND CONTACT DETAILS	Paddy Feechan, Head of Finance paddy.feechan@slc.ac.uk
PURPOSE:	To present an update on the work that has been undertaken by the College to address previous audit recommendations.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: <ul style="list-style-type: none"> • Note 1 new recommendation was added as a result of the Payroll Internal Audit brought to the Committee in May 2025; • note 3 recommendations being marked as closed during the last quarter, with progress being made on residual recommendations during the summer
RISKS	<ul style="list-style-type: none"> • That the College does not have appropriate internal controls to safeguard its staff, students and assets. • That the College does not have adequate risk management processes and procedures in place.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • 1 new recommendation was added and closed in the same quarter. 2 additional recommendations have been closed off during the last quarter (3 closed in total). • There are now 25 outstanding recommendations on the monitor, covering 1 Cyber Security, 1 Health & Safety, 3 Staff Recruitment & Retention, 4 Budgetary Control, 4 Student Support Funds, 2 Student Activity (Credits), 1 Publications and Communications Audit, 1 Procurement and Purchasing/Creditors, 3 Business Process Review Space Management/Room Utilisation and 5 Payroll & Pension Management. • Resources have been constrained over the summer period in terms of annual leave, vacancies following the restructure, a large scale recruitment effort to fully staff the new structure and ongoing system implementation.

1 INTRODUCTION

- 1.1. This paper provides an update of the College's progress in responding to Internal Audit Recommendations from prior audit engagements. It is a centralised point of reference for logging of all actions taken to ensure that the recommendations are enacted. The report is subject to an internal review by the Senior Leadership Team (SLT) on a quarterly basis, with updates provided by the owner of the recommendations. This ensures sufficient focus and commitment from the College to ensure that recommendations are accepted and enacted.

2 BACKGROUND

- 2.1 Internal Audit is a necessary function to ensure good governance and control within each area of College operations. The report details findings from Internal Audits with College management response to those findings and suggestions as to timeframes for completion of work required to address concerns raised.

3 CYBER SECURITY

- 3.1 One Audit recommendation remains for completion by the end of September 2025.
- 3.2 The Incident Response Process, and supporting playbooks, that was originally in plan for the SLT at the Staff Development Day in December 2024 had been moved to end of March 2025 due to competing priorities across the winter term. However, due to the changes in Senior Leadership Team staff following the restructure, this process has been moved out to later in the year/academic year 25-26 once all postholders are in place. While this represents a further delay in the process, the College takes the view that it is more time effective to conduct the exercise with all appointed staff in post.

4 HEALTH & SAFETY

- 4.1 The College is still progressing the closure of the 1 remaining recommendation. An absence within the Estates team has delayed the completion of the recommendation to include an Annual Health and Safety Report in the August Committee cycle.
- 4.2 With a new Health & Safety Advisor joining the College imminently and with Health & Safety transitioning to People Services, it is expected that this recommendation will be fully closed by the incoming Health & Safety Advisor, summarising academic year 2024-25 in the November 2025 Committee, with inputs from the Estates team which was previously responsible for the Health and Safety function.

5 STAFF RECRUITMENT & RETENTION

- 5.1 Three recommendations remain in progress as at July 2025. The College remains committed to improving its staff recruitment and retention management and work is underway to ensure full compliance with the following recommendations through refreshment of key policies and procedures and through the implementation of the new HR system which is and will continue to improve reporting capabilities.
- 5.2 The new HR system is now the lead payroll system at the College however as has been previously advised, there have been delays in the project, leading to delays in ensuring

full data transfer from legacy system, for which HR estimates a revised timeline for completion of December 2025.

- 5.3 In addition, owing to the work ongoing with the pension contribution project and the restructure and voluntary severance, the prioritisation of refreshing dated policies procedures and specifically, implementing a Recruitment Policy, have been pushed out. Subsequent progress updates will be brought to the next committee meeting.

6 BUDGETARY CONTROL

- 6.1 The College remains committed to enhancing the quality of financial reporting and specifically the annual budget process through the closure of the remaining 4 audit recommendations.

- 6.2 It was planned that for the budget setting process for 2025-26, progress would be made to fully document a budget process and ensure a more bottom-up approach to be taken to budgeting, holding budget holders accountable for their department's finances. This was not fully possible due to the Head of Finance being appointed in the middle of the process. However, a more detailed review of all expense streams was considered, along with a robust view of all income. There was also a detailed analysis of capital expenditure undertaken by the College's internal CAPEX team.

- 6.3 With the new Head of Finance recently joining the College in March 2025, work to embed a more formalised month end process is still ongoing. There is work being done on a month end pack to enhance the output for all curriculum and support areas, to allow budget holders to control their own individual budgets, to allow for greater scrutiny and accountability.

- 6.4 In respect of training for Budget holders in budget and financial information, attendance by the finance team at a future Curriculum Management meeting will be arranged during early 2025-26 to set out and embed processes and procedures going forward. An excel version of budget reports is being targeted for release to budget holders in early September, containing results from the new Academic year for 2025-26.

7 STUDENT SUPPORT FUNDS

- 7.1 The College recognises the importance of the student support funds audit and the role that the College plays in administering public funds to qualifying students. There are 4 outstanding audit recommendations on the monitor as at July 2025.

- 7.2 These recommendations are now expected to be completed by February 2026, once the full quota of students is contained within the FES return and new processes can be tested and evidenced during the audit preparation phases for the return.

- 7.3 Monthly check of FES categories will be implemented to ensure any miscategorised students will have their details corrected by the student support team before any over/under payment takes place prior to the end of the academic year.

8 STUDENT ACTIVITY (CREDITS)

- 8.1 The College is committed to ensuring upmost accuracy in credit claims for student activity through greater data checks and through the latter implementation of a new student record system to auto-enhance data integrity.
- 8.2 The College expects to close these 2 audit recommendations during the next audit cycle in September 2025.

9 PUBLICITY AND COMMUNICATIONS

- 9.1 The audit focused on the systems in place within the College for the management of positive and negative publicity externally, and internal communication.
- 9.2 As reported in May 2025, the Vice Principal for Finance, Resources & Sustainability was unable to attend the Media Training course in March 2025 due to illness. Once the training has been re-arranged and completed, the 1 remaining audit recommendation will be closed off.
- 9.3 Contact has been made with Colleges Scotland to express interest in undertaking this training. As the training tends to be delivered annually across the sector, it is anticipated that this recommendation will not be closed until March 2026.

10 PROCUREMENT AND PURCHASING/CREDITORS

- 10.1 There is 1 recommendation remaining in respect of the amendment of approvals of low value purchase orders in PECOS to Vice Principals (rather than requiring sign off by the Principal), to reduce the risk of a bottleneck at senior level. It is anticipated that all updates (including communication of all changes to relevant staff) will now be targeted by end of September 2025, not July 2025.
- 10.2 Owing to the ongoing College restructure and the work that will be required in PECOS to revise system parameters and approvals, it was decided to allow more time for this recommendation and ensure that the new College structure still aligns with current proposal before incurring a significant amount of rework to revise approvals again in the imminent future.
- 10.3 The College has identified the changes it would like to make, with regards to procurement thresholds, and will present these to SLT and at the next Finance & Resource Committee at the next available opportunity. If agreed, and the relevant financial controls are fully in place, these will be implemented, which will allow the audit point to be closed out fully.

11 BUSINESS PROCESS REVIEW: SPACE MANAGEMENT & ROOM UTILISATION

- 11.1 There are 3 recommendations in progress for this audit.
- 11.2 This review focused on the processes utilised by staff for the completion of course unit information, timetabling (courses, staffing and room allocation), dissemination of timetables, and calculation of room utilisation. While the review concluded that the College has a strong collaborative approach to timetabling and space management, with close working between Curriculum Managers across the College, there is room for improvement.
- 11.3 All recommendations remain in place for completion by December 2025. The Estates Strategy is in progress for launch during 2025/26 to align to the new strategic priorities

which have come into effect in August 2025. A roundtable exercise was conducted in June 2025 with internal colleagues to better understand requirements of the Campus, drawing out key themes for inclusion in a revised Estates Strategy. An initial view of the Estates Strategy will be prepared and brought to Committee for consideration and wider input in due course.

- 11.4 In addition, the new access control system will support with the production of a centralised room booking system. However, the system is now only in early stages of being implemented and so the recommendation cannot be concluded at this time.

12 CONSULTANCY REVIEW: PAYROLL AND PENSIONS MANAGEMENT

- 12.1 There were 12 recommendations returned from this independently arranged audit to review controls and processed within payroll and pensions management.
- 12.2 The College acknowledges that many of the recommendations raised can only be fully completed on the full implementation of iTrent, the Payroll system and the production of reports that will support more detailed monthly checks and analysis.
- 12.3 The College has closed 2 of these recommendations during this quarter, with 5 partially completed and in view for final closure once it can appropriately evidence each conclusion. It is estimated it may take a further 6 to 9 months to action the remaining recommendations as the college awaits the release of new iTrent modules.

13 RESOURCE IMPLICATIONS

- 13.1 Despite the lack of closure of a larger proportion of recommendations this quarter, the Committee is asked to note that progress has been made over the summer term, despite challenges in staff absences, annual leave and the ongoing restructure and recruitment of postholders who will ultimately support with the enactment of some of these recommendations. Notably:
- 13.1.1 The Budgetary Control procedures are being actively reviewed and improved for roll out in 2026/27 budget process, with the Head of Finance now in place;
- 13.1.2 iTrent reporting capability continues to evolve to ensure reports are available to achieve more effective oversight and reporting by exception by People Services and Finance teams;
- 13.1.3 the Estates Strategy session in June 2025 was hosted to begin the process of updating and refining the Estates Strategy for wider Board consumption in due course;
- 13.1.4 the Annual Health and Safety report will be collated from existing Quarterly inputs by the new incumbent Health and Safety Advisor; with support from the Estates team where needed.
- 13.1.5 The Student Support and Credits Audit 2023/24 recommendations will likely be concluded during the upcoming 2024/25 FES audit in September 2025, on being able to evidence their completion as part of the process undertaken in the current year.
- 13.1.6 The last Payroll internal audit report brought to the Committee in May 2025 had one recommendation to establish better procedures for changes to employee standing data and this was agreed and actioned immediately, enabling its closure.
- 13.1.7 The Access Control system is currently being implemented and will in due course enable the College to complete the recommendations noted under the Space Management and Room Utilisation audit, but this is a longer-term goal.

14 EQUALITIES

- 14.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

15 RISK AND ASSURANCE

- 15.1 That the College does not have appropriate internal controls to safeguard its staff, students and assets; and
- 15.2 That the College does not have adequate risk management processes and procedures in place. is on the front cover as well, so suggest retaining if further detail is required.

16 RECOMMENDATIONS

- 16.1 The Committee is asked to:
- 16.1.1 Note 1 new recommendation was added following the Payroll Internal Audit that had been brought to the Committee in May 2025;
- 16.1.2 note 3 recommendations being marked as closed during the last quarter, with progress being made on residual recommendations during the summer and ongoing.

Appendix 07.2 Audit Recommendations Monitor as at 31 July 2025

AUDIT AND RISK COMMITTEE

DATE	19 August 2025
TITLE OF REPORT	SLC Strategic Risk Register Commentary
REFERENCE	08.1
AUTHOR AND CONTACT DETAILS	Paddy Feechan, Head of Finance paddy.feechan@slc.ac.uk
PURPOSE:	To provide members with an update to the risk management arrangements of the College.
KEY RECOMMENDATIONS/ DECISIONS:	Members are recommended to: <ul style="list-style-type: none"> • review and approve the strategic risk analysis contained in the College's Strategic Risk Register and the commentary therein; and • note 8 increased risk scorings since May 2025 in respect of corporate governance, health and safety, learning and teaching, employee journey and business interruption.
RISK	<ul style="list-style-type: none"> • That College strategic risks are not identified, and mitigating actions are not taken.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • Of the fifteen risks identified, 4 post mitigation scores have increased, as have 4 pre mitigation scores. • The highest risk to the College during July was in respect of a corporate governance failure. However, at the time of writing, that risk has been fully mitigated owing to the successful reappointment of the Chair to the Board. Further details are contained at risk 13. • Another high risk for the College continues to be financial stability and, to an extent, remains outside of the control of the College, owing to Government funding restrictions. However, the College continues to encourage full cost recovery and commercial delivery of programmes to bolster income streams. • The College acknowledges that there is insufficient funding for capital and maintenance works and as the Campus continues to age, there is likely to be a higher demand for capital funding to support renovations. • The restructure in the College has also delayed the ability to train the Senior Leadership Team (SLT) in Business Interruption processes. While the College recognises that it can react well to Campus closures, it cannot evidence that it has robust procedures in place for longer term business continuity without the completion of essential training. • Students failing to engage with the bursary assessment process as early as possible continues to cause delays in students receiving funding which can adversely affect

	attendance and progression to a positive destination. There are also students who are still waiting for needs assessments. Proposed changes to the structure of the Extended Learning Support team will likely mitigate some of the risk to students in failing to progress onto positive destinations however this is not yet in place.
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1 INTRODUCTION

- 1.1. This paper provides a commentary on the College's strategic risk register as reviewed by the Risk Management Group (Senior Leadership Team) on 31 July 2025. The risk register is an important document that demonstrates the College's commitment to the establishment and maintenance of effective governance and control arrangements.
- 1.2. Commentary has been added to each risk to justify decisions to maintain risks at current levels where required.

2. RISK ONE - FINANCIAL STABILITY

- 2.1 Post-mitigation risk remains at 20. The political landscape is not within the control of the College and as grant funding makes up over 70% of total income, financial sustainability for the College and the wider sector remains a challenge.
- 2.2 Indicative funding allocations for 25/26 were announced in April 2025 and largely represent a flat cash scenario with only a minimal £45k increase in learning & teaching grant funding. The College has tried to mitigate the risk of financial stability through its restructure and voluntary severance scheme.
- 2.3 The College continues to diversify income streams through the provision of full cost recovery courses and has been encouraged by the Scottish Government intended 60% funding for NI increases in 25/26.

3. RISK TWO - FAILURE OF FINANCIAL CONTROLS

- 3.1. Post mitigation risk remains at 10. This is below the inherent risk rating of 15 inferring that the management of financial controls is within the responsibility of the College.
- 3.2. The newly appointed Head of Finance is now in post, offering an enhancement to the financial control environment.
- 3.3. However, it is recognised that new systems such as Itrent (Payroll System) and Unit-E (Student record systems) which will have financial interactions are not fully operational yet and so the College has maintained risk scorings to reflect that the financial control environment will only be more fully supported when these systems are completely integrated with the finance system.

4. RISK THREE - CREDIT TARGET

- 4.1. The post mitigation risk remains at 5, with inherent risk remaining at 15.
- 4.2. The credit target for the 2024-25 academic year is 43,600. SLC is currently sitting at 43,915 credits, which is 315 credits over target. This is current figures based on the SFC returns as the academic year 24/25 has now ended. This means SLC finished the 24/25 academic year above target and within the 2% upper threshold. The credit claim is subject to audit which takes place at the end of August.
- 4.3. MA monitoring continues following the changes in the PI from the previous risk review. Monthly finance and resources meetings continue to assure that all external contracts (incl. MA's) are closely monitored. If there are any risk emerging, there are changes made to support these contracts.

5. RISK FOUR – THERE IS A BREACH OF LEGISLATION AND ASSOCIATED REGULATIONS

- 5.1. The College continues to be confident that its arrangements for legislation compliance (including GDPR, HR, Quality and Finance) means that it can record a lower risk score. The latest review has not flagged any concerns or requirement to change the inherent risk score or the post mitigation score.
- 5.2. The description of this risk has been enhanced to include HR, Quality and Finance so as to ensure that it is broader in scope.
- 5.3. The ownership of data protection has been transferred from MIS to Governance. There will be shared ownership for a handover period, to ensure a successful transition.

6. RISK FIVE - CAPITAL FUNDING REQUIREMENTS

- 6.1. There has been no change to the inherent risk or post-mitigation risk scoring at 12 for each.
- 6.2. The College acknowledges that there is insufficient funding for capital and maintenance works and as the Campus continues to age, there is likely to be a higher demand for capital funding to support renovations.
- 6.3. In the last quarter, ongoing concerns have been voiced regarding the robustness of the existing cladding and a further issue with one of the lifts in the College has caused the lift to be out of order for a sustained period.
- 6.4. Mitigations include quarterly CAPEX meetings to ensure progress is being made on capital projects that are priority. Additionally, the budget for 25/26 indicates a 4.9% increase in capital funding, amounting to a further £50k.
- 6.5. However, the College recognises that it needs to implement a capital investment plan and related policy to ensure that projects are planned and scheduled across the year and processes for the approval of large-scale works are being followed. This is in progress for review in 2025.

7. RISK SIX – THERE IS A BREACH OF LEGISLATION AND ASSOCIATED REGULATIONS IN RESPECT OF HEALTH AND SAFETY.

- 7.1. The inherent risk score increased from 12 to 15 in July 2025, signifying the impact of a potential breach of legislation and regulation on being able to continue as a viable entity. Post-mitigation risk also increased from 8 to 10.
- 7.2. Staff resource continues to work to capacity to get through policies and procedures updates as required. Regular H&S Committee meetings take place internally to ensure follow up and closure of key actions raised. Compliance with H&S related audits and inspections is standard practice at the College.

8. RISK SEVEN – BUSINESS INTERRUPTION

- 8.1. Inherent risk score increased to 15 from 6, with an increase to post-mitigation risk score at 12 (previously 6).
- 8.2. The restructure in the College has delayed the ability to train the Senior Leadership Team (SLT) while changes to staffing are occurring. Once all postholders are appointed and

the restructure is in place, the College will go through BCP testing with the SLT with AJ Gallaghers, the insurance provider.

- 8.3. While the College recognises that it can react well to storms and unexpected Campus closures and staff can perform their duties remotely, it cannot evidence that it has robust procedures in place for longer term business continuity without the completion of training for a broader range and severity of incidents (e.g. fire, flood damage).

9. RISK EIGHT - DAMAGE TO THE INTEGRITY OF MANAGEMENT INFORMATION SYSTEMS

- 9.1. The risk scoring has been maintained at 6 (inherent risk) and 3 (post-mitigation risk) respectively.
- 9.2. As per last quarter, the College is aware that to keep this as an area green, completion of the audit recommendation for incident response for SLT and continual staff training will need to be maintained.

10. RISK NINE – FAILURE TO ACHIEVE ACCEPTABLY HIGH LEVELS OF LEARNING AND TEACHING AND ASSESSMENT

- 10.1. The inherent risk has increased from 8 to 12, whilst the post-mitigation risk has remained at 4.
- 10.2. The plans for restructure within the Quality department that are underway, coupled with the quality element that is now formally embedded within the Curriculum Manager role, will help to mitigate against this risk in due course.

11. RISK TEN - THERE IS A FAILURE TO PROVIDE AN ENGAGING AND EFFECTIVE EMPLOYEE JOURNEY

- 11.1. There has been no change to inherent risk scoring remaining at 8; although post-mitigation risk has increased from 4 to 16.
- 11.2. There has been an engaging Consultation process to support the restructure of the College and its voluntary severance programme. Human Resource roles will now include enhanced engagement with employees and managers across the College. Furthermore, the College continues to engage with College Employers Scotland and trade unions during this period of change for support staff representation.
- 11.3. There is the upcoming staff conference and staff development day designed to inform and focus staff on the academic year ahead. Also, there will be further features released on iTrent to enhance the employee experience, including a performance management function.

12. RISK ELEVEN - THERE IS A FAILURE TO SAFEGUARD THE HEALTH AND WELLBEING OF STAFF AND STUDENTS

- 12.1. There has been no change to risk scorings, with inherent risk at 9 and post-mitigation risk remaining at 3.
- 12.2. As advised previously, this is a positive area for the College and Student and Staff wellbeing and safety continues to be of utmost importance. Policies and procedures are well embedded, and the College is currently undertaking the welfare student internal audit with Henderson Loggie.

- 12.3. The College remains up to date with new legislation, such as Martyn's law, and is reviewing the potential to invest in security guard presence on Campus as a further mitigation against this risk.

13. RISK TWELVE - THERE IS A FAILURE TO PROVIDE A ROBUST LEARNER EXPERIENCE TO SUPPORT ONWARD PROGRESSION

- 13.1. There has been no change to the inherent risk scoring (staying at 8) or post-mitigation risk (remaining at 12).
- 13.2. Students failing to engage with the bursary assessment process as early as possible continues to cause delays in students receiving funding which can adversely affect attendance and attainment. However, it is noted that the Bursary team have worked conscientiously to support bursary applications, and much progress has been made across the last year.
- 13.3. There are also students who are still waiting for needs assessments and while these cases are outstanding, there is a risk to those students in being able to complete their studies with appropriate support and ultimately progressing to positive destinations post-College.
- 13.4. However, as advised previously, mitigations include the review of Extended Learning Support (ELS) at the College as part of the restructure which will further support the student experience.

14. RISK THIRTEEN - FAILURE OF CORPORATE GOVERNANCE

- 14.1. A further increase has been made to inherent risk as at 31 July 2025 being 25; (previously 17) with post-mitigation risk at 20 (previously 16). This is owing to the late appointment of the Regional Chair by the Scottish Government.
- 14.2. A delay by the Scottish Government of the appointment of the Regional Chair created a temporary breach of Sections 3(1) and 3(2)(a) of Schedule 2 of the Further and Higher Education (Scotland) Act 1992.
- 14.3. The College alerted Audit Scotland and Henderson Loggie, as External and Internal Auditors to demonstrate the steps it had taken to resolve the situation, and assurances were provided from the Scottish Funding Council that the temporary breach, being no fault of the College, would not be upheld.
- 14.4. The College received notification of the successful re-appointment of the existing Chair on 11 August 2025, thereby mitigating any further risk. Nevertheless, despite effective internal processes, given that Corporate Governance forms the backbone of College operations, the scorings have still been adjusted to place the risk of incidence and the resulting impact within a 'very high' category.

15. RISK FOURTEEN – ADVERSE REPUTATIONAL RISK

- 15.1. There is no change to the inherent risk scoring (currently 16) and post-mitigation risk remaining at 12.
- 15.2. The employment tribunal concluded in December 2024 with the result going in favour of the College. However, the College remains vigilant to a potential appeals process and so makes no change to its risk scorings in this intervening period.

16. RISK FIFTEEN – THE MEETING OF NET ZERO SUSTAINABILITY PRIORITIES

- 16.1. The inherent risk scoring has been maintained at 9, with post-mitigation risk remaining at 6. It will be increasingly difficult for the College to drive forward with larger capital investments to support net zero if funding is not available.
- 16.2. The Scottish Government is currently consulting with stakeholders to inform the new statutory guidance for reporting on climate change duties under the Climate Change (Scotland) Act 2009. The Climate Change Leads are working with the Environmental Association of Universities and Colleges to compile the College's response.
- 16.3. The College, through its Climate Change Action Team, continues to demonstrate a healthy engagement with all internal and external requirements in respect of environmental sustainability.
- 16.4. As set out in the planned restructure for the College, a 0.5 FTE Sustainability Officer post will be created. This position should mitigate risk further by enabling the College to have a dedicated resource to establish more sustainable practices and to identify available funding streams.

17. CYBER RISK REGISTER

- 17.1. The Committee is asked to note that actions outstanding have now been completed, mainly supporting risks that were already green.
- 17.2. There are no changes to the scoring in this risk register.

18. DATA PROTECTION ICO ACCOUNTABILITY TRACKER

- 18.1. The Committee is asked to note that the following:
- 18.1.1 Data protection monitoring and compliance has moved to the Governance Professional and will be reviewed in academic session 2025-26.
 - 18.1.2 There is no change to the work undertaken to date.

19. EQUALITIES

- 19.1. There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

20. RISK AND ASSURANCE

- 20.1. That College strategic risks are not identified, and mitigating actions are not taken.

21. RECOMMENDATIONS

- 21.1. Members are recommended to:
- 21.1.1 review and approve the strategic risk analysis contained in the College's Strategic Risk Register and the commentary therein; and
 - 21.1.2 note 8 increased risk scorings since May 2025 in respect of corporate governance, health and safety, learning and teaching, employee journey and business interruption.

APPENDICES

Document 08.2 The College's Strategic Risk Register

Document 08.3 SLC Cyber Risk Register

Document 08.4 SLC Data Protection ICO Accountability Tracker

AUDIT & RISK COMMITTEE

DATE	19 August 2025
TITLE OF REPORT	Quality Assurance and Enhancement Group Update
REFERENCE	09.0
AUTHOR AND CONTACT DETAILS	Elaine McKechnie – Vice Principal, Finance Resources & Sustainability Elaine.McKechine@slc.ac.uk Lisa Doonan – Head of Quality Lisa.Doonan@slc.ac.uk
PURPOSE:	To update Members on the results of the recent Education Maintenance Allowance (EMA) 2 nd Block Audit.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: <ul style="list-style-type: none"> • note the positive results from Education Maintenance Allowance (EMA) 2nd Block Audit in April 2025.
RISK	<ul style="list-style-type: none"> • That the College does not meet the quality assurance requirements of awarding and/or scrutiny bodies. • That the College does not meet governance requirements due to a lack of scrutiny of core processes and controls internally.
RELEVANT STRATEGIC AIMS:	<ul style="list-style-type: none"> • The Student Experience • Culture and People Development • Growth and Innovation • Sustainability
SUMMARY OF REPORTS:	<ul style="list-style-type: none"> • The results of EMA Audit from Block 2 in April 2025 are positive, noting no further actions or recommendations.

1. INTRODUCTION

- 1.1. This paper provides an update on the results of the recent EMA 2nd Block Audit.
- 1.2. The quality function in the College plays a crucial role in ensuring that the College can provide high-quality education and training, can give assurances, demonstrate continuous improvement, as well as development opportunities for students and staff and can demonstrate that it is engaging with stakeholders in a meaningful way to gather feedback on how the services offered meet both learner and staff needs.
- 1.3. The quality function therefore underpins and helps to strengthen the validity of core processes that are subject to audit; the results of which are brought to this Committee for information when published.

3 EMA BLOCK 2 AUDIT

- 3.1 The EMA audit was undertaken in April 2025 in response to statutory requirements placed on the College and set out by the Scottish Funding Council.
- 3.2 A sample of 9 student applications out of 166 across the Curriculum areas (5.42%) were reviewed and the results were positive. All 9 applicants contained the required student details, and all evidence had been ascertained by the Bursary team and were held on the College secure system. Payment records were consistent with attendances.
- 3.3 No actions or recommendations were proposed during this audit.
- 3.4 The full report of the audit can be found in appendix 09.1

4 EQUALITIES

- 4.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

5 RISK AND ASSURANCE

- 5.1 That the College does not meet the quality assurance requirements of awarding and/or scrutiny bodies.
- 5.2 That the College does not meet governance requirements due to a lack of scrutiny of core processes and controls internally.

6 RECOMMENDATIONS

- 6.1 The Committee is asked to:
 - 6.1.1 note the positive results from Education Maintenance Allowance (EMA) 2nd Block Audit in April 2025.

Appendix 09.1 EMA 2nd Audit April 2025



South
Lanarkshire
College

East Kilbride

Quality Audit Group Audit Report

EMA 'Spot Check'
2nd Audit
25th April 2025

Audit Number: 04-2024/2025

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1.0 Executive Summary

This report seeks to inform the Quality Audit Group of the audit activity and findings from the first EMA targeted audit.

2.0 Audit Rationale

The selection rationale is discussed and agreed by the Quality Audit Group.

2.1 Scope and Range

The scope, range and methods of gathering evidence are agreed by the Quality Audit Group.

2.2 Audit Findings

The audit findings are outlined in relation to the evidence gathered.

2.3 Previous Actions/Recommendations for Improvement

There were no previous actions/recommendations for improvement proposed during the audit in December 2024.

2.4 Actions/Recommendations for Improvement

The findings are discussed by the Quality Audit Group and actions/recommendations for improvement proposed.

3.0 Audit Rationale

The rationale for conducting this audit is in response to statutory requirements placed on the College set out in the Scottish Funding Council document *Education Maintenance Allowance Guidance for Colleges, 18th September 2024*.

3.1 Scope and Range

The design of the audit ensured a student-centred focus by sampling 9 student applications out of 166, across the Curriculum Areas (5.42%) and actual payments over each month for this academic session. The range of evidence sampled included:

Evidence from the EMA applications log.

Application forms for every applicant supported by documentary evidence of:

- Birth certificate
- EMA reference number
- Residency
- Bank details
- Income records
- Correct EMA rate applied
- Awards letter
- Supporting documentation
- Signed learning agreement
- Sickness and authorised absence record
- Confirmed BACs payments

Access to the comprehensive Electronic Bursary Application system was made available by the Bursary Team on the day. This facilitated the identification of evidence for each student sampled.

Qualitative evidence was also gathered through professional discussions with the Bursary Team who administer EMA provision.

The scope of the audit also covered Quality Indicator 2.4 of the Education Scotland *How Good is Our College?* framework and SQA criteria 1.1 and 1.4.

3.2 Audit Findings

The audit progressed smoothly. Online access to student applications, attendance and payment records was provided by the Bursary Team.

Bursary staff were available to provide clarification, answer questions and provide additional evidence as required. Record keeping was thorough, and any supporting information/documentation was available.

Applications and supporting documentation were sampled across a range of students and payment dates.

The 9 applications sampled contained the required student details including address, date of birth, residency and income information. The appropriate sections of the application form were answered for students within the sample.

All necessary documents used by the Bursary Team were available to view through the College secure system.

Individual payment records were available for all students in the sample. These records were checked against attendance records and BACS payment records up to payment week 35. Payment records were consistent with attendances.

Student B.No.21791 had no payments showing. On discussion with the Bursary Team, it was confirmed that the student's household income exceeds the threshold and therefore does not meet the criteria to receive payment.

Student B.No.20863 had not received a payment for week 16 although their attendance showed 100%. The Bursary Team confirmed that the student had been paid for week 4 in error and this had been discovered in a routine check therefore payment was withheld for week 16 as repayment.

Detailed BACs payment records were kept. Authorised and sickness absences were recorded methodically, and all payments had been confirmed against attendance.

3.3 Previous Actions/Recommendations for Improvement

There were no previous actions/recommendations for improvement proposed during the audit in December 2024.

3.4 Actions/Recommendations for Improvement

Consider payment weeks are consistent with the college calendar for the next academic year to obviate issues with tracking students' payments.

Lead Auditor : A Jamieson

Signed off by:

Area Manager / Curriculum Manager: Rose Harkin

Curriculum Manager, Quality
(Chair of Quality Audit Group): Linda O'Connell



South
Lanarkshire
College
East Kilbride

AUDIT & RISK COMMITTEE

DATE	19 August 2025
TITLE OF REPORT	Audit Workplan for the Committee
REFERENCE	10.0
AUTHOR AND CONTACT DETAILS	Elaine McKechnie (VP – Finance, Resources & Sustainability) Elaine.mckechnie@slc.ac.uk
PURPOSE:	To review the workplan of the Audit and Risk Committee as across 2025-26
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: <ul style="list-style-type: none"> • Review the workplan and ensure it is complete; • Agree to similar timeframes for scheduling of work for 2025/26 as in 2024/25, and • Instruct College management to arrange for the appropriate supporting documents to be available according to the timetable.
RISK	<ul style="list-style-type: none"> • That there is a failure of financial controls • That there is a failure of Corporate Governance arrangements • That there is a reputational risk to the College.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • The Student Experience • Culture and People Development • Growth and Innovation • Sustainability
EQUALITIES	<ul style="list-style-type: none"> • There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The workplan is a suggested timetable for the year, incorporating formal requirements which the Committee is invited to consider. It is included as appendix 10.1 to this summary. • The Committee is asked to note the following: <ol style="list-style-type: none"> a) The Bi-Annual report of cyber security from the Head of Digital will be presented in November and May each year b) The remit of the Audit Committee is prepared and agreed every two years. As it was approved in August 2024, there is no requirement for this again in August 2025. c) Consideration of the College's risk appetite is considered to form part of the Committee's quarterly review of the College's risk register and will also be considered annually during a Board strategy day. d) The work plan no longer contains references to regional or consolidated tasks following dissolution of the Lanarkshire region on 30 July 2025, allowing the

	College to report its own affairs without a formal need for any regional scrutiny.
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Appendix 10.1 Audit Workplan for 2025-26

1. INTRODUCTION

- 1.1. This paper provides an overview of the intended Audit & Risk Committee work plan for 2025-26.

2. BACKGROUND

- 2.1 The College needs an Audit & Risk Committee work plan annually to ensure robust governance, accountability, and strategic oversight.
 - 2.1.1 It outlines scheduled reviews, audits, and reporting cycles, ensuring nothing critical is missed.
 - 2.1.2 It aligns the Committee's activities with the college's risk register and strategic priorities.
 - 2.1.3 It supports the Committee in producing its required annual report, including opinions on governance and value for money; and
 - 2.1.4 It helps meet obligations under the Post-16 Audit Code of Practice and the Code of Good Governance for Scotland's Colleges.

3 THE WORK PLAN

- 3.1 The Work plan is contained in appendix 10.1.
- 3.2 The Committee is specifically asked to note:
 - 3.2.1 A bi-annual report of cyber security from the Head of Digital will be presented in November and May each year
 - 3.2.2 The remit of the Audit Committee is prepared and agreed every two years. As it was approved in August 2024, there is no requirement for this again in August 2025.
 - 3.2.3 Consideration of the College's risk appetite is considered to form part of the Committee's quarterly review of the College's risk register and will also be considered annually during a Board strategy day.
 - 3.2.4 The work plan no longer contains references to regional or consolidated tasks following dissolution of the Lanarkshire region on 30 July 2025.

4 EQUALITIES

- 4.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

5 RISK AND ASSURANCE

- 5.1 The Main risks are that
 - 5.1.1 there is a failure of financial controls,
 - 5.1.2 there is a failure of Corporate Governance arrangements; and
 - 5.1.3 that there is a reputational risk to the College.

6 RECOMMENDATIONS

- 6.1 The Committee is recommended to:
 - 6.1.1 Review the workplan and ensure it is complete,
 - 6.1.2 Agree to similar timeframes for scheduling of work for 2025/26 as in 2024/25, and
 - 6.1.3 Instruct College management to arrange for the appropriate supporting documents to be available according to the timetable.

AUDIT & RISK COMMITTEE

DATE	19 August 2025
TITLE OF REPORT	Draft Report from the Audit and Risk Committee to the Board of Management and Audit Scotland
REFERENCE	11.0
AUTHOR AND CONTACT DETAILS	Elaine McKechnie – Vice Principal – Finance, Resources & Sustainability Elaine.McKechnie@slc.ac.uk
PURPOSE:	To provide members with oversight of the final report given to the Board of Management in connection with the year ended 31 st July 2025.
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to: <ul style="list-style-type: none"> • To note that the Committee has received satisfactory assurances from the College in respect of Governance, risk management and operational controls • To note and approve the contents of this report for submission to the Board of Management.
RISK	<ul style="list-style-type: none"> • That College governance, strategic risks and controls are not identified, and mitigating actions are not taken to ensure the College can continue to operate efficiently and legally through full compliance with both internal and external audits.
RELEVANT STRATEGIC AIMS FOR 2024/25:	<ul style="list-style-type: none"> • Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The College continued to closely monitor all aspects of risk management, control, and governance during the year with Committee membership and Composition requirements being fully met. • The Committee continues to work well within its current remit and cooperates fully with Internal, External and non-financial Audit findings and recommendations.

1. INTRODUCTION

1.1 It is an annual requirement that the Audit and Risk Committee report to the Board of Management every year in order to comply with the Code of Good Governance for Scotland's Colleges.

2 BACKGROUND

2.1 This report contains a review of all audit related activity undertaken, including internal, external and non-financial audits, and raises any concerns which should be highlighted to the Board. The report should provide the Board of Management with assurance that the current control environment is effective to ensure the smooth running of all College affairs. This in turn allows us to adhere to our strategic aims of successful students, high quality education and support and sustainable behaviours.

3 DISCUSSION

3.1 *Meetings and Composition of the Committee*

3.2 The Audit and Risk Committee met on three occasions since the last reporting date of November 2024 and minutes and associated papers were presented to the Board of Management. The dates of the meetings were: 15 November 2024, 04 February 2025 and 06 May 2025.

3.3 Mr T Feely chaired the Committee until 3 March 2025 when he reverted to Committee member due to personal commitments. Mr P Sweeney was subsequently appointed to the post of Chair effective 3 March 2025. Subsequently, Mr T. Feely resigned from the Board on 22 April 2025. The appointment of Mr P Sweeney was seamless due to existing membership of the ARC.

3.4 *Table 1: The Committee attendance record for the year was as follows:*

Board Member	15 Nov 2024	04 Feb 2025	06 May 2025
P. Sweeney (current Chair ARC; Non-Executive Board Member)	Y	Y	Y
T. Feely (former Chair ARC; Non-Executive Board Member)	Y	-	-
A. Doherty (Executive Board Member)	Y	Y	-
H Anderson (Non-Executive Board Member)	Y	Y	Y
F. Whittaker (Non-Executive Board Member)	-	-	-
J Morrison (Non-Executive Board Member)	-	Y	Y
Also attending:			

S Coutts (Chair of FRC)	Y	-	-
L Wright (FRC Member)	Y	-	-
S Gray (FRC Member)	Y	-	-
Principal	Y	Y	Y
Head of MIS	Y	Y	Y
Head of HR	-	Y	Y
Head of Finance	-	-	Y
Vice Principal – Finance	Y	Y	Y
Chair to the Board	Y	Y	-
Chair of RSB ARC	-	Y	-
Internal Audit	Y	Y	Y
External Audit	Y	Y	Y
Governance Professional	Y	Y	Y
Trade Union Member	Y	-	Y
Executive & Governance Administrator	-	-	Y

3.5 The Financial Statements for the year to 31st July 2024 were presented to the 15 November 2024 meeting of the Committee. Mr Scott Coutts, as Chair of the Finance and Resources Committee, attended the meeting as a representative of that Committee. In addition, Mr T Feely also attended the meeting of the Finance and Resources Committee which recommended approval of the audited Financial Statements to the Board of Management. He attended this meeting as a representative of the Audit and Risk Committee.

4 TERMS OF REFERENCE

4.1 The remit of the Committee was reviewed and approved in August 2024 with a subsequent review due in August 2026. The Committee agreed that its role is to provide oversight and challenge regarding the progress the college is making against the duties outlined below but in addition, the Committee shall consider any issues relating to strategic risk as may have been referred to it by any other Committee or by Management.

5 INTERNAL AUDIT

Henderson Loggie

5.1 The firm of Henderson Loggie has continued to provide internal audit services across 2024-25.

5.2 Five internal audit reviews concluded across the period of September 2024 – July 2025 in the following areas:

- Internal Audit Review 2023/24 (15 Nov 2024)
- Student Activity Audit (Credits) (15 Nov 2024)
- Student Support Audit (Funding) (15 Nov 2024)
- Consultancy Review of Payroll and Pensions Management (04 Feb 2025)
- Payroll (06 May 2025)

5.3 The overall internal audit opinion for 2023/24 concluded that the College has adequate and effective arrangements for risk management, control and governance, as contained in the Annual Internal Audit Report.

5.4 Internal audit reported to the SFC on 9 October 2024 and the Committee on 15 November 2024 that the student data returns had been compiled in accordance with all relevant guidance and adequate procedures are in place to ensure accurate collection and recording of data.

5.5 Internal Audit was also able to provide assurances over the student support (funding) audit, certifying that all three fund statements were accurate and could be submitted to the appropriate bodies, without reservation.

5.6 An additional audit into payroll and pensions management was discussed at the Committee on 04 February 2025. As noted previously as a significant issue, the audit focussed on historic processes including the processing of leavers, pension, long term absences and salary advances. The report concluded with 12 recommendations, which the College Management team fully accepted. As a result, the College implemented several additional payroll controls to mitigate the potential of the findings from recurring, including automation of the current parallel process (with segregation of duties), iTrent leading payroll transactions, additional payroll checks and enhanced supervision. The Committee was satisfied with Management's response to this review and continue to receive regular updates.

5.7 The Payroll internal audit report brought to the Committee on 06 May 2025 considered the key internal controls in place over the College's spend on staff costs. The overall opinion expressed was 'satisfactory', meaning the system meets control objectives with some weaknesses present. The report recommended 1 action be taken to devise a procedure for making changes to employee standing data in the payroll system which the College has accepted. The Committee also recognised that any weakness in the process arose from a significant amount of manual input to processes under the legacy payroll system and took comfort from College Management that the weaknesses reported have already been addressed on the full adoption of iTrent.

5.8 The Committee received quarterly updates on progress of all outstanding audit recommendations via the Rolling Audit Recommendation Monitor. The Committee noted that owing to the restructure and senior staff appointments across the College in this period, there had been some drift in the closing down of some audit recommendations. However, the College is seeking to conclude many of these recommendations as part of the follow-up review that will be presented to the Committee in November 2025.

Internal Audit Annual Report

5.9 A summary of all internal audit work undertaken during the year 2023/24 dated 7 November 2024 was contained in the Annual Report, which was presented to, and approved by, the Audit and Risk Committee at this meeting on 15 November 2024.

6 GLOBAL INTERNAL AUDIT STANDARDS IN UK PUBLIC SECTOR

6.1 At its meeting on 06 May 2025, the Committee received an update from Internal Audit on recent changes to the Internal Audit landscape, following the implementation of Global Internal Audit Standards (GIAS) on 1st April 2025 in place of Public Sector Internal Audit Standards (PSIAS).

6.2 The Standards provide greater emphasis on independence and governance, strengthened ethical and professional requirements, more rigorous annual opinion requirements and tighter quality assurance standards.

6.3 The Committee learned that it could demonstrate conformance to these standards by driving impact, upholding integrity, enhancing communication and evaluating its effectiveness in conforming to GIAS.

6.4 The Committee now has strengthened responsibilities to champion internal audit's work & ensuring its findings are acted upon; facilitate direct access between Internal Audit & senior management and promote a culture of transparency, accountability, & good governance.

7 EXTERNAL AUDIT

7.1 From 2001/02, the responsibility for arranging and monitoring the external audit of the further education sector passed to Audit Scotland. As noted in 2022/23, following a tendering exercise undertaken by that organisation, Audit Scotland was appointed and concluded the financial statements and the annual audit report for year ended 31 July 2024 on 15 November 2024.

7.2 The Committee noted an unmodified audit opinion on the financial statements and annual report for the year ended 31 July 2024. The Committee also noted that the Annual Report and Financial Statements were scheduled to be certified by the 31 December 2024 deadline, despite significant resourcing pressures within the college's Finance function. The College met this deadline and with the appointment of a new Head of Finance in March 2025, the Committee is assured that resourcing pressures have been significantly reduced going forward.

Audit Fees 2024/25

7.3 A letter from Audit Scotland setting out a 1.9% increase in audit fees was shared with the Committee in February 2025. The proposed fee of £25,590 represented an increase of £490 from £25,590 in 2023/24 to £26,080.

7.4 It was stated that fee levels have been developed in the context of an ongoing challenging economic environment, a very competitive environment around staff retention and recruitment, increased demands on audit quality and regulatory oversight.

7.5 In developing the budget, Audit Scotland advised that it has proposed operational efficiency savings that it will look to further enhance during 2025/26. Additionally, the budget also aims to absorb in-year cost pressures and any new demands from within the existing resources, where possible.

Audit Scotland Technical Bulletins

- 7.6 Audit Scotland produces quarterly bulletins which include details of audit and finance-related matters and Circulars issued by the Funding Council. Relevant extracts from these Bulletins are presented to Audit Committee meetings for the benefit of members.

Other Audits Presented to the Committee

- 7.7 Financial and non-financial audits, such as those undertaken by the College's own Quality Audit Group and external bodies such as Skills Development Scotland (SDS) are ordinarily presented to the Committee for review.
- 7.8 The Committee considered the Education Maintenance Allowance (EMA) 1st Block Audit conducted by the internal Quality department in December 2024, in which no concerns were noted over processes. The 2nd Block Audit is coming to this meeting of the Committee in August 2025.

Report on the Financial Statements for the year to 31st July 2024

- 7.9 The Report was considered at the Committee meeting on 15 November 2024 with the view to a recommendation being made to the Board of Management for final approval on 26 November 2024. The report was subsequently approved by the Board and was certified by the 31 December 2024 deadline.

8 COMPLIANCE WITH THE 2016 CODE OF GOOD GOVERNANCE

- 8.1 Progress has been made in the monitoring and review of Governance by the College. The Board has a robust self-evaluation process, as required by The Code of Good Governance for Scotland's Colleges. As noted previously, the 2023 review led to the implementation of a detailed Governance Improvement Plan, focusing on Board induction and training, the creation of an annual work plan for the Board and its committees, membership of Board committees, a revised approach to the reporting of Key Performance Indicators and a focus on diversity in future Board recruitment. This plan was signed off by the Lanarkshire Regional Strategic Body and there is a Rolling Review Programme which further strengthens its corporate governance arrangements while providing appropriate strategic direction for the College.
- 8.2 The College reported in its 2023-24 Governance Statement that it believes it has complied with the Code of Good Governance for the entire year in four areas: Legal minimum membership; availability of minutes and the service of a clerk to the Board; induction; and engagement with internal auditors. Throughout quarterly Committee meetings, the Committee sought assurance of on-going compliance to the Code during 2024-25, which continues to be the case as at current date and is evidenced in the Rolling Review
- 8.3 The Committee also officially welcomed the appointment of Vari Anderson as permanent Governance and Compliance Professional in October 2024 and gave thanks to the Interim Governance Professional, Mr Peter Scott for his dedication and years of service to the College over a particularly challenging period.

9 CONSOLIDATED FINANCIAL STATEMENTS FOR THE LANARKSHIRE BOARD

- 9.1 South Lanarkshire College is a legal entity with a Board of Management which is responsible for the governance and management of the College. In addition, it has been determined that each region should produce regional consolidated financial statements in addition to individual college audited accounts. In order to effect the production of Regional accounts, SLC provides the relevant information to New College Lanarkshire. SLC has

complied with all information requests for year ended 31st July 2024 and the results were contained in the publication of the consolidated financial statements.

9.2 During this reporting period, the Committee has been made aware of the planned Lanarkshire region dissolution on 30 July 2025. The dissolution means that the College's financial statements and annual report for year ended 31st July 2025 will not be consolidated with the wider Lanarkshire Region results and the College now is now an independent College in its own right.

10 REGIONAL ASSURANCE

10.1 The Principal, as the Chief Executive Officer of South Lanarkshire College, is required to give an annual Certificate of Assurance to the Accountable Officer of the Lanarkshire Region which is then forwarded to the Funding Council.

10.2 SLC staff members attend Regional Board and Committee meetings as felt appropriate. In particular, this arrangement applies to the appropriate Audit, Finance and full Board meetings of the Regional Strategic Body to provide information as required.

11 RISK MANAGEMENT

11.1 Prior to dissolution on 30 July 2025, the Vice Principal for Finance, Resources & Sustainability attended the Regional Strategic Risk Group quarterly to present the South Lanarkshire College Strategic Risk Register.

11.2 Risk continues to be a priority for the College, noting risks around financial sustainability, achievement of credit targets, health and safety, cyber security and safeguarding of students and staff.

11.3 At its meeting on 06 May 2025, the Committee was heartened to note that the College had been successful in achieving Cyber Essentials Basic accreditation. The Committee noted that the College will now seek to undertake the second part of this accreditation, Cyber Essentials Plus, within the next 3 months in order that the College is fully accredited by the end of July 2025.

12 MEETING OF THE AUDIT COMMITTEE AND THE INTERNAL AND EXTERNAL AUDIT PROVIDERS

12.1 As per prior year and in line with best practice, an opportunity for the internal and external audit service providers to discuss any matters which were pertinent members of the Committee, but without the presence of College Management, was given at various meetings of the Committee on 15 November 2024. There were no matters of concern raised, and both sets of auditors gave positive feedback.

13 OPINION

13.1 The Committee has overseen the internal and external audits of the College based on audit needs and appropriate guidance from bodies such as the Scottish Funding Council, Colleges Scotland and Audit Scotland.

13.2 The Committee recognises that it has additional ethical and professional requirements placed on it to adhere to the new GIAS. The Committee will continue to challenge items brought for discussion to each Committee.

13.3 Based on reports received from the College's internal and external auditors, and on information received from College management, despite the historic payroll issues, the

Committee is of the opinion that the College's internal financial and management systems are adequate and effective. Its arrangements for securing economy, efficiency and effectiveness are also considered adequate and effective.

13.4 The Committee is also of the opinion that there is an ongoing process for identifying, evaluating and managing the College's significant risks and an overview can be found in the Annual Report and Financial Statements.

13.5 The Committee and College management continue to work closely with the external auditors during 2023/24 to mitigate the effects of past issues, ensuring the production and approval of the Financial Statements could be done by the deadline of 31st December 2024.

13.6 The Committee has also worked closely with College Management during the year to ensure that the College remains compliant with the Code of Good Governance for Scotland's Colleges. Governance is, and will remain, a continued focus and priority for the College going forward.

Peter Sweeney -
Chair; Audit and
Risk Committee
of the Board of
Management

19 August 2025

14 EQUALITIES

14.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

15 RISK AND ASSURANCE

15.1 There is a risk that College governance, strategic risks and controls are not identified, and mitigating actions are not taken to ensure the College can continue to operate efficiently and legally through full compliance with both internal and external audits. However, the purpose of the Audit and Risk Committee is to ensure that there is regular review and discussion of all College affairs including governance and operational management, and the Committee is confident that sufficient procedures are in place to ensure that the College is fully compliant with the external regulatory environment.

16 COMMUNICATIONS

16.1 This paper is for the Board of Management's consumption and contains the salient points from discussions and interactions with all relevant audit authorities throughout the year. The Committee would ask that the Board of Management take assurance from the work undertaken throughout the year and place confidence in decisions that have been made and actions that have been taken because of audit outcomes. The Committee believes that it is well placed to deliver and meet its aims going forward given the review of governance structures and review processes that are now in place.

17 RECOMMENDATIONS

17.1 Members are recommended to:

- To note that the Committee has received satisfactory assurances from the College in respect of Governance, risk management and operational controls; and
- To note and approve the contents of this report for submission to the Board of Management.

AUDIT & RISK COMMITTEE

DATE	19 August 2025
TITLE OF REPORT	Accounting Policies for Financial Statements 2024/25
REFERENCE	13.0
AUTHOR AND CONTACT DETAILS	Elaine McKechnie Vice Principal – Finance, Resources & Sustainability Elaine.mckechnie@slc.ac.uk
PURPOSE:	To present and seek approval from Members for the accounting policies within the Financial Statements for year ended 31 July 2025.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: <ul style="list-style-type: none"> • Note and approve the proposed accounting policies contained within the appendix.
RISKS	The main risks in failing to adhere to accounting policies are to: <ul style="list-style-type: none"> • Going concern due to poor financial oversight and management; • operational failure as financial Statements are a prerequisite for contracts and for continued central funding, and • statutory non-compliance with sponsors and regional bodies such as Lanarkshire Regional Strategic Body, the Scottish Funding Council, Audit Scotland and, ultimately, the Scottish Parliament.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • The Student Experience • Culture and People Development • Growth and Innovation • Sustainability
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The Committee is asked to review and agree the anticipated accounting policies for use within the financial statements. • No updates are proposed to accounting policies this year.

1. INTRODUCTION

- 1.1. This paper provides an overview of the College's anticipated accounting policies for use within the Financial Statements for the year ended 31st July 2025.

2 BACKGROUND

- 2.1 Accounting policies are the rules and guidelines that are selected by the College for use in preparing and presenting its financial statements. Accounting policies are important, as they set a framework, which all Colleges follow, and provide comparable and consistent standard financial statements across years and relative to other Colleges.
- 2.1 The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 'Accounting for Further and Higher Education' and the 2023/24 Government Financial Reporting Manual (FReM) issued by the Scottish Government and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and therefore applies the public benefit requirements of FRS102. They conform to relevant parts of the Scottish Public Finance Manual (SPFM), the Accounts Direction and other guidance issued by the Scottish Funding Council (SFC).
- 2.2 Significant accounting policies should be disclosed particularly in the event of a change in policy or in relation to a material item. The accounting policy for a particular item within the financial statements may be disclosed within the note for that item.

3 PROPOSED CHANGES

- 3.1 There are no proposed changes to accounting policies in 2024/25.
- 3.2 The requirements of the SORP 2019, the FreM and FRS102 remain consistent with 2023/24 and the College has not engaged in any activity during the year which would require a change or introduction of an additional accounting policy.
- 3.3 The Committee is however asked to note that a new FEHE SORP will apply to accounting periods beginning on or after 1 January 2026 (i.e. year ending 31 July 2027 for most Further and Higher Education Providers).
- 3.4 The College is therefore entering a critical phase of preparation for the changes ahead and must turn its attention to implementation—ensuring systems, policies, and teams are ready for the new requirements from the start of the next financial year.
- 3.5 The main areas of change for the College sector will relate to income recognition criteria and the incorporation of operating leases as a right-of-use asset on the balance sheet, for which a change in accounting policy is expected.
- 3.6 The Finance team will provide further updates on the impact of the proposed SORP updates in due course.

4 RESOURCE IMPLICATIONS

4.1 The successful compilation of the Financial Statements is dependent on Finance Team compliance with these policies.

4.2 The College Finance Team must ensure that their knowledge is up to date on all accounting policies to ensure the accuracy of the accounts that they prepare.

5 EQUALITIES

5.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

6 RISK AND ASSURANCE

6.1 The main risks in failing to adhere to accounting policies are to:

- 6.1.1 Going concern due to poor financial oversight and management of results;
- 6.1.2 operational failure as financial Statements are a prerequisite for contracts and for continued central funding, and
- 6.1.3 statutory non-compliance with sponsors and regional bodies such as Lanarkshire Regional Strategic Body, the Scottish Funding Council, Audit Scotland and, ultimately, the Scottish Parliament.

7 RECOMMENDATIONS

7.1 The Committee is asked to:

- 7.1.1 Note and approve the proposed accounting policies contained within the appendix.

APPENDIX 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 'Accounting for Further and Higher Education' and the 2023/24 Government Financial Reporting Manual (FReM) issued by the Scottish Government and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the public benefit requirements of FRS102. They conform to relevant parts of the Scottish Public Finance Manual (SPFM), the Accounts Direction and other guidance issued by the Scottish Funding Council.

Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of land and buildings.

The accounting policies contained in the FReM apply International Reporting Standards as adapted or interpreted for the public sector context. Where the FReM is contradicted by the SORP, the SORP has taken precedence. The particular policies adopted by the College in dealing with items that are considered material to the financial statements are set out below.

Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income (SOCl) when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure and credited to the SOCI over the period in which students are studying. Investment income is credited to the statement of comprehensive income and expenditure on a receivable basis.

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant Funding

Government revenue grants, including Funding Council block grant are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non-exchange transactions without performance-related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income in the SOCI at the point when the College is entitled to the funds. They are subsequently retained within a restricted reserve until such time that expenditure is incurred in line with such restrictions at which point the income is released to unrestricted reserves through a reserves transfer. Donations with no restrictions are recognised in income in the SOCI when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective;
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College;
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the College has the power to use the capital;
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance-related conditions being met.

Fixed Assets

The College's buildings are specialised buildings and are revalued to fair value. They are revalued on a three-year cycle unless there is evidence of a material movement in them. Buildings, including the College's eco-house, are depreciated over the expected useful economic life to the College of 40 years, but land is not depreciated.

The College employs a £10,000 threshold for capitalisation of fixed assets and assets purchased in year are only charged 6 months depreciation. Capital items that fall below the £10,000 threshold for capitalisation will be charged directly to the Income and Expenditure account in the period of purchase, and where applicable will have capital grant funding released against these items. This covers mainly lower value items from the college estate. Individual assets whose costs fall below the threshold but are of a similar type are grouped.

Where assets are purchased with the aid of government capital grants, they are capitalised and depreciated per the rates shown below. Government capital grants relating to specific capital expenditure on depreciable assets are treated as a deferred credit and are recognised in

income on a systematic basis over the expected useful lives of the assets to which the grants relate.

A review for impairment of fixed assets is carried out at each reporting date.

Other fixed assets are carried at depreciated historical cost, which is used as a proxy for fair value. Depreciated historical cost is deemed to be more appropriate than revaluing other assets, as it is common for such assets to reduce in value, rather than increase, as they are utilised by the College.

Surpluses arising on the revaluation of the College's properties are transferred to the revaluation reserve. Additional depreciation on the revalued amount of these assets is transferred from revaluation reserve to unrestricted reserve together with any surplus or deficit on disposal.

Intangible Assets

Intangible assets are carried at fair value, these include software or development costs. They are amortised on a straight-line basis over estimated useful lives of four years. The college shall recognise an intangible asset only if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- (b) the cost or value of the asset can be measured reliably.

Depreciation

Depreciation is charged over the estimated useful life of the asset to the residual value of the asset where appropriate. Depreciation rates used are as follows:

Land	Land is not depreciated
Buildings	2.5% per annum straight line
Furniture & Fittings	25% per annum straight line
Computer Equipment	25% per annum straight line
Intangible Assets	25% per annum straight line
Plant & Equipment	4% and 10% per annum straight line
Eco-House	2.5% per annum straight line
Motor Vehicles	33% per annum straight line

Stocks

Stocks are stated at the lower of cost and net realisable value.

Accounting for Retirement Benefits

All members of staff have the option of joining a pension scheme. The schemes currently open to members of staff are the Scottish Teachers' Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). These schemes are defined benefit schemes which are externally funded.

Full provision has been made for those pension costs which do not arise from external defined benefit schemes.

Defined Benefit Schemes

Defined benefit schemes are post-employment benefit plans other than defined contribution schemes. Under defined benefit schemes, the College's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College. The College should recognise a liability for its obligations under defined benefit schemes net of plan assets. This net-defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of scheme assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Strathclyde Pension Fund

The Strathclyde Pension Fund is a pension scheme providing benefits based on pensionable pay. The assets and liabilities of the scheme are held separately from those of the College. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. Contributions to the Scheme are determined by an actuary on the basis of triennial valuations using the Age Attained Method. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes, after making allowances for future withdrawals. The amount charged to the SOCI represents the service cost expected to arise from employee service in the current period.

Scottish Teachers' Superannuation Scheme

The College participates in the Scottish Teachers' Superannuation Scheme pension scheme providing benefits based on pensionable pay. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the period.

Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Taxation

The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue and Customs as a charity for the purposes of section 505, Income and Corporation Taxes Act 1988 and is exempt from Corporation Tax and Capital Gains Tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT is charged to SOCI in the year in which it is incurred.

Maintenance of Premises

The costs of maintaining College premises are charged to the SOCI in the year in which they are incurred.

Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the lease term.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the College must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- a. the College has a present obligation (legal or constructive) as a result of a past event;
- b. it is probable that an outflow of economic benefits will be required to settle the

- obligation; and
- c. a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes to the financial statements.

Changes in accounting policy

There were no changes in accounting policies in the year.

AUDIT & RISK COMMITTEE

DATE	19 August 2025
TITLE OF REPORT	Consideration of the annual Accounts Direction Guidance issued by SFC
REFERENCE	14
AUTHOR AND CONTACT DETAILS	Paddy Feechan, Head of Finance paddy.feechan@slc.ac.uk
PURPOSE:	To update Board and Committees on annual Accounts Direction guidance, identifying any amendments in approach for the purposes of 2024-25 Financial Statements.
KEY RECOMMENDATIONS/ DECISIONS:	<p>Members are asked to:</p> <ul style="list-style-type: none"> • Note no significant changes in Accounts Direction guidance for 2024-25 Financial Statements production. • Note the contents of this report and the attachment in relation to the annual Financial Statements that will be produced for 2024-25.
RISK	<ul style="list-style-type: none"> • Risk of non-compliance with statutory and legal obligations by Board and Committees to ensure good corporate governance and accurate financial reporting.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • The Student Experience • Sustainability
SUMMARY OF REPORT:	<p>There are no significant changes to the requirements contained in the Accounts Direction issued by SFC.</p> <p>There are 4 noted changes for 2025 from the SFC, which are detailed in the report.</p> <p>The document has been included as a hyperlink for the information of members.</p> <p><u>Note that this report will also be made available to the Finance and Resources Committee</u></p>

1. INTRODUCTION

- 1.1. This paper provides a brief outline of annual Accounts Direction guidance as issued by the Scottish Funding Council (SFC) on 14 August 2025.

2 BACKGROUND

- 2.1 Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC).
- 2.2 The Scottish Funding Council set out specific, mandatory disclosures for incorporated Colleges annually and these should be considered internally by the College prior to Financial Statements preparation to ensure full compliance.
- 2.3 Moreover, Audit Scotland seeks to promote high-quality financial reporting in Scottish public bodies. Audit Scotland's Professional Support carries out reviews of the annual accounts of public bodies to identify and share examples of good practice reporting and highlight areas where enhancements can be made. These enhancements should be considered within the context of accounting disclosures and so it is pertinent that both are considered together within this report.

3 CHANGES FOR 2024-25

- 3.1 In terms of the [Accounts Direction for Scotland's Colleges 2024-25](#), no significant changes have been noted since last year.
- 3.2 The SFC have however highlighted 4 areas of change for 2025, namely:
- 3.2.1 Institutions are reminded of the importance of complying with the Scottish Government's Fair Work reporting requirements.
 - 3.2.2 An additional disclosure has been added the Financial Reporting Manual relating to the McCloud remedy.
 - 3.2.3 Removal of wording included in the 2023-24 direction regarding the exceptional delay in calculation of pension data.
 - 3.2.4 It has been signposted that although 'Task Force on Climate-related Financial Disclosures' are not required for 2024-25, this will be revisited for 2025-26.

4 DEADLINES

- 4.1 The SFC require colleges to provide them with their annual report and account, together with the associated annual audit reports by 31 December 2025.
- 4.2 The annual report and accounts should be prepared with a 31 July year-end.

5 FUTURE OF THE SORP

- 5.1 The Financial Reporting Council has concluded its consultation on amendments to FRS102. The most consequential amendments relate to Leases, and how they are incorporated into FRS102.

5.2 The forthcoming SORP will be based on new FRS102. This will have an effective date 1 January 2026 and will therefore be applicable for 2026-27.

6 2022 CODE OF GOOD GOVERNANCE FOR SCOTLAND'S COLLEGES

6.1 The latest version of the Scottish Code of Good Governance was published in September 2022. Colleges are asked to comply with the 2022 Code.

7 EQUALITIES

7.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

8 RISK AND ASSURANCE

8.1 Risk of non-compliance with statutory and legal obligations by Board and Committees to ensure good corporate governance and accurate financial reporting.

9 RECOMMENDATIONS

9.1 Members are recommended to:

9.1.1 Note no significant changes in Accounts Direction guidance for 2024-25 Financial Statements production; and

9.1.2 note the contents of this report and the attachment in relation to the annual Financial Statements that will be produced for 2024-25.

Audit and Risk Committee

DATE:	19 August 2025
AGENDA REF:	17.0
TITLE OF REPORT:	Governance Rolling Review
AUTHOR AND CONTACT DETAILS	Vari Anderson vari.anderson@slc.ac.uk
PURPOSE:	To update the Board on the most up-to-date Rolling Review document and the updates made thereto.
KEY RECOMMENDATIONS/ DECISIONS:	<p>The Board is recommended to:</p> <ul style="list-style-type: none"> • Note that the Rolling Review is a dynamic document and is therefore always a work in progress and comment as appropriate on the latest version, as attached. • Note the updates provided on the latest document
RISK	Governance is recognised as a potential strategic management risk and appropriate mitigating actions such as maintaining a dynamic Rolling Review is fully consistent with best practice.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Highest quality education and support. • Sustainable Behaviors. • Successful Students
SUMMARY	<ul style="list-style-type: none"> • This report sets out the latest version of the Rolling Governance Review for information and comment. • It focuses on the principles of good governance with subheadings of importance relating to each principle. • It also includes key policies and governance documents which the College is required to keep under review

1. INTRODUCTION

1.1 This paper sets out the latest version of the Rolling Governance Review.

2. BACKGROUND

2.1 The Governance Improvement Plan was established to address any identified or emerging issues identified in the ongoing review of Governance at South Lanarkshire College. This plan was completed, and the Board of Management agreed that there should now be a “Governance Rolling Review”.

3. GOVERNANCE ROLLING REVIEW

3.1 The principles of good governance are:

- Leadership and Strategy
- Quality of the Student Experience
- Accountability
- Effectiveness
- Relationships and Collaboration

3.2 The Governance Rolling Review focuses on these areas, with relevant subheadings of importance.

3.3 The Rolling Review now provides visible audit evidence of the role of the Board in monitoring key Policies and key Governance documents such as the Scheme of Delegation, the Committee Terms of Reference and Standing Orders – all of which the College is obligated to keep under review. The review dates of key policies and procedures has been updated following the discovery that several policies had surpassed the recommended review date. Any policies in this category are in the process of being updated.

3.4 Robust operational systems are already in place, but it is consistent with best practice that the Board has visible oversight of all key matters affecting both governance and management.

3.5 Since the previous rolling review document was presented in April 2025, two items previously rated green, items 1.2 and 5.1, have been reclassified as amber.

- Item 1.2: The rating has been amended due to the current absence of support staff trade union representation on the Board.
- Item 5.1: Following the recent restructure, this item has been regraded to amber to reflect the transitional phase and to encourage the development of future opportunities.

4 RISK

4.1 Governance is recognised as a potential strategic management risk and the Audit & Risk Committee has already requested that the Governance Rolling Review should be a standing item on its agenda.

5 EQUALITIES

5.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

6 RECOMMENDATIONS

6.1 The Board is recommended to:

- 6.1.1 Note that the Rolling Review is a dynamic document and is therefore always a work in progress and comment as appropriate on the latest version, as attached.
- 6.1.2 Note the updates provided on the latest document.

17.1 ROLLING GOVERNANCE REVIEW DRAFT

The actions to deliver improvement contained in this plan will be developed and implemented to address any previously identified or emerging issues as noted by way of the “Ongoing Review of Governance” at South Lanarkshire College (SLC). This is proceeding following consultation with Board Members and Senior Staff. A RAG system has been used to enable tracking of progress against actions and timescales.

Development Categories	Issue	Action	By Whom and When	Status and Progress Update as at Jan 2025
Leadership & Strategy	1.1 Conduct in Public Life	Training in New Code of Governance to be provided	Governance Professional January 2023 already completed but Governance Professional to ensure that CDN online training completed	<p>The new Code was formally adopted by the Board in January 2023 with a Briefing Paper provided by the then Governance Professional.</p> <p>Induction of all new members was by reference to the new Code and training to Trade Union Observers was likewise based on the new Code. All Board Members should however engage with the online training pack now available via CDN as part of ongoing training. A new training pack has been published and the target date for completion has been extended accordingly</p> <p>July 2025 Governance Professional encourages all board members to complete the CDN online training course and promotes other governance courses.</p>
	1.2 Vision & Strategy	Involve Trade Unions (TUs) on Board	Governance Professional	<p>July 2025 TU Board Members were appointed in 2024. Due to recent developments in relation to support staff trade union membership, the Board currently does not have a support staff trade union member.</p>
	1.3 Performance	Refresh paperwork for self-assessment and evaluation and plan for externally	Governance Professional	<p>July 2025 GP refreshed all self-assessment paperwork and has introduced induction/leavers surveys to ensure the Board is fully evaluated. Externally Facilitated Review is in progress.</p>

		facilitated self-assessment review		
	1.4 Corporate Social Responsibility	Improve dialogue & communication with all stakeholders	Principal / Chair March 2024	The stakeholder letter has now recommenced.
		Board member involvement in the understanding of learning, teaching and assessment and work of the College. Subject to agreement with teaching staff.	Principal / Vice Principal for Learning and Teaching and the Student Experience.	<p>This is to provide an opportunity for Board members to engage with staff and students. They may do this by:</p> <ul style="list-style-type: none"> • Speaking with curriculum managers or support managers; • Informally (and with agreement and notification) pop into classrooms to speak to lecturers and students where appropriate. • Attending (with prior agreement) team meetings. <p>In Committee it was recommended that the Board be represented at staff events, where appropriate. GP sends out campus events to board members.</p>
2 Quality of Student Experience	2.1 Relevant High-Quality Learning which meets local, regional and national skills needs.	Board members through strategic planning days to undertake a curriculum review.	Principal and Vice Principal for Learning, Teaching and the Student Experience Ongoing	<p>At the April Planning Day members participated in a skills planning workshop, with external input.</p> <p>The Board have been kept updated on the restructure.</p>
	2.2 Student and Engagement and Quality Monitoring & Oversight	Work with the Student Association (SA) and Class Reps to improve Quality Monitoring feedback. Identify mechanisms for recognising and	Vice Principal Learning, Teaching and the Student Experience Ongoing	<p>Reinstate the Student Parliament with Board members attending where appropriate. Also, through the Board Member Conversations as outlined in 1.4 give members an opportunity to engage with students. The Learning and Teaching Committee oversees progress of the Quality Enhancement Plan presented.</p>

		rewarding input of student body to support quality		Where possible the College would welcome more Board member involvement, and there has been a "Dragons Den" initiative which has been successful. July 2025 New VP is now in place and can take forward.
3 Accountability	3.1 Accountability & Delegation	Involve staff in discussions on facing challenge	Principal and VP for Finance, Resources and Sustainability Ongoing	Board Members and management appropriately briefed on Training Day April 2024 All staff receive a key message update after every Board meeting. July 2025 Staff were involved in the restructure process and a consultation was held to help shape the new roles.
	3.2 Risk Management	Connect risk appetite to risk register	Vice Principal Finance, Resources and Sustainability November 2024	Henderson Loggie, Internal Auditors, hosted a session on risk appetite in November 2024. Prior to the session, Board Members completed the CDN Online course on risk. July 2025 GP met with Emma Tilley regarding a new Risk Tool – currently in discussion with Chair of ARC and Chair of Board.
	3.3 Audit Committee	Membership to be adjusted in line with New Code	Governance Professional	July 2025 Following the terms of the Audit and Assurance committee handbook, an executive member of staff has been removed from the Committee. In addition, the Vice Chair has been removed from the Committee and new members have been appointed. CDN will attend the first ARC to conduct a brief presentation to help support new members.
	3.4 Remuneration Committee	Terms of reference to be revisited.	Governance Professional & Chair	Implemented
	3.5 Financial & Institutional Sustainability	Identify opportunities and address challenges	Principal and Vice Principals	This work is in progress and the Board have also had discussions relating to the new strategic priorities.

		in context of “flat cash” settlement.	Ongoing	July 2025 Work is ongoing in this area and the focus at the strategy day in June was on the College’s financial strategy. The Principal and Governance Professional are currently planning the Board Training Day in November and have South Lanarkshire Council attending to explore collaborative opportunities.
		Explore options for best use of resources to generate income.		
		Explore options for 3 rd sector partnerships.		
	3.6 Staff Governance	Facilitate regular opportunities for Board members to engage with staff and staff representatives	Principal & Governance Professional [Ongoing]	Governance Professional advises Board Members of campus events which they can attend to engage with staff. Such as ‘Pastries with a Purpose’ and CLIC events.
		Improve information flow to appointed staff representatives	Principal & Governance Professional	Minutes are published in a timely manner on the website and ‘key messages’ are communicated to all staff through the staffing teams channel.
		Involve appropriately skilled staff by way of attendance at Committee Meetings and also participation in Strategy and Training days	Principal & Governance Professional	Members of SLT attend to present papers at meetings. More support staff to be encouraged to attend meetings, for example, HR Committee to be attended by HR staff, Facilities staff etc. July 2025 Improvement has been made with staff attending meetings. Going forward, ‘deep dive’ sessions will take place with alternative staff attending to present. SLT invited to attend Strategy Days.
4.1 Effectiveness	4.2 Board Chair	Plan for appointment of new Chair in 2024	Principal & Governance Professional June 2024	Implemented

	4.3 Senior Independent Member	Refresh Training & Support	Governance Professional	A new SIM has been appointed. CDN guidance and online training course has been sent to SIM and will be fully supported by the Governance Professional.
	4.5 Board Members	Identify Training needs	Governance Professional November 2025	July 2025 Board Member training is ongoing with new Board Members joining the Board. Skills matrix has been completed and GP continues to advise Board Members of training opportunities. Gordon Hunt from CDN will be attending the ARC and Board Training Day to provide training.
	4.6 Principal & Chief Executive	Set objectives and identify any training needs.	Chair June 2025	July 2025 Draft objectives have been sent to the Chair and Vice Chair for consideration with a remuneration committee meeting scheduled for August.
	4.7 Governance Professional	Recruit new postholder	Board	Implemented
		Agree overarching policy on resolving issues around grievance, breach of contract and conflict of interest	Governance Professional / Human Resources Director	The new Chairs Committee remit now provides a suitable mechanism.
	4.8 Appointment Induction & Training	New processes in anticipation of TU membership	Governance Professional	SLC has had TU observers at Committees and Board for several months. Formal induction has now taken place.
	4.9 Board Evaluation	Revisit and refresh process and procedure	Governance Professional [Ongoing]	The way forward will be informed by an externally facilitated Self-assessment exercise, but new feedback forms are in place with a view to minimising the impact on Board Member time.

5 Relationships & Collaboration	5.1 Partnership Working	Build Collaborative initiatives with Regional Partner	Governance Professional and Principal	July 2025 Principal is now the Chair of the College Partnership West group and attends Skills Led Regional Planning sessions. Quarterly meetings are held with South Lanarkshire Council relating to collaboration. SLC will attend the Board Training Day in November to discuss opportunities.
		Community Development	Principal and Vice Principal for Learning Teaching and the Student Experience. [Ongoing]	Ongoing.
6 Other	6.1 Equalities	Equalities Awareness Training	Governance Professional Ongoing Training	A dedicated training session has already been provided by the former Governance Professional and is available on the Board Portal, but a refresher might usefully be considered at some future point. The Board manual now includes a briefing on this topic.
	6.2 Student Association Support & Recognition	Student Awards Funding	Management Ongoing Support	Senior staff are already supporting the SA in seeking funding from the Educational Foundation but further mechanisms for rewarding student effort are being considered.

Schedule of Key Policies & Procedures		
Policy	Date	Due for review
Anti Bribery Policy	September 2024	September 2027
Dignity at work	July 2023	No Date – in process of being updated
Disciplinary Policy & Procedure	July 2023	June 2024 – in process of being updated
E Signature Policy	June 2024	May 2026
Equality Policy	Nov 2023	No Date – in process of being updated
Fee Waiver Policy	July 2023	July 2025
Fees Policy	June 2024	May 2025
Finance Regulations	June 2024	June 2026
Fraud & Anti Corruption Policy	June 2024	May 2027
Grievance Policy & Procedure	July 2023	June 2024
Lettings Policy	September 2024	September 2027
Procurement Policy	June 2024	June 2025
Safeguarding Policy	June 2024	May 2025
Staff Code of Conduct	Oct 2023	March 2026
Student Discipline Policy & Procedure	April 2023	October 2025
Whistleblowing Policy	July 2023	October 2024 – in draft form
<i>Note that this element of the Rolling Review is under ongoing review and further policies may be added at request of Committees</i>		

Schedule of Governance Documentation for Ongoing Review		
Code of Conduct	Reviewed as required by Standards Commission	Up to date
Committee Remits	For review four yearly or as required	Last review 2024
Scheme of Delegation	Ditto	Last review 2024
Standing Orders	Ditto	Last review 2024
Code of Good Governance	Current edition 2022	Adopted

AUDIT & RISK COMMITTEE

DATE	19 August 2025
TITLE OF REPORT	Investigation into University of Dundee: Lessons Learned
REFERENCE	18.0
AUTHOR AND CONTACT DETAILS	Elaine McKechnie – Vice Principal – Finance, Resource & Sustainability Elaine.mckechnie@slc.ac.uk
PURPOSE:	To update the Committee on the lessons learned from the independent investigation into the circumstances that led to the finance challenges facing the University of Dundee.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to <ul style="list-style-type: none"> • note the contents of the report; and • take assurances from the College's internal review of the report in relation to its own practices against the 'lessons learned'.
RISK	The main risks are: <ul style="list-style-type: none"> • that College governance, strategic risks and controls are not identified, and mitigating actions are not taken to ensure the College can continue to operate efficiently, financially sustainably, and legally through full compliance with both internal, external audits and other regulatory bodies and funders.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • The Student Experience • Culture and People Development • Growth and Innovation • Sustainability
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The Scottish Funding Council (SFC) published the findings of an independent investigation into the circumstances that led to the financial challenges facing the University of Dundee on 19 June 2025. • The investigation was led by Professor Pamela Gillies and conducted by international professional services firm, BDO. • The report identifies poor financial judgement, inadequate management and reporting, poor monitoring of the financial key performance indicators, a lack of agility by leadership in responding to a fall in income; and weak governance in relation to financial accountability by the Court. • Comparing the College's response to lessons learned, the College believes that its governance arrangements are appropriate but will continue to consider the role of ARC as an independent and objective member of the Board Committees, whose views and opinions should not be subject to bias and diluted through consideration of a matter arising under a different lens.

1 INTRODUCTION

- 1.1 This paper provides an overview of the main findings from the recent investigation into the financial challenges facing the University of Dundee and draws comparison to South Lanarkshire College's internal practices in relation to the failings documented through the review.

2 BACKGROUND

- 2.1 The Scottish Funding Council (SFC) published the findings of an independent investigation into the circumstances that led to the financial challenges facing the University of Dundee on 19 June 2025.
- 2.2 Led by Professor Pamela Gillies and conducted by international professional services firm, BDO, the independent investigation was commissioned to understand the reasons why the University of Dundee's financial position deteriorated so seriously and apparently so suddenly.
- 2.3 The investigation's findings were shared with staff and students at a Townhall meeting at the University on 19 June 2025 before being published on SFC's website.
- 2.4 A copy of the report has also been shared with the University Court and SFC are engaging with the University as it develops and implements an action plan to address the main findings.

3 THE REPORT

- 3.1 The foreword of the report acknowledges that there have been numerous reports and horizon scans of the financial health of higher education institutions in Scotland in recent years and, almost without exception, they have indicated a difficult and worsening financial landscape for the sector. This is a familiar story in terms of the health of further education institutions like the College.
- 3.2 Nevertheless, despite these financial pressures, the University of Dundee is only one of nineteen institutions to have suffered a financial collapse.
- 3.3 The full report of what happened at the University of Dundee can be accessed on the [SFC's website](#). In summary, the report identifies the following issues as the main causal factors that led to the financial situation:
 - 3.3.1 Poor financial judgement.
 - 3.3.2 Inadequate management and reporting.
 - 3.3.3 Poor monitoring of the financial key performance indicators.
 - 3.3.4 Lack of agility by leadership in responding to a fall in income; and
 - 3.3.5 Weak governance in relation to financial accountability by the Court.
- 3.4 The report concludes with a table of 'lessons learned' against which a summary has been prepared in comparison to South Lanarkshire College. This is to ensure that the College is not currently exposed to similar weaknesses in governance arrangements and to

provide assurance to the Committee that those arrangements are appropriate and mitigate against the risk of financial collapse.

4 LESSONS LEARNED

4.1 Table 1 Lessons Learned from the Financial Collapse

Lesson	Comment in relation to SLC
1 Financial Reporting Consider and challenge the management accounts of the institution from a position of understanding of the totality of operations e.g. income, expenditure, balance sheet and cashflow reporting.	Quarterly management accounts are prepared; budgets include balance sheet positions and regular cashflow projections is given to the SFC and the Board quarterly. Work ongoing to enhance budget monitoring across 2025-26.
2 Risk Register Appraisal and challenge of the risk register	Conducted quarterly with the Committee in conjunction with SLT review
3 High risk ratings: Student recruitment and Financial Sustainability to be flagged to Board Committee	Considered as part of the risk register review quarterly
4 Loan covenant reporting: to be undertaken quarterly	Not applicable; SLC does not have any active loan agreements Any borrowing activity is closely monitored and often prohibited by the SFC.
5 Culture of questioning: to assess validity of management decisions and actions	Recent update from Internal Audit on Global Internal Audit Standards (GIAS) has mandated the need for Committee to further scrutinise reports and question approach to ensure robust decision making.
6 Principal: must be receptive to challenge	Open dialogues between Board members and Principal; facilitated sessions on the new strategy to better support Board member understanding and regularly welcomes inputs on key strategic documents and policies.
7 Curiosity: to be encouraged by Board members	SLC has fostered a culture of transparency and Board members feel comfortable to ask for clarity on issues discussed if unsure.
8 Matters of Importance: clarity and early communication to be provided to Board members	Board reports tend to be comprehensive and detailed to enable greater level of understanding of key issues. Board Chair, Governance

	Professional and Principal send e-mail correspondence to Board of items of importance.
9 Minutes: to reflect challenges, not bias	Minutes are prepared by Governance and Executive Support; reviewed by the Governance Professional and Executive Team to ensure appropriateness of content and remove any bias or non-factual statements.
10 Nine principles of public life: Board members to adhere to these	Board members receive regular training and comprehensive induction process to highlight the role of the Board member to exhibit qualities of selflessness, integrity, objectivity, accountability, openness, honesty, leadership, public service and respect. Board Members are reminded of the Code of Good Governance for Scotland's Colleges.
11 Objectivity of the Audit & Risk Committee (ARC): to stand back and assess/review/enquire.	ARC members receive regular training and inputs from Governance Professional and external advisor to highlight the importance of their role.
12 Independence of ARC: Chairs of respective FRC and ARC committees should not attend each other's respective meeting (but can delegate other members of the Committees in their place)	SLC currently welcomes attendance of any FRC and ARC member at each respective committee' meeting however it is rare for the Chairs to attend routinely. It is only common practice in November each year when a joint meeting is held for the approval of the financial statements Members of ARC are not appointed to FRC and vice versa.
13 Chairs' Committee: Chair of the ARC loses objectivity and opens up potential for bias from consideration of a new emerging issue/risk in a different context to ARC's considerations.	SLC currently has a Chairs Committee; to carefully consider this point in future committee meetings dependent on subject matter being discussed.
14 Board Papers: Should be provided in advance of the meetings	SLC follows strict procedures to issue all Board papers 7 days in advance of the Committee meeting and only in exceptional circumstances issues a Board paper after this date but never after the meeting.

15 Board Papers: Should not be provided retrospectively	As per above comment; Board papers are always issued in advance of meetings.
16 Segregation of Secretary/Governance and Chief Operating Officer/Principal: to reduce likelihood of a conflict of interest	The Governance Professional does not report directly into the Principal and retains an independent reporting line into the Chair of Board.
17 Principal as Accountable Officer versus Committee Chair	This is widely understood at the College and detailed in current role remits.
18 Values led culture highlighting transparency and accountability	College has learned from earlier historic failures and understands the importance of transparency in respect of the Board and its committees. Decisions are made collaboratively with openness to challenge and debate.

4.2 In summary, the College believes that its governance arrangements are appropriate in respect of the above lessons learned but will remain mindful of the following:

4.2.1 At item 12, limit the attendance of the Chair of the ARC and FRC at each respective meeting. The Chair of the ARC should retain an element of independence in the overall governance structure in addition to absolute objectivity.

4.2.2 At item 13, the Chair's committee potentially dilutes the independence and integrity of matters previously discussed at ARC under a difference lens, should this open potential bias.

5 EQUALITIES

There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

6 RISK AND ASSURANCE

6.1 The main risks are:

- 6.1.1 that College governance, strategic risks and controls are not identified, and mitigating actions are not taken to ensure the College can continue to operate efficiently, financially sustainably, and legally through full compliance with both internal, external audits and other regulatory bodies and funders.

7 RECOMMENDATIONS

The Committee is recommended to:

- note the contents of the report; and
- take assurances from the College's internal review of the report in relation to its own practices against the 'lessons learned'.

Technical Bulletin

2025/2

Technical developments and emerging risks from
April to June 2025



 AUDIT SCOTLAND

Prepared by Audit Scotland for appointed auditors and audited bodies in all sectors
30 June 2025

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Accessibility

Auditors can find out more and read this bulletin using assistive technology on the Audit Scotland website www.audit.scot/accessibility.

1: Introduction

Purpose

The purpose of Technical Bulletins from Audit Scotland's Innovation and Quality (I&Q) business group is to provide auditors appointed by the Auditor General for Scotland and Accounts Commission for Scotland with:

- information on the main technical developments in each sector during the quarter
- information on professional matters during the quarter that are expected to have applicability to the public sector
- summaries of responses to any requests from auditors for technical consultations with I&Q.

Appointed auditors are required by the Code of Audit Practice to pay due regard to Technical Bulletins. The information on technical developments is aimed at highlighting the key points that I&Q considers auditors in the Scottish public sector require generally to be aware of. It may still be necessary for auditors to read the source material if greater detail is required in the circumstances of a specific audited body. Source material can be accessed by using the hyperlinks.

Any specific actions that I&Q recommends that auditors take are highlighted in **bold**.

Technical Bulletins are also published on the Audit Scotland [website](#) and therefore are available for audited bodies and other stakeholders to access. However, hyperlinks to source material indicated with an asterisk (*) link to files on Audit Scotland's [SharePoint*](#) and are only accessible by auditors.

Highlighted items

I&Q highlights in the following table a selection of the items in this Technical Bulletin that are of particular importance:

Highlighted items		
I&Q has published TGNs on Independent Auditors Reports for 2024/25 [paragraph 1]	CIPFA has issued two bulletins on the 2024/25 financial statements in local government [paragraph 23]	PWC has provided a report to support auditors when assessing information produced by actuaries in respect of the LGPS [paragraph 27]
I&Q has issued guidance on objections to 2024/25 local government accounts [paragraph 37]	CIPFA/LASAAC has published the 2025/26 accounting code [paragraph 45]	CIPFA has issued an addendum to Delivering good governance in local government [paragraph 51]
Treasury has issued an amended 2024/25 FreM [paragraph 61]	The Cabinet office has issued guidance on 2024/25 remuneration reports [paragraph 63]	The FRC has published guidance on the use of AI in audit [paragraph 81]

Consulting with I&Q

Auditors should consult with I&Q by completing an [enquiry form](#) and submitting it to TechnicalQueries@audit-scotland.gov.uk.

2: All sectors

Independent auditor’s reports for accounts in 2024/25

1. I&Q has published the following Technical Guidance Notes (TGNs) to provide auditors with model forms of Independent Auditor's Reports (IAR) which should be used for the 2024/25 annual accounts of the following public bodies:
- TGN 2025/2(CG) for central government bodies
 - TGN 2025/3(H) for health boards
 - TGN 2025/4(LG) for local government bodies.
2. Auditors are required by the Code of Audit Practice to prepare their IARs in accordance with the TGN. The TGN is available with supporting material to auditors on [SharePoint*](#) and is also freely available from the Audit Scotland [website](#).
3. The model forms of IARs set out in the appendices of the TGNs have been tailored to reflect relevant legislation and augmented by the reporting requirements of the Auditor General and Accounts Commission.
4. There are no changes to the previous guidance and model IARs for 2023/24.
5. For the 2024/25 audits of public bodies, **auditors should:**
- **use the relevant model form of IAR for each audited body**
 - **follow the specified wording other than where tailoring adjustments are set out in the application guidance in the TGN**
 - **consult with I&Q on any modified opinion or conclusion**
 - **complete an Auditor Action Checklist for each IAR prepared.**

Guidance on the 2024/25 WGA returns for preparers

6. [HM Treasury](#) has issued guidance on preparing the 2024/25 Whole of Government Accounts (WGA) returns for [local government](#) and [central government](#) bodies. WGA is prepared by Treasury and consolidates the audited accounts of bodies in the UK that exercise functions of a public nature or are funded from public money.
7. Paragraph 1.7.1 sets out the key dates for 2024/25 WGA as summarised in the following table:

Sector	Cycle	Return	Submission Date
Central Government	1	Unaudited	15 August 2025

Sector	Cycle	Return	Submission Date
Local Government	2	Audited	12 September 2025
	1	Unaudited	29 August 2025
	2	Audited	3 October 2025

8. Auditors are not expected by I&Q to meet the submission dates for audited returns if doing so would compromise audit quality. Auditors should instead make the submission as soon as reasonably practicable. A TGN on the WGA process will be prepared in due course.

9. A diagram at paragraph 4.2.2 sets out the steps involved in the WGA submission process. The steps depend on whether the body is above the audit threshold. Paragraph 1.7.2 advises that the threshold for audit is breached if any of total assets (excluding PPE), total liabilities (less pension liabilities), total income or total expenditure is above £2 billion. ‘Minor’ Bodies are exempt from the WGA process if their gross expenditure, gross income, gross assets, and gross liabilities are below £30 million for both 2023/24 and 2024/25.

10. Annex A provides a summary of the proforma tabs used to input data. Chapter 7 provides more detailed guidance on inputting data into the tabs. Paragraph 7.3 explains that the Audit Report is a view of all data submitted which can be shared with auditors. It may be appropriate, to download the individual tabs instead, and also run the new primary financial statements report.

11. A key part of the WGA process is the elimination of transactions and balances between WGA bodies. Recording complete and accurate counterparty identifier (CPID) information is the only way in which transactions and balances between WGA bodies can be identified and eliminated. Paragraph 6.3.4 explains how bodies can run a Matches Analysis Tool which allows them to see ‘live’ published data from other bodies.

Guidance on summary financial information in 2024/25

12. I&Q has published TGN/SFI/25 to provide auditors with guidance on examining and reporting on summary financial information for 2024/25. The TGN is available to auditors on [SharePoint*](#) and is also freely available from the Audit Scotland [website](#).

13. Summary financial information refers to a structured representation of financial information that is derived from, but contains less detail than, a full set of financial statements. In some cases, an audited body may be required by its sponsoring body to produce a separate annual report that includes summary financial information. In other cases, a body may choose to produce a report or other document that contains summary financial information as defined above.

14. In either event, auditors should express an opinion on the summary financial information’s consistency with the audited financial statements. TGN/SFI/25:

- provides guidance for auditors on the examination of the summary financial information

- sets out and explains the testing and reporting procedures that auditors should carry out (all summarised in the checklist at Appendix 1)
- provides a model form of report at Appendix 2

Guidance on statutory reporting

15. I&Q has issued [guidance*](#) on preparing a “statutory report”. A statutory report allows the Auditor General for Scotland (AGS) or the Controller of Audit (CoA) to bring significant matters to the attention of the public and to the Scottish Parliament or Accounts Commission (Commission).

16. The Statutory Reporting guidance applies to Section 22 and Section 102 reports:

- A s22 report typically focuses on specific issues or concerns that the appointed auditor has raised in an audited body’s Annual Audit Report (AAR) or to report publicly on progress with issues raised in a previous s22 report. A s22 report must be laid in the Scottish Parliament at the same time as the audited body’s annual accounts.
- A s102 report typically focuses on specific issues or concerns that the appointed auditor has raised in an audited body’s AAR. The CoA may also decide to prepare a s102 report so they can report publicly on progress with issues raised in a previous s102 report.

17. The guidance supplements the Code of Audit Practice and all auditors who are involved in preparing statutory reports are expected to comply with it.

18. The guidance sets out the arrangements, and roles and responsibilities, in relation to:

- Considering whether a statutory report is required.
- Planning, preparing, and publishing statutory reports.
- Presenting statutory reports to the Commission or Public Audit Committee.

Charity trustee information

19. The [Scottish Charity Regulator](#) (OSCR) has issued an [update](#) on providing trustee information. As a new requirement of the Charities (Regulation and Administration) (Scotland) Act 2023, all Scottish charities must submit trustee information via OSCR Online. Trustee names will be published on the Scottish Charity Register from late 2025 to promote transparency. From 30 June 2025, annual returns cannot be completed without providing trustee details.

20. For each trustee, charities should collect and submit information including the:

- full name
- contact details
- date of appointment.

21. Only the trustee's name will be made public. Trustees can apply for exemption from publication if there is a safety risk.

22. From early 2026, all submitted charity accounts will be published in full, including any personal information included, for at least five years.

3: Local Government Sector

Guidance on the 2024/25 financial statements

23. [The Chartered Institute of Public Finance and Accountancy](#) (CIPFA) has issued two Bulletins on preparing the 2024/25 financial statements. [Bulletin 19 Closure of the 2024/25 Financial Statements](#) provides guidance on closing the financial statements. The guidance is intended to be best practice, but it does not have the formal status of the accounting code.

24. The accounting standards introduced by the 2025/26 accounting code which require to be considered for disclosure as “standards issued but not yet adopted” in 2024/25 include:

- IAS 21 and IFRS 17, it is likely there will be limited application of these standards and disclosure may not be required, although bodies will need to consider their individual circumstances
- adaptations and interpretations of IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment, requiring quinquennial revaluations with indexation in intervening years, as these have the same effect as a change in accounting policy due to an amendment to standards. The adaptations also include a relief from the requirements of IAS 8 which mean that the change is applied prospectively. Further explanation is included at paragraph 47 on the 2025/26 accounting code

25. The bulletin highlights minor corrections to the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (as explained in [Technical Bulletin 2024/2](#) paragraph 25), including references to the date of initial application of IFRS 16 should have read 1 April 2024.

26. [Bulletin 20](#) provides clarifications in relation IFRS 16 for assets held by police and crime commissioners and used by chief constables in England. However, some of the clarifications apply equally to local government bodies in Scotland.

2024/25 report on actuarial information

27. I&Q has arranged for PWC to provide a [report*](#) to support auditors when assessing the competence and objectivity of, and assumptions and approach adopted by, actuaries producing information required by IAS 19 figures in respect of the Local Government Pension scheme (LGPS) as at 31 March 2025. **Auditors should refer to paragraphs 15 to 19 in Module 4 of TGN 2025/1 for guidance on using the report and further information.**

28. PWC have confirmed the competence and objectivity of the actuaries involved in valuations for the LGPS in Scotland. They are also comfortable that in aggregate the assumptions adopted by all actuaries will lead to liabilities falling within their expected ranges for a typical employer at

29. However, the report advises **auditors to consider whether:**

- local issues have been adequately covered in instructions issued by employers to actuaries (page 3)
- to subject the source data provided to the actuaries by employers to further audit procedures as discussed in section 5 of the report
- to establish actual asset returns and compare them with expected returns arrived at using market indices (see page 15).

30. Page 12 of the report sets out the assumptions with the greatest impact on the IAS 19 figures (the discount rate, CPI inflation and mortality), the consistency of the methodologies used between years and the refinements to approaches in 2025.

31. Page 24 of the report provides an update on Guaranteed Minimum Pension (GMP) indexation and equalisation, the McCloud judgement and other legal cases. In summary:

- There have been no relevant developments related to GMP and all actuaries are following an approach in 2024/25 consistent with 2023/24.
- In relation to the McCloud judgement, all actuaries are following an approach in 2024/25 consistent with prior years.
- GAD is reviewing the potential implications for LGPS of a High Court legal ruling on the Virgin Media case in June 2023. No actuaries made specific allowance for this judgement at 31 March 2025 as the applicability to LGPS is currently too uncertain.

32. Pages 18 to 21 of the report provide an update and guidance on IFRIC 14 and IAS 19 surpluses. Actuaries do not have a standard approach to IFRIC 14, and so auditors will need to establish the approach used by the actuary for each employer.

33. For areas not covered by the CIPFA guidance on IFRIC 14 (explained in [Technical Bulletin 2023/4](#) paragraph 19), page 19 sets out the expectation that:

- future service contributions will be assumed to continue into perpetuity
- positive or negative past service contributions will be assumed to continue over the period they were originally calculated on
- unfunded benefits are excluded from any IFRIC 14 calculations.

34. Page 20 confirms that all actuaries, unless otherwise requested, will assume that the future service contribution rates will remain constant even for periods beyond the current triennial valuation period.

35. Page 21 confirms that the net interest income recognised in 2024/25 should be reduced due to an asset restriction in 2023/24. Auditors should clarify whether actuaries' calculations have taken into account any restrictions applied in 2023/24.

36. Appendix E to the report provides additional guidance on the application of IFRIC 14 addressing the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.

Guidance on objections to 2024/25 annual accounts

37. I&Q has published TGN 2025/5(LG) to provide auditors with guidance on the right of an interested person under section 101 of the Local Government (Scotland) Act 1973 to:

- inspect the unaudited 2024/25 annual accounts of a local government body
- object to those accounts.

38. The TGN is available with supporting material to auditors on [SharePoint*](#) and is also freely available from the Audit Scotland [website](#).

39. Auditors should:

- **evaluate whether the public inspection notice for 2024/25 is in accordance with applicable legislation**
- **carry out the actions set out in the TGN for any objections received.**

40. The Local Authority Accounts (Scotland) Regulations 2014 require the proper officer to:

- ensure that the financial statements give a true and fair view
- certify this by signing and dating the statement of responsibilities and the balance sheet
- publish the unaudited accounts on the website and submit them to the appointed auditor no later than 30 June.

41. I&Q is aware that a number of local government bodies may be unable to submit a complete set of unaudited accounts by the statutory deadline due to significant delays in obtaining the information to include transactions, balances and disclosures related to the implementation of IFRS 16. Some local government bodies have outsourced the preparation of IFRS 16 information and have received only incomplete data or been notified that data will not be available by the 30 June.

42. In such cases, the local government body may be considering the following options:

- Delaying submission of the unaudited accounts until the information is available to include IFRS 16 transactions and balances, with appropriate disclosure.
- Submitting the unaudited accounts by 30 June, including estimated IFRS 16 transactions and balances, with appropriate disclosure.
- Submitting unaudited accounts by 30 June which exclude IFRS 16 transactions and balances, with appropriate disclosure to reflect the omission.

43. In I&Q's view, where reasonable estimates based on the latest available reliable information is available, they should be included. However, if information on reasonable estimates cannot be obtained without undue effort, the third option offers a pragmatic approach, providing a balance between timely submission and accurate

reporting. Where this option is taken, bodies should ensure the position is clearly disclosed in the unaudited accounts and that full implementation of IFRS 16 is reflected in the audited accounts.

44. The decision on which option to adopt remains the responsibility of the proper officer. Auditors may want to consider including references to the particular circumstances of the local government body the option chosen and, where relevant, reporting adjustments above the reportable threshold in their annual audit report.

2025/26 accounting code

45. [CIPFA/LASAAC](#) has issued the [accounting code](#)* to set out local government accounting requirements for 2025/26. The financial reporting framework is based on International Financial Reporting Standards (IFRS) as adopted by the UK, adapted for the local government context where necessary.

46. The most significant changes to the 2025/26 accounting code relate to the HM Treasury thematic review of measurement requirements for non-investment assets.

Non-investment assets

47. Revaluations for each class of property, plant and equipment should use one of the following three processes:

- A quinquennial revaluation supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.
- For non-property assets only, appropriate indices.

48. Out-of-cycle revaluations are not required unless there is an indication of impairment.

49. The transition period is from 1 April 2025 to the date the next revaluation is due for an asset. Changes to the valuation should be applied prospectively, with no restatement of prior year figures.

Other changes

50. Section 3.7 has been updated to reflect the change in content of the annual governance statement following the publication of [Delivering Good Governance in Local Government: Framework – Addendum](#) (see paragraph 52).

Guidance on the governance framework

51. CIPFA has published an [addendum](#), applicable from 2025/26, to the Delivering Good Governance in Local Government Framework (governance framework).

52. Local government bodies are required to undertake an annual review of the effectiveness of their system of internal control. The outcome is published in an Annual Governance Statement (AGS). Guidance on the completion of the review and producing the AGS is provided in the governance framework.

53. CIPFA have updated the governance framework by replacing chapter 7 with the addendum. The addendum updates the governance framework and aims to:

- support good governance in the sector
- reflect changes affecting governance in local government bodies since the governance framework was issued in 2016
- encourage robust reviews of governance arrangements and improve accountability to stakeholders

54. The addendum sets out the scope of the annual review of the effectiveness of the body's system of internal control. The outcome is published in the Annual Governance Statement (AGS).

55. The addendum strengthens the previous recommendation that local authorities adopt a local code of governance which sets out their governance arrangements. It now requires that the local code should show how governance principles are put into practice.

56. While there is no standard template for the AGS, the addendum sets out that the AGS should contain the following elements:

- an executive summary, including an overall opinion on whether governance arrangements were fit for purpose.
- an assessment of effectiveness, setting out how the overall opinion was arrived at.
- where governance needs to improve, including an action plan.
- how governance has been improved over the current financial year.
- a forward look on governance.

2024/25 housing benefit subsidy claims

Technical Guidance Note for auditors

57. I&Q has published TGN/HBS/25 on certifying the 2024/25 housing benefit (HB) subsidy claim. The TGN is provided with supporting material to auditors on [SharePoint](#)* and is also available from the Audit Scotland [website](#). The TGN:

- provides guidance for auditors on the examination of the HB subsidy claim, including highlighting the main risk areas
- sets out and explains an overview of the certification approach, the preliminary procedures (at section 1), testing procedures (at section 2), procedures for evaluating results and agreeing amendments (section 3) completion procedures (at section 4) and post-certification procedures (at section 5) that auditors should carry out (all summarised in the checklist at Appendix 1)
- provides examples of reporting errors and observations in a letter to the Department for Work and Pensions (DWP) at Appendix 3

- provides examples of reporting the results of any post-certification procedures at Appendix 4.

58. There are no changes to the auditor approach to certification in 2024/25.

59. Auditors should certify 2024/25 HB subsidy claims in accordance with TGN/HBS/25.

DWP guidance and tools

60. The following modules of the HB subsidy certification approach have been issued by the DWP. **Auditors should refer to these modules when certifying the 2024/25 subsidy claims:**

- [The uprating checklist](#)* to help auditors ensure that the authority's system is using the correct benefit parameters to calculate benefit entitlement and for the authority to claim the correct amount of subsidy.
- The [workbooks](#)* to be completed for detailed testing.
- The software diagnostic tool* to ensure the subsidy claim has been completed using the recognised software for claim completion and reconciles "benefit granted" to "benefit paid" in accordance with the software suppliers' instructions.

4: Central Government Sector

Amended 2024/25 FReM

61. [HM Treasury](#) has issued an amended [2024/25 Government Financial Reporting Manual](#) (FReM). The FReM for 2024/25 was originally issued in December 2023, and subsequently revised in December 2024 (explained in [Technical Bulletin 2025/1](#) paragraph 30).

62. The Tables in section 8.1 and section 8.2 have been amended to include adaptations to IAS 8 and IAS 38, which allow entities to early adopt the changes to the intangible assets valuation regime as set out in the 2025/26 FReM (see [Technical Bulletin 2025/1](#) paragraph 41).

2024/25 guidance on Remuneration Report disclosures

63. [The Cabinet Office](#) has issued an [Employers Pension Notice \(EPN\) 737](#) on the preparation of the pay, pension and compensation disclosures for the Remuneration and Staff Report for 2024/25.

64. An example of the disclosures is provided at Annex 13C. The EPN has been updated to reflect to the requirements of the 2024/25 FReM (as explained at paragraph 44). There are no significant changes from 2023/24.

65. Auditors should refer to this guidance when auditing the 2024/25 Remuneration Report.

Disclosure guide for 2024/25 financial statements

66. [The National Audit Office](#) has published a [disclosure guide](#) on the 2024/25 financial Statements for bodies covered by the FReM.

67. The guide is designed to ensure that bodies covered by the FReM have prepared their 2024/25 financial statements in the appropriate form and have complied with all disclosure requirements. The guide is cross-referenced to the 2024/25 FReM, individual financial reporting standards, and the Companies Act 2006. A tailored checklist can be generated by selecting the criteria that are material to the body.

68. When checking that the FReM's disclosure requirements have been met, **auditors should in accordance with the Overview Module of TGN 2025/1:**

- consider requesting that the body completes the disclosure checklist
- investigate the reasons for any non-compliance that the guide highlights
- evaluate whether the body's responses in the checklist are consistent with auditor's knowledge.

Audit Committee Handbook

69. Treasury has issued a revised [Audit and Risk Assurance Committee \(ARAC\) Handbook](#) to reflect the Global Internal Audit Standards (GIAS), which replace the Public Sector Internal Audit Standards, from April 2025.

70. Chapter 2 sets out the following five good practice principles:

Area	Principle
Membership, independence, objectivity and understanding	<p>The ARAC should be independent and objective.</p> <p>Each member should be a non-executive with a good understanding of the objectives and priorities of the organisation and of their role as an ARAC member.</p>
Skills	<p>The ARAC should have an appropriate skill mix to allow it to carry out its function and duties.</p>
Role of the ARAC	<p>The ARAC should support the board and accountable officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of the annual report and accounts.</p>
Scope of work	<p>The scope of the ARAC work should be defined in its terms of reference and cover the assurance needs of the board and accountable officer, engaging with internal and external audit on risk and financial management and reporting issues.</p>
Communication and reporting	<p>The ARAC should ensure effective communication with all key stakeholders, for example, the board, the head of internal audit, the external auditor and other relevant assurance providers.</p>

71. The ARAC should ensure that their internal audit arrangements are compliant with GIAS. Further guidance on the five principles is provided in chapters 3 to 6. The main changes from the previous handbook include:

- a new Annex H outlining the key requirements of the GIAS, providing guidance for ARACs on overseeing and supporting the internal audit function.
- a revised Self-Assessment Checklist (Annex I) aligned with the GIAS, including questions and prompts for internal audit governance and performance.
- clarification of the role of ARACs in supporting organisational governance with an emphasis on risk appetite, control frameworks, and agility in responding to emerging risks.

Climate Change Disclosure Guide

72. Treasury has issued a [Best Practice Guide](#) on climate, environmental and sustainability reporting based on disclosures in the 2023/24 annual reports and accounts of central government bodies.

73. This guide is aimed at preparers of accounts and highlights good practice examples of Task Force on Climate-related Financial Disclosures (TCFD)(see [Technical Bulletin 2025/1](#) paragraph 50) and existing environmental reporting practices. Areas of good practice and things to avoid are summarised in the following table:

TCFD subject	Good practice identified	Things to avoid
Introduction and Overview	Use of charts and graphs, and clear, accessible language Clearly outlining relevant frameworks, law, and regulations, and explain how the body complies Presenting key background on the body, its structure and strategy Cross-referencing and signposting to external sources.	Broad or generic claims. Use specific examples of sustainability goals, progress, and achievements Unrealistic projections and an unbalanced view Technical jargon or excessive detail
Governance and accountability	Use of diagrams showing accountability and risk management structures Clearly outlining strategy, including goals, objectives, and key factors influencing performance Tailoring governance information and clearly define roles, responsibilities	Duplication
Risk Management	Using existing climate risk frameworks to support disclosures Integrating disclosures where climate is managed in a similar way to other risks Using terminology consistently to support user understandability.	Disproportionate levels of information on climate, considering other risks faced Presenting climate risks in isolation
Emissions reporting	Reporting Scope 3 emissions beyond business travel Clearly explaining methodologies used, including sources, assumptions and estimates	Unsubstantiated Net Zero Commitments Selectively reporting emissions that paint the body in a positive light

	Being SMART, showing trends over time and performance against targets	Neglecting procurement and supply chains when reporting performance
Metrics and targets	<p>Including interim targets and trajectory lines until the completion dates</p> <p>Visual representation to convey the intended message.</p> <p>Including historic, baseline and target information and explaining performance and actions</p>	<p>Failing to identify where current performance is not on track, or where goals were unlikely to be achieved</p> <p>Inconsistent year-on-year reporting making it difficult to track progress</p>
Strategy	<p>Ensuring consistency with other sections of the report,</p> <p>Providing a long-term perspective on plans and opportunities, outlining milestones and targets.</p> <p>Using scenario analysis to assess the potential financial and operational impacts</p>	<p>Including immaterial opportunities in scenarios.</p> <p>Focusing only on the short-term</p>

5: Health Sector

Assurance report on 2024/25 clinical negligence claims

74. I&Q has issued [a report](#)* to auditors following an examination of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The purpose of the report is to:

- provide assurance on the methodology used by the Scottish Government in the calculation of the CNORIS national obligation at 31 March 2025
- inform auditors' evaluation of the role of the NHS Central Legal Office as a management expert.

75. Auditors should have referred to this report when auditing the 2024/25 provisions for CNORIS.

Review of 2023/24 land and building valuations

76. I&Q has issued [a report](#)* to auditors following a review of the use of indices in health boards 2024/25 valuation programmes for land and buildings.

77. The review identified which health boards utilised indices for land and buildings valuations and analysed the indices used to help inform auditors judgement.

78. Auditors should have considered this report when auditing the 2024/25 land and building valuations.

Consolidation Schedules

79. I&Q has published TGN/HCS/25 to provide appointed auditors of health boards with guidance on examining and reporting on consolidation schedules which boards are required to submit to the Scottish Government for 2024/25. The TGN is available to auditors on [SharePoint](#)* and is also freely available from the Audit Scotland [website](#).

80. Auditors are required to examine the consolidation schedules and report on the results in an Assurance Statement. This TGN provides:

- guidance for auditors on the examination of the consolidation schedules (summarised in the checklist at Appendix 1)
- an Assurance Statement at Appendix 2

Professional matters

Guidance on the use of AI in audit

81. The [Financial Reporting Council \(FRC\)](#) has issued a [thematic review](#) and [guidance](#) on the use of automated tools and techniques (ATTs) in audit.

82. Auditors are increasingly using ATTs—such as data analytics and AI—to enhance risk assessment and gather audit evidence. While some tools have been in use for years, their application is expanding into more audit areas, including those involving emerging technologies like artificial intelligence.

83. To ensure these tools contribute to audit quality, they must be reliable and used appropriately. Under ISQM (UK) 1, auditors are required to establish quality objectives for the development, implementation, and maintenance of ATTs.

84. The certification process—which includes planning, design, implementation, and ongoing monitoring—is essential to verify that ATTs are suitable and reliable for audit use.

85. The review found that:

- Most audit firms have well-established certification processes, though some lack formal documentation.
- Firms are working to enhance processes to address AI-specific risks and improve monitoring of ATT usage and impact.

86. The thematic review highlighted good practice including:

- Innovative identification of ATT opportunities
- Tailored guidance and training for audit teams
- Ongoing review of ATT effectiveness

87. The review encourages a proportionate and flexible approach to certification, tailored to each firm's context, with the ultimate goal of improving audit quality.

88. The guidance clarifies expectations for documenting the use of AI-powered tools in audits. Key points are summarised in the following table

Area	Guidance
Documentation requirements	<p>Auditors must document how AI tools are governed, developed, and made explainable.</p> <p>Documentation should be proportionate and may be split between central records and the audit file.</p> <p>The audit file must include relevant information per ISA (UK) 230, especially for tools used in component audits</p>
AI specific considerations	<p>Due to the “black box” nature and autonomous learning of AI, governance and explainability are critical.</p> <p>Documentation should reflect the UK Government’s 5 AI principles.</p>
Balanced Approach	<p>The guidance promotes a proportionate documentation strategy to avoid overburdening firms while maintaining audit quality.</p>

89. The guidance includes illustrative example of a potential use case of AI to enhance procedures over journals, and guidance on documenting tools that use AI.

Technical Bulletin 2025/2

Technical developments and emerging risks from April to June 2025



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