AUDIT AND RISK COMMITTEE

NOTICE
There will be a meeting of the Audit and Risk Committee on 12 February 2026 at 1730 hours in the Boardroom and on Teams.

AGENDA		Paper	Lead
Agenda Item			
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 – 2 December 2025	Y	PS
04	Matters Arising from the Previous Meeting	N	PS
05	**Matters for Approval**		
05.1	Reserved: In Draft Form – Intended for Future Publication Risk Management Policy and Procedures	Y	EMCK
05.2	Reserved Item: Commercially Sensitive Legal Claim	Y	SMcM
06	**Matters for Discussion**		
06.1	**Internal Audit** Student Association	Y	DA
07			
07.1	Rolling Audit Recommendations Commentary	Y	PF
07.2	Rolling Audit Recommendations Monitor	Y	
08			PF
08.1	Risk Management – Risk Register		
08.2	Commentary on SLC Strategic Risk Register	Y	
08.3	SLC Strategic Risk Register	Y	
08.4	Cyber Risk Register and Cyber Risk Framework	Y	
	SLC Data Protection ICO Accountability Tracker	Y	
09			EMCK
09.0	Update from SLC Quality Enhancement Group	Y	
09.1	Review of the audit programme of the College's Quality Enhancement Group and EMA Audit – Block 1 results	Y	
10	Reserved Item: Commercially Sensitive		EMCK
10.1	Finance Improvement Plan 2026	Y	
11	Supplier Risk Management	Y	EMCK
12	Reserved Item: Commercially Sensitive Pension and Project Update	Y	EMCK
	Matters for Information (No overviews required- questions invited)		

13	13.1	**External Audit** External Audit Proposed Fees 2025-26	Y	EMCK
14	14.0 14.1	Rolling Review Committee Self-Evaluation	Y N	VA VA
15		Audit Scotland Technical Bulletin	Y	EMCK
16		Summation of Actions and Date of Next Meeting (19 May 2026)	N	VA
17		Any Other Business	N	

Key:

CS	Chris Sumner	Head of Digital
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
KN	Kerry Nelson	Senior Audit Manager – Audit Scotland
DA	David Archibald	Partner – Henderson Loggie LLP

AUDIT & RISK COMMITTEE

MINUTES
ARC Committee on 02 December 2025 at 1330 hours via Microsoft Teams and in the Boardroom at South Lanarkshire College

Present	In Attendance
Peter Sweeney, Chair Jacqueline Morrison (online) Douglas Morrison, Chair – Board of Management Scott Coutts, Sen Indep Member (online) Kirsty Pinnell, Board Member	Stella McManus, Principal Elaine McKechnie, VP for FR&S Kerry Tonner (Nelson), Audit Scotland Ciaran O'Brien, Audit Scotland David Archibald, Henderson Loggie (online) Chris Sumner, Head of Digital Paddy Feechan, Head of Finance Scott Gray, Board Member James Jamieson until 2pm, Observer Wilma MacLeod until 2pm, Observer Heather Anderson (online), Vice Chair of Board Odira Atueyi (online), Board Member Laura Wright (until 2pm then from 3pm), Chair of FRC

Christine Clark, Executive & Governance Administrator Vari Anderson, Governance Professional

AGENDA ITEM	
01	**Apologies for Absence** The Chair welcomed all to the meeting and extended thanks for the quality of the submitted papers. Noted FRC members in attendance as observers only and with authorisation of chair of ARC.
02	**Declaration of any potential Conflicts of Interest in relation to any Agenda items** None noted.
03	**Minutes of Previous Meeting – 19 August 2025** The minutes were duly **approved**.
04	**Matters Arising from the Previous Meeting (19 August 2025)** None noted.

05	**Matters for Joint Committee Approval**
05.1	**Reserved item: Commercially Sensitive in Draft Form** **Draft Financial Statements for the year to 31 July 2025** To be considered in conjunction with: **Proposed Annual Audit Report to the Board of Management and the Auditor General for Scotland (i.e. report of the external auditors)** The Committee considered and fully discussed the paper and noted the overview of the new revised Financial Statement document provided with thanks to Grant Costello (Interim Marketing and Communication Manager). The details could not be published due to being commercially sensitive in draft form**.** ACTION: College Management to write to the CEO of Scottish Funding Council to discuss the evolving funding model and the removal of treasury management initiatives.
05.2	After discussion, the Committee: Approved the Draft Financial Statements and Remitted to the Board Approved the Annual Audit Report and Remitted to the Board. The Committee extended its thanks to Audit Scotland for the report and overview provided.
	Matters for Discussion
06	**Internal Audit** The Committee considered and noted the terms of the papers.
06.1	Internal Audit Review 2024/25 (incl. Internal Audit Annual Plan 2025/26) Progress was noted as encouraging with regular updates and transparency. A clean audit for this year with good support from the management team and watching brief on all areas.
06.2	Audit Follow ups 2023/24 Following the follow-up reviews, it was determined that of the 27 recommendations, 8 have been fully implemented, 15 partially implemented, 3 show minimal progress, and 1 is not yet due for completion. The remaining items will be addressed during the upcoming audit exercise.
06.3	Student activity (Credits) The report was sent to the SFC on 3 October 2025 and it was reported that Henderson Loggie are of the opinion that the student returns have been compiled in accordance with all relevant guidance, adequate procedures and in place to ensure accurate collection and recording of data and that there is reasonable assurance that the FES return is free from material misstatements.
06.4	Student support (Funding) Standard observation noted around separate bank account for Higher Education Discretionary and Childcare Fund Return which must repeat each

		year with bursary fund mechanism. Gradual mechanism acknowledged. No recurrence noted from 2023/24 and can see impact. Will follow up next year as unable to close off at this time.
	06.5	Sustainability Internal Audit • It was noted that the College's Strategy 2030 sets a clear commitment to achieving net zero. Reference made to page 4 around work carried out, developing policies, group work and tracking to identify carbon footprint and initiatives. Discussion around greenhouse gas protocol (Scope 1, 2 and 3 emissions) to understand what emissions are under the categories, how these are controlled and initiatives. Positive report. Acknowledgement of challenges for the sector and to keep momentum going and for all staff and students to understand. ACTION: Suggestion for ARC and FRC to consider longer term strategy as investment will be required, with limitations due to prohibited borrowing. Core workshop and creative activity to consider carbon reduction and how the Board of Management can chart a path to make measurable progress.
	06.6	Building Maintenance Internal Audit • Conscious focus over last couple of years with limited funding. Recommendation to ensure estates strategy recognises funding and aspirations, to ensure overarching plan lines up with financial plan and strategic priorities, Regular review of college estate around planned maintenance requirements. Like climate change, consider need -v- funding. Part is having body of evidence showing investment and money required. National piece of work seems to have gone quiet. Potential shortfall around need. SM referred to 2 rounds of funding (August and November) and approach made in November to SFC regarding one of the College's lifts. Discovered that SFC had allocated all CAPEX funding in August and the sector had not been made aware of this.
07	07.1 07.2	**Rolling Audit Recommendations Commentary** **Rolling Audit Recommendations Monitor** The Committee considered and noted the reports with highlights referring to 3 new recommendations and 8 being closed off. Noted resourcing issues resolved and focus on Henderson Loggie recommendations with anticipated progress being made within the next quarter. Reference made to Risk Register Dashboard which will enhance reporting. PS/DM/SMcM considering process behind this.
08		**Risk Management – Risk Register**
	08.1	Commentary on SLC Strategic Risk Register The Committee considered and noted the report, acknowledging the overview provided around the 15 risks with 9 changes. 2 significant issues were unaligned and have been remedied accordingly.

	08.2	SLC Cyber Risk Register
	08.3	Cyber Risk Register and Cyber Risk Framework (CRF)
		CS noted an additional column has been added to include any risks that AI may pose.
09		**Bi-Annual Report of Cyber Security**
	09.1	The Committee noted the report acknowledging there are no material changes and ongoing reviews are underway.
		The Chair acknowledged the good position, noting proportionate reporting as a college.
		The Committee viewed the presentation and questions raised included the low score for incident detection, targets around data classification and identity access control numbers, college policy around ransoms and mandatory training.
		The Chair suggested meeting with CS off-line to discuss spending -v- requirements.
		Matters for Approval
10		**Public Interest Disclosure (Whistleblowing) Policy**
		VA noted this policy has been submitted to SLT and JNC.
		Following consideration of the Policy by the People and Culture Committee on 27 November 2025, the Governance Professional confirmed that approval was not being sought at this stage. Amendments proposed by the PAC Committee were circulated to ARC members for review prior to the meeting. Once the amendments have been made, the Policy will be submitted to the College's solicitors for review. Following this legal review, the Policy will be presented for Committee approval in the new year.
11		**Committee Terms of Reference**
		The Committee noted this Terms of Reference was previously agreed on 24/9/24. This version has removed reference to the Lanarkshire Region and PAC proposed the addition of a sentence for all Committees to engage and escalate where any relevant items arise.
		The Committee **approved** this paper for remit to the Board.
		Matters for Information (No overviews required - Questions invited)
12		**Reserved Item: Commercially Sensitive Information** **Pension and Payroll Project Update** SMcM advised all paperwork regarding the settlement has been submitted to SFC and will feedback response when received.
13		**Governance Rolling Review** The Governance Professional presented the report, with the Committee noting no concerns.

14	**Audit Scotland Technical Bulletin** The terms of the Audit Scotland Technical Bulletin were noted with no questions raised.
15	**Annual Public Sector Cyber Resilience Assessment** The terms of this assessment were noted with no questions raised.
16	**SFC's Expectations of Good Governance** The terms of this report were noted with no questions raised.
17	**External Effectiveness Report** The terms of the External Effectiveness Report were noted with no questions raised.
18	**Committee Discussion with Internal and External Audit Service Providers** The executive team and non-Committee members were asked to leave the room. Such meetings are normally reserved matters, but it would be fair to record that no significant issues were identified. The executive team and non-Committee members were invited back into the Boardroom.
19	**Summation of Actions and Date of Next Meeting (12 Feb 2026)** *Item 5.1 Action point:* Draft Financial Statements: **Approved.** Remit to board. College Management to write to the CEO of Scottish Funding Council to discuss the evolving funding model and the removal of treasury management initiatives Item 6.6 Action point: Suggestion for ARC and FRC to consider longer term strategy as investment will be required, with limitations due to prohibited borrowing. Core workshop and creative activity to consider carbon reduction and how the Board of Management can chart a path to make measurable progress. *Item 9.1 Action point:* PS and CS to consider spending -v- requirements. *Item 11 Action point:* Committee ToR: **Approved.** Remit to board
20	**Any Other Business** Nil raised and meeting ended 1515 to reconvene at 1530 for FRC meeting.

AUDIT & RISK COMMITTEE

DATE	12 February 2026
TITLE OF REPORT	Internal Audit: Student Association
REFERENCE	06.0
AUTHOR AND CONTACT DETAILS	David Archibald, Partner, Henderson Loggie LLP David.Archibald@hlca.co.uk
PURPOSE:	To update the Committee on the results of the Internal Audit of the Student Association
KEY RECOMMENDATIONS/ DECISIONS:	The Committee are asked to: • Note the overall internal audit opinion of 'good' on the internal audit of the Student Association. • Note the assurances given that key processes meet system requirements, with no recommendations noted.
RISK	• 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 its external auditors.
RELEVANT STRATEGIC AIMS:	• The Student Experience • People and Culture Development • Growth and Innovation • Sustainability
SUMMARY OF REPORTS:	Internal Audit has provided one report for the Committee's consideration: The Student Association **Student Association** The overall opinion expressed is 'Good' which means that the system meets control objectives with no weaknesses noted The strengths of the Student Association include: • Forward planning and clear strategic vision • Fair and transparent election processes

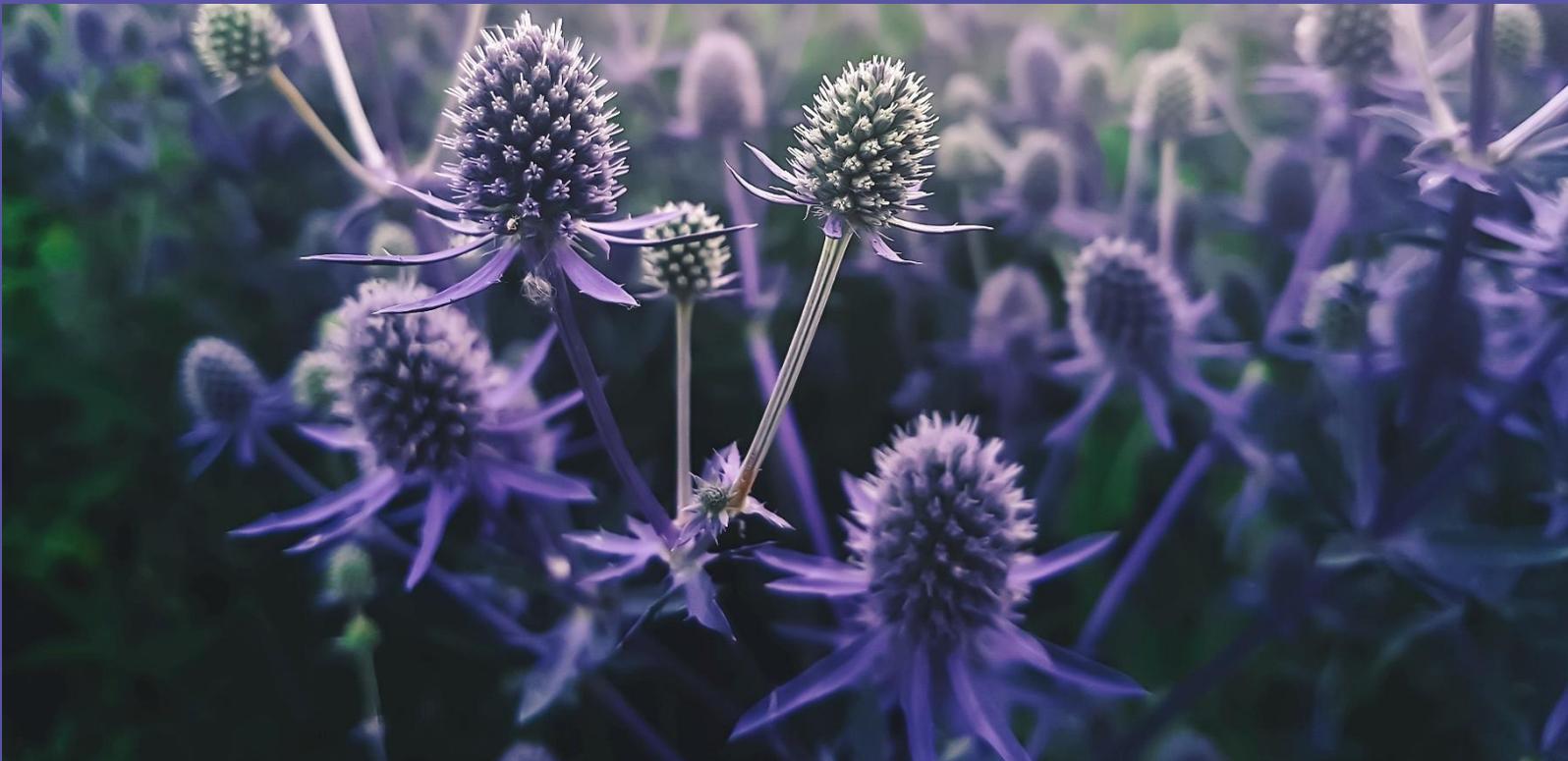|	
	• The Student Association provides a voice for students and it has formed good relationships with external bodies, which further enhances the student experience. • The Student Association has good governance arrangements in place, with an annual AGM and regular student surveys to gather feedback on its performance. There are two actions already noted as being progressed: • The recruitment of a Student Engagement Manager to strengthen student engagement; and • Student Question Team to be re-introduced within Curriculum Teams in Spring 2026.

South Lanarkshire College

Student Association

Internal Audit report No: 2026/02

Draft issued: 29 January 2026

Final issued: 2 February 2026

Henderson
Loggie

Student Association

Contents

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.

Risk Assessment

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

- Risk 12 - There is a failure to provide a robust learner experience to support onward progression (Post Mitigation Risk Score: 4).

Background

As part of the Internal Audit programme at the College for 2025/26, we carried out a review of the Student Association's student engagement activities. The Audit Needs Assessment, agreed with management and the Audit and Risk Committee, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Principal and the Audit and Risk Committee that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The importance of appropriate student engagement (and having an effective student association) is recognised by both the Scottish Government and the Scottish Funding Council (SFC). This is reflected within the Code of Good Governance for Scotland's Colleges, which includes a section on student engagement. Compliance with the Code is mandatory as part of the Financial Memorandum the College has in place with the SFC.

A range of good practice has been developed to assist colleges in developing and evaluating their student engagement activities and the work of their student association. This includes:

- 'Framework for the Development of Strong and Effective Students' Associations in Scotland' (developed by the National Union of Students Scotland, published in June 2015). This sets out the key principles and several themes that underpin effective students' associations; and
- 'Guidance on the Development and Implementation of a Student Partnership Agreement in Colleges' (developed by Student Partnerships in Quality Scotland – Sparqs, published in May 2015). This sets out good practice for Student Partnership Agreements between colleges and students' associations.

Oversight of student engagement and the College's relationship with the Student Association rests with the Vice Principal Student Experience & Innovation, and the Head of Student Services, who work collaboratively to ensure that adequate student engagement is achieved across the College.

Student experience is established as one of the key strategic goals in the College's five-year strategy to 2030. This is supported by specific detail reinforcing the importance of maintaining strong student partnerships, which emphasises the collaborative relationship the College has with the Student Association.

Scope, Objectives and Overall Findings

Student engagement at the College is principally 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 in which students can get involved, including being a part of the Student Association or becoming a Class Representative.

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

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

Objective	Findings			
To obtain reasonable assurance that:	**Level of Assurance**	**1**	**2**	**3**
		No. of Agreed Actions		
1. The Student Association strategy links to national (NUS) and local priorities, is supported by action plans and subject to appropriate monitoring	Good	0	0	0
2. There are effective mechanisms in place to facilitate and encourage student representation (e.g., class reps, student officers)	Good	0	0	0
3. Effective communication channels are being used to promote engagement activities	Good	0	0	0
4. There is collaboration between the Student Association, College staff and external partners (e.g. local / national groups, other student associations)	Good	0	0	0
5. Mechanisms are in place to assess how Student Association engagement activities contribute to student wellbeing, inclusion, and academic success	Good	0	0	0
Overall Level of Assurance	**Good**	**0**	**0**	**0**
		System meets control objectives.		

Audit Approach

Through discussion with the Student Association President and Vice President, College Head of Student Services, members of the College Executive Team, and other relevant College managers and staff and Class Representatives, we considered the extent to which the above objectives were being met.

Summary of Main Findings

Strengths
- The current iteration of the Student Association Strategic Plan covers the period 2023 – 2026 and provides a clear, one-page overview of the mission, vision, values, and key themes.
- The Student Association Constitution sets out key information on how the Student Association should operate, including operational details in relation to processes within the Association, and contains regulations that the Association must follow.
- Operational plans are developed annually, following the election of the sabbatical officers, detailing specific actions, linked to the Student Association Strategic Plan, and manifestos of the incoming sabbatical officers that will be delivered in the academic year. Progress is reported by the Student Association throughout the year, at the Student Association AGM, within the Student Association financial statements, and as part of quarterly Board reporting.
- Quarterly Board reports set out key updates, initiatives that have been actioned, and plans for the remainder of the academic year.
- The Student Association budgeting process ensures that local priorities are met, while supporting the sabbatical officers in developing their own skills. Ongoing support is provided by College Finance staff to ensure compliance and effective monitoring.
- Student voice is embedded within governance structures, with student representation on the Board, Board sub committees and operational groups.
- An election schedule is in place for both sabbatical staff and Class Representatives, ensuring that timelines are met and there is no gap in representation.
- Student representation opportunities are promoted heavily within the College, by the Student Association and staff, and through social media and on-campus activity. Significant efforts are made to promote the benefits of student representation, through a multitude of channels including class visits, posters, and social media.
- Training sessions are offered to all student representatives through Sparqs, with further support made available via Student Services staff.
- Discussions between Class Representatives and curriculum staff help to facilitate staff enhancement planning, target training needs, and implement specific initiatives to support the student experience.
- The Student Association and Student Services teams work closely with the Marketing team to develop effective communications, and promotion of activities throughout the College.
- The Student Association is involved in the student induction process and participates in graduation and end of year celebrations, as well as assisting applicants and promoting the services they can provide.
- There is a dedicated Student Association Teams channel which is used to support planning and communication, with a specific area for Class Representatives to communicate, and updates regularly shared. The College also utilises text reminders, printed posters, repurposed smartboards for digital signage, and a fortnightly student newsletter, Student News 4 U.
- It is evident that Student Services staff maintain a close working relationship with the Student Association, providing the sabbatical team with day-to-day support and both teams actively signposting students to the most appropriate support.
- The Student Association engages widely, connecting with national bodies such as National Union of Students (NUS) and Sparqs through regular monthly online events, in person events, and enabling knowledge sharing and collaboration with representatives and Student Associations from other institutions.
- The Student Association collaborates with students from across the College, showcasing and utilising their skills in activities, and with the curriculum team, with initiatives such as the Love Your Planet in partnership with the Horticulture curriculum team and Scottish Bee Association.
- The Student Association and College demonstrated strong links with external organisations, which further enhances the student experience.

Summary of Main Findings (Continued)

Strengths (continued)
- The Student Association undertakes a range of activities throughout the year, focussing on key areas such as student wellbeing, inclusion, and academic success.
- The Student Association has been trained to help represent and support other students that face disciplinary action, demonstrating that the role of the student union is beyond routine student engagement and also supports advocacy for students.
- At the end of each event held by the Student Association, feedback forms are issued to students to capture intelligence on what students enjoyed, and where improvements can be made for future events. Feeback opportunities are also advertised in the student newsletter and promoted by College staff and the Student Association itself, with anecdotal feedback also regularly provided to the Student Association.
- Quality evaluation is built into all student activities with an annual end of year review in place to assess what is important to the students themselves.
- In-course questionnaire response rates have increased significantly, from approximately 30% in 2024/25 to over 70% in 2025/26, with ambitions for further growth.
- The College operates a feedback mechanism through a system called 'Tell us at SLC', which is a process that allows students to report issues anonymously through the website, with reporting taken to the Principalship periodically for full oversight. Reporting is also promoted through a 'You Said, We Did' process, which demonstrates initiatives or improvements that have been made as a direct result of student feedback.

Actions Already in Progress
- The College is exploring opportunities to further strengthen the student engagement arrangements, including the potential creation of a Student Engagement Manager role.
- The College previously ran regular 'Student Question Time' sessions, which acted as a direct forum to engage with the College Executive Team. There are plans to re-introduce these sessions at Curriculum Team level in Spring 2026, which will enhance the existing student engagement arrangements.

Acknowledgments

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

Main Findings

Objective 1 - The Student Association strategy links to national (NUS) and local priorities, is supported by action plans and subject to appropriate monitoring

The current iteration of the Student Association Strategic Plan covers the period 2023 – 2026 and provides a clear, one-page overview of the mission, vision, values, and key themes. The plan is a student-led document with input provided by the Student Association, Student Representatives, and the wider student population through engagement and workshops. The plan is designed to be accessible and visually engaging to promote understanding and effective engagement. It underpins operational planning and reinforces integrity and accountability in the Association's activities. The National Union of Students (NUS) Framework for the Development of Strong and Effective College Student Associations in Scotland is considered to be best practice guidance within the sector, and has been used to support the development and review of the Student Association Strategic Plan.

The Student Association Constitution took effect from March 2021, with a review due to be undertaken in early 2026. The constitution sets out key information about the Student Association across three areas:

- The Articles;
- The Schedules; and
- The Appendices.

The Articles set out the aims and objectives of the Student Association, with guidelines provided on how the Association should operate. The Schedules further support this, giving additional operational details in relation to processes within the Association. The Appendices contain all the information, including regulations, that the Association must follow.

Operational plans are developed annually, following the election of the sabbatical officers. These plans contain specific actions, linked to the Student Association Strategic Plan, and the manifestos of the incoming sabbatical officers, that will be delivered in the academic year. The plan also contains indicators of success, timescales, responsibilities, and budget considerations. The incoming sabbatical officers review the prior year plan, considering whether any actions are ongoing, and if they will continue to implement these as part of the revised plan for the next year.

Progress is reported by the Student Association throughout the year, at the Student Association AGM, within the Student Association financial statements, and as part of quarterly Board reporting. The Board reports set out key updates, initiatives that have been actioned, and plans for the remainder of the academic year. The report utilises graphics and video content to enhance engagement with the reporting.

Student Association

Objective 1 - The Student Association strategy links to national (NUS) and local priorities, is supported by action plans and subject to appropriate monitoring (Continued)

Financial governance is supported by the Student Association Financial Procedures (2020) and annual budgets, which are aligned to College financial processes. From our discussions with College staff, and representatives from the Student Association, it was confirmed that involvement in the budgeting process is instrumental in ensuring that local priorities are met, while supporting the sabbatical officers in developing their own skills. Ongoing support is provided by College Finance staff to ensure compliance with the financial procedures and effective monitoring.

During our discussions with the Executive Team and management, it was noted student voice is embedded within governance structures, with student representation on the Board, committees and operational groups. Oversight of the Association sits with the Vice Principal Student Experience & Innovation, supported by the Head of Student Services and wider team. The College is exploring opportunities to strengthen this support further, including the potential creation of a Student Engagement Manager role.

Student Association

Objective 2 - There are effective mechanisms in place to facilitate and encourage student representation (e.g., class reps, student officers)

The Student Association consists of two sabbatical officers, a full-time President and part-time Vice President, and eight Student Officers. They are appointed annually through a democratic election process amongst the student population. In addition to this, the Student Association is supported by voluntary Class Representatives with the aim of having one representative per class at the College.

There is a firm election schedule in place, with the election process for sabbatical officers beginning in April, and Class Representatives beginning in September of each year. This ensures that timelines are met and there is no gap in representation. Student representation opportunities are promoted heavily within the College, by the Student Association and College staff, and through social media and on-campus activity.

The process is facilitated by the Compliance and Assurance Officer who oversees the nominations and voting processes. Voting takes place on the Moodle platform, with paper balloting available to students unable to use the online system, ensuring equal opportunity to engage with the election process. Nomination packs are available to students on the College website or directly from College staff. These include information about the process including job roles and duties, manifestos, and the election process.

Engagement with the representation process is generally strong, though challenges remain in achieving full coverage of Class Representatives. Representation is encouraged but not mandatory, recognising that quality and commitment are essential for meaningful engagement. Significant efforts are made to promote the benefits of student representation, such as developing employability skills and influencing the student experience, through a multitude of channels including class visits, posters and social media.

Training sessions are offered to all student representatives through Sparqs, with further support available via Student Services staff, and a dedicated Teams channel where student representatives are encouraged to share their experiences and ask questions. Representatives are guided on their role, including how to signpost students to appropriate services when issues cannot be resolved directly.

There are regular course team reports between student representatives and curriculum staff. Students are encouraged to spend time as a group discussing their views about the course, including what they enjoy and any areas that could be improved. Class representatives are then invited to discuss these views with curriculum staff, and feedback then collated by curriculum staff and provided to students. It is emphasised that although these mechanisms are in place to encourage open discussion, students and representatives are welcome to discuss their views with College staff at any time and do not need to wait for specific meetings. These discussions help to facilitate staff enhancement planning, target training needs, and implement specific initiatives to support the student experience.

Student Association

Objective 3 - Effective communication channels are being used to promote engagement activities

The Student Association and Student Services teams work closely with the Marketing team to develop effective communications, and promotion of activities throughout the College. Marketing provides support through the creation of materials, social media campaigns, and digital signage. The Student Association also produces its own content, including photographs and videos from events, and live reporting, which are shared widely to enhance visibility. Brand guidelines for the Student Association have been developed by the Marketing team and are applied consistently across communications, and office branding, to raise visibility of the Student Association. Marketing toolkits are also being planned to support communication activities further.

Student engagement begins at the application stage, with all applicants invited to attend an open day, where Student Association representatives are present to assist applicants and promote the services they can provide. There is ongoing contact with students prior to enrolment, with regular communications made to offer holders to bring awareness to the Student Association and initiatives at the College. The Student Association is also involved in the induction process, both in September and January, carrying out class visits to speak with students. The Student Association also participates in graduation and end of year celebrations.

Video and social media content is frequently used to introduce sabbatical officers and promote initiatives, aligning with student preferences for digital communication. Feedback indicates this approach has been well received and has brought awareness to the services that the Student Association can provide to students.

There is a dedicated Student Association Teams channel which is used to support planning and communication. There is a specific area for Class Representatives to communicate, and updates are regularly shared. From our discussions with College staff, it was noted that the use of emails for regular communications has been reduced following student feedback, however Teams acts as an open communication channel to engage with students. In addition to this, the College utilises text reminders, printed posters, repurposed smartboards for digital signage, and a fortnightly student newsletter, Student News 4 U. This multi-channel approach ensures that information reaches students through their preferred communication channels.

Student Association

Objective 4 - There is collaboration between the Student Association, College staff and external partners (e.g. local / national groups, other student associations)

Both the Student Association and College staff foster strong collaboration across all areas, including Finance, Administration, and Student Services. Student Services staff maintain a close working relationship with the Student Association, providing the sabbatical team with day-to-day support and both teams actively signposting students to the most appropriate support.

The Student Association engages widely, connecting with national bodies such as NUS and Sparqs through regular monthly online events, in person events, and enabling knowledge sharing and collaboration with representatives and Student Associations from other institutions. Attendance at these events ensures the College remains aligned with sector-wide initiatives.

Joint campaigns, such as 'Think Positive', co-signed by the Principal and the Student Association, highlight the College's commitment to wellbeing and inclusion for students. The College is also invited to contribute to networking meetings, reinforcing its role as an active sector partner.

The Student Association also collaborates with students from across the College, showcasing and utilising their skills in activities such as photography and catering during events. The Student Association also works with the curriculum team, with initiatives such as the Love Your Planet in partnership with the Horticulture curriculum team and Scottish Bee Association

The Student Association and College also have strong links with external organisations which further enhances the student experience. Events are well supported by external organisations, providing resources to support initiatives such as Freshers events, the Student Larder, and the Toast Topper Club, which address poverty, isolation, and access to services. Annual celebrations and volunteering events, alongside partnerships with third-sector organisations such as Women's Aid, GBU Charter, and campaigns including White Ribbon, Pride, and local foodbank support, demonstrate the College's commitment to community engagement and social responsibility.

Student Association

Objective 5 - Mechanisms are in place to assess how Student Association engagement activities contribute to student wellbeing, inclusion, and academic success

The Student Association undertakes a range of activities throughout the year, focussing on key areas such as student wellbeing, inclusion, and academic success. Recent initiatives have included Freshers induction events, the Student Larder which offers food and other products to students in need, Men's mental health events and promotion of in-house counselling services, and mindfulness and wellbeing classes. In addition to this, the Students' Association runs a free breakfast Toast Topper club and free lunch events available to all students to provide support to students that may be struggling financially whilst encouraging socialisation and inclusion in the College community. Many of the events and initiatives are targeted based on student feedback or an identified need, for example, Men's Mental Health and access to the student larder.

In addition to engagement activities, the Student Association has been trained to help represent and support other students that face disciplinary action, demonstrating that the role of the student union is beyond engagement and also supports advocation for students.

At the end of each event, feedback forms are issued to students to understand what students enjoyed, and where improvements can be made for future events. Feedback forms are kept simple with minimal questions to try and maximise engagement. Feeback opportunities are also advertised in the student newsletter and promoted by College staff and the Student Association itself. Anecdotal feedback is also regularly provided to the Student Association

Evaluation is built into everything that the College does. There are key performance indicators (KPIs) in place in relation to both attainment and retention, which is reflective of the engagement that students have with the College. Quality evaluation is built into all student activities with an annual end of year review in place to assess what is important to the students themselves.

The College and Student Association continue to focus on improving student engagement. In-course questionnaire response rates have increased significantly, from approximately 30% in 2024/25 to over 70% in 2025/26, with ambitions for further growth in response rates. This followed a targeted campaign in which student representatives and staff promoted the completion of the questionnaire.

The College also operates a feedback mechanism through a system called 'Tell us at SLC'. This system arose through a student focus group where it was noted that students wanted a straightforward way to report issues without having to go through a formal complaints process. This process allows students to report issues anonymously through the website. Staff are obligated to consider the report and provide a response in a timely manner, and issues are reported to the head of the relevant area for the issue to be investigated and a solution found. Reporting is also taken to the Principalship periodically for full oversight. Reporting is also promoted through a 'You Said, We Did' process, which demonstrates initiatives or improvements that have been made as a direct result of student feedback.

The College previously had regular 'Student Question Time' sessions, which acted as a direct forum with the College Executive Team. There are plans to re-introduce these sessions at Curriculum Team level in Spring 2026, which will further enhance the existing student engagement arrangements.

Henderson Loggie

AUDIT AND RISK COMMITTEE

DATE	12 February 2026
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: • Note 8 recommendation being added in the period. • Note 1 recommendation being marked as complete during the last quarter, with progress being made on residual recommendations. • Note commentary on all audit recommendations, and their expected completion dates.
RISKS	• 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:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• 8 new recommendations were added in the quarter, and 1 recommendation was closed off in the same period. • There are now 31 outstanding recommendations on the monitor covering 5 Student Support Funds, 3 Staff Recruitment, 4 Budgetary Control, 1 Publications and Communications, 1 Procurement & Purchasing/Creditors, 3 Business Process Review Space Management/Room Utilisation, 5 Student Activity (Credits), 4 Environmental Sustainability, 4 Building Maintenance and 1 Payroll & Pension Management.

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 STUDENT SUPPORT FUNDS

3.1 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 5 outstanding audit recommendations on the monitor as of January 2026.

3.2 These recommendations are now expected to be completed by September 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.

3.3 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.

4 STAFF RECRUITMENT & RETENTION

4.1 The College was able to close out one of the four recommendations in relation to recruitment and selection policies.

4.2 Three recommendations remain in progress as at January 2026. 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.

4.3 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 various modules, for which HR estimates a revised timeline for completion of May 2026.

5 BUDGETARY CONTROL

5.1 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.

5.2 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. This was presented to SLT in January 2026, with rollout to budget holders to follow in the next month accounts.

5.3 The college have recruited additional resource, a Financial Accountant, to assist with the budget setting process. The additional resource will allow for the 2026-27 budget process to be conducted with a bottom-up approach, complete with a fully documented process.

5.4 The finance management team are currently working on budget training notes with an expected roll out of training all budget holders in Spring 2026. The focus will be on the budget holder understanding the layout of the accounts, how to interpret the results, and how to use financial information positively to contribute towards the future operation of their respective departments.

6 PUBLICITY AND COMMUNICATIONS

6.1 The audit focused on the systems in place within the College for the management of positive and negative publicity externally, and internal communication.

6.2 As reported in August 2025, the Vice Principal for Finance, Resources & Sustainability was unable to attend the Media Training course in March 2025. The College has been advised that there is no available option for the Vice Principal to undertake the training in March 2026 however other options are being explored. Once completed, the 1 remaining audit recommendation will be closed off.

7 PROCUREMENT AND PURCHASING/CREDITORS

7.1 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),. It is anticipated that all updates (including communication of all changes to relevant staff) will now be targeted by end of March 2026.

7.2 The College has identified the changes it would like to make, with regards to procurement thresholds. These will be documented in the Procurement Thresholds, and the Financial Regulations documents and will be presented to SLT in Spring 2026. If agreed, these will be implemented to allow the audit point to be closed out fully.

8 BUSINESS PROCESS REVIEW: SPACE MANAGEMENT & ROOM UTILISATION

8.1 There are 3 recommendations in progress for this audit.

8.2 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.

8.3 All recommendations remain in place for completion at different intervals during 2026, the first being March. 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. The College has identified a company who will work with the senior leadership

team, College staff and students to design a brief as part of the Estates Strategy and its 5-year capital investment plan, which will help address this recommendation.

8.4 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.

9 STUDENT ACTIVITY (CREDITS)

9.1 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.

9.2 There are five audit recommendations for Student Activity, which the Head of Digital is hoping to close between April and September 2026.

9.3 Work has progressed on all the recommendations here, but Head of Digital is keen to do an in-year review, to be able to evidence the completion of some of these to the Internal Auditor.

10 ENVIRONMENTAL SUSTAINABILITY

10.1   Following the recent Environmental Sustainability audit, 4 new recommendations have been added to the monitor file, one with an expected completion date of March 2026, and the other three scheduled to be complete by June 2026.

10.2   The College have been advised to update the Climate Change Action Team (CCAT) remit, to define the stakeholders needed within the team to allow positive actions to be driven forward.

10.3   The College has successfully recruited to the Sustainability Officer role in January 2026. The Officer role will ensure the completion of all audit recommendations in due course with the support of CCAT members, senior leadership team and college staff.

10.4   Work to be undertaken by the Sustainability Officer and Senior Leadership Team to focus on key environmental sustainability measures, including policies, procedures, protocols and KPI's. The KPI's should be measurable and reportable to the CCAT, to evidence progress, as well as closing out the recommendations.

11 BUILDING MAINTENANCE

11.1   There has been a recent Building Maintenance audit. From this the College received 4 audit recommendations, with agreed completion timelines of March 2026 for two recommendations, and July 2026 for the remaining two recommendations.

11.2   The audit recommended that the College enhance the current Planned Preventative Maintenance (PPM). The Head of Facilities is already working to enhance this to include a more granular level of detail.

11.3   One failure was noted in respect of a bi-annual PPM check which did not happen in line with the schedule of works. This highlighted the importance of conducting quarterly contract management meetings with suppliers, to ensure the smooth-running order of routine maintenance checks. With the support of the Procurement Manager, contract leads at the College have been asked to ensure due process is followed going forward to mitigate against the risk of a subsequent failure.

11.4   There was an identified need for an Estates Strategy within the College. As above, work has already been commissioned on this, therefore the Board of Management will be kept up to date on progress on the Estates Strategy in the coming quarter, with inputs welcomed as part of those discussions.

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. Only one recommendation remains open in this quarter.

12.2   The timeframe for completion of the final recommendation is unclear, as there is a dependency here on the supplier to deliver specific modules to the College. It may take until the end of the current academic year to close this out. Members will be kept informed of progress.

13 EQUALITIES

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

14 RISK AND ASSURANCE

14.1   That the College does not have appropriate internal controls to safeguard its staff, students and assets; and

14.2   That the College does not have adequate risk management processes and procedures in place.is is on the front cover as well, so suggest retaining if further detail is required.

15 RECOMMENDATIONS

15.1   The Committee is asked to:

15.1.1 Note 8 recommendation being added in the period.
15.1.2 Note 1 recommendation being marked as complete during the last quarter, with progress being made on residual recommendations.
15.1.3 Note commentary on all audit recommendations, and their expected completion dates.

Appendix 07.2 Audit Recommendations Monitor as at 31 January 2026

AUDIT AND RISK COMMITTEE

DATE	12 February 2026
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: • review and approve the strategic risk analysis contained in the College's Strategic Risk Register and the commentary therein; and • note 2 amendments to risk scoring since December 2025 in respect of financial controls and health & safety legislation.
RISK	• That College strategic risks are not identified, and mitigating actions are not taken.
RELEVANT STRATEGIC AIM:	• The Student Experience • People and Culture Development • Growth and Innovation • Sustainability
SUMMARY OF REPORT:	• Of the fifteen risks identified, 2 post mitigation scores have increased, with all other risk scores remaining the same as at December 2025. • The highest risk to the College in January 2026 was in respect of financial stability and, to an extent, remains outside of the control of the College, owing to Government funding restrictions. Early indicators are that the sector is receiving a 10% increase for 2026/27, which may equate to a circa 3% estimated revenue increase for the College. However, the College continues to encourage full cost recovery and commercial delivery of programmes to bolster income streams. • The risk register also contains assurance mapping against each risk into those assurances that are gained from internal sources (management reporting and quality assurance arrangements) and those that are gained from more external sources (e.g. internal/external audit, Education Scotland, Scottish Funding Council).

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 22 January 2026. 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 Inherent and post-mitigation risk both remain at 20. The political landscape is not within the control of the College and as grant funding makes up circa 70% of total income, financial sustainability for the College and the wider sector remains a challenge.

2.2 Funding for 2025/26 largely represents 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. The Scottish Budget for 2026-27 includes an increase in funding for colleges, amounting to an additional £70 million. This increase is part of a broader effort to support further education and skills training across the country. The funding is expected to help mitigate the financial pressures faced by colleges, which have been received under-investment and a real-term funding cuts over the past parliamentary session.

2.3 The increase is a start for the sector, representing a 10% capital and resource funding increase for the sector compared to the previous year's flat cash settlement. Note that the 10% is for the sector not per college so yet it is not clear how the funding will be split across the colleges. It is likely that this may translate into an estimated 3% increase in overall revenue funding only. The College expects to receive the Indicative Funding allocations by end of March 2026 and should receive the Final Funding allocations in May 2026.

2.4 The College continues to diversify income streams through the provision of full cost recovery courses and benefited from the Scottish Government 60% funding for employer National Insurance increases in 25/26.

2.5 The College will soon welcome the Internal Auditors onsite to begin work on the Financial Sustainability Audit.

3. RISK TWO - FAILURE OF FINANCIAL CONTROLS

3.1. Inherent risk score remains at 15, inferring that the management of financial controls is being sufficiently monitored by the College. The post mitigation risk has increased to 15 from 10, although this score remains in amber status.

3.2. Progress is being made on the Finance Improvement plan that was discussed with the Board. Finance aims to deliver the completed plan to SLT in the coming weeks. The aim of this plan is to improve the day to day running of the department, which will have a positive impact on the financial controls.

3.3. 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 haven't allowed for the risk score to be lowered. These systems are nearing full implementation, and when complete financial controls will be strengthened, allowing for a subsequent decrease in the risk scoring.

4. RISK THREE - CREDIT TARGET

4.1. Inherent risk remains at 15, and the post mitigation risk score stays at 10.

4.2. At the point of review January recruitment appears to be robust and on-target to achieve full class groups where anticipated. Should this not maximise the credit target, additional recruitment will take place in February and March 2026. January recruitment is currently underway and looking positive.

4.3. Modern Apprenticeship (MA) monitoring continues, following the changes in the performance indicator (PI) from the previous risk review. Monthly finance and resources meetings continue to assure that all external contracts (including MA's) are closely monitored. If there is 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 risk scoring has been maintained at 6 for inherent risk, and 4 for post-mitigation risk respectively.

5.2. The College continues to be confident that its arrangements for legislation compliance 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.

5.3. The ownership of data protection has been transferred from MIS to Governance, and a sufficient handover was in place in the initial months of 2025/26 to ensure sufficient knowledge transfer for a successful transition.

5.4. Work is ongoing within the College to ensure legislation relating to each area is embedded through all policies. The project is being led by governance professional, but all heads of department will be accountable for their areas.

6. RISK FIVE - CAPITAL FUNDING REQUIREMENTS

6.1. The inherent risk score remains at 16. There has been no change to post-mitigation risk scoring of 12.

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. Ongoing concerns have been voiced regarding the robustness of the existing cladding on the building and the issue with one of the lifts in the College, for which Scottish Funding Council SFC Emergency capital funding was rejected, will require an estimated capital outlay of circa £320k.

6.4. The college will react to the pending projects in view, in line with available budgets. Colleges Scotland indicated that there will be an additional £8m available to Scottish colleges from the 2026/27 indicative budget announcement.

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

7.1. The inherent risk score remains at 15, with post mitigation risk increasing from a score of 10 to a score of 15, although this remains in amber status.

7.2. The Health & Safety role had been filled, and steady progress was being made in the area, however the postholder has since relocated to another role within the College. It is recognised that current Health & Safety vacancy is considered a priority. There is continued support in this area from the Facilities department towards the People Services department where this role now sits, as well as the previous postholder being on hand to assist with any new issues raised.

7.3. When the post is filled, staff resource will focus on working to capacity to get through policies and procedures updates as required. Regular Health & Safety Committee meetings continue to take place internally to ensure follow up and closure of key actions raised. Compliance with Health & Safety related audits and inspections is standard practice at the College.

8.   RISK SEVEN – BUSINESS INTERRUPTION

8.1. Inherent risk score remains at 15 and post mitigation risk score stays constant at 12.

8.2. 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, cyber-attack).

8.3. Incident response training took place for the SLT in November 2025. There was then an incident during which the lift was out of operation, and this enabled a proper test of procedures. The incident exposed some actions that needed to be addressed which are in progress however the overall outcome from the incident was that it was handled well.

8.4. The Business Continuity documentation has been updated and the audit for the area will take place in March 2026.

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 area in green status, completion of the audit recommendation for incident response for SLT and continual staff training will need to be maintained. The first step was undertaken with internal training taking place in November 2025. Externally led training will follow in March 2026.

9.3. Improvements to the cyber security platform continue and the Board will have sight of the next cyber bi-annual report in May which should also show key progress

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

10.1.   The inherent risk score is 12, whilst the post-mitigation risk has remained at 4.

10.2.   The restructure within the Quality department, coupled with 'quality' now being formally embedded within the Curriculum Manager role, helps to mitigate against this risk going forward.

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

11.1.   The risk scores remain the same, with inherent risk at 16 and post-mitigation risk of 8.

11.2.   As previously advised, the People Service Advisor role has been changed. Now each department will have their own dedicated Advisor in a business partnering model, which should also enhance the employee journey.

11.3.   The college continues to review staff policies and procedures in line with priorities agreed with People and Culture Committee (PAC), employment law changes and NJNC agreements. New policies currently under review by PAC include Employee Learning and Development, Staff Recruitment and Employee Transition and Departure. These are new policies for the college and once implemented will provide clear frameworks to managers and employees to support consistent approaches to an effective employee journey.

11.4.   The team are participating in internal training on the new people services system, with new modules to be rolled out including career reviews and recruitment. Guides will be available to all staff, and the PS team is developing a skills base to be able to respond to employee queries on the new system.

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. Student and Staff wellbeing and safety continues to be of upmost importance. Policies and procedures are well embedded.

12.3.   The College remains up to date with new legislation, such as Martyn's law, and recruitment of security guards on Campus is progressing as a further mitigation against this risk.

12.4.   The College have gone through a positive Student Association audit report, receiving a grading of Good, alongside several key strengths. Work was undertaken on the Emily Charter with positive results. The College has successfully retained the GBV Charter for Colleges and Universities following the Annual Review process. Emily Test GBV Risk Assessment training being delivered to the College's Safeguarding Network in February 2026.

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 to the post-mitigation risk remaining at 4.

13.2.   Mitigations include the restructure of Extended Learning Support (ELS) at the College which will further support the student experience when postholders are appointed.

13.3.   Curriculum planning meetings have also taken place across all areas. These have been supported by stakeholder engagement and a focus on future skills requirements. The plan is deemed to support students on a more progressive pathway through their further education into employment or further studies.

13.4.   Preliminary Student Association audit has taken place, with a 'good' grading noted by Internal Audit. Work has been undertaken on the Emily Charter, in which the Annual Review was complimentary of the College's approach.

13.5.   The College's Data and Report Plan include requests for tracked College Leaver Destinations in all 4 key modes of delivery, and a dashboard publicising and capturing the most recent SFC verified data.

13.6.   The Principalship and QLTI are exploring the viability of reinstating Student Question Time prior to Spring Break.

14. RISK THIRTEEN - FAILURE OF CORPORATE GOVERNANCE

14.1.   The inherent risk remains at 12, and the post mitigation score stays at 6.

14.2.   The Board continue to actively recruit dynamic members to enhance the membership.

14.3.   Training and Induction of new Board members regularly occurs, with the support of the Governance Professional and College Development Network.

14.4.   The External Effectiveness Review conducted during 2025 also demonstrated the robust governance in place at the College.

15. RISK FOURTEEN – ADVERSE REPUTATIONAL RISK

15.1.   There has been no change to risk scorings, with inherent risk at 12 and post-mitigation risk remaining at 9.

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 3(10)-ruling lodged by the appellant and so makes no change to its risk scorings in this period.

15.3.   New Board member inductions are ongoing and follow a robust programme. The recruitment of new members also follows a rigorous process.

15.4.   The College's Principal and Governance Professional are both members of the Good Governance Steering Group.

15.5.   The Senior Leadership Team is currently developing a management training program with Colleges Development Network. There is an ongoing focus on progressing the positive view of the college throughout the campus, and the local community.

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 College, through its Climate Change Action Team, continues to demonstrate a healthy engagement with all internal and external requirements in respect of environmental sustainability. The College recently attended a Teams call in November 2025 with South Lanarkshire Council to discuss potential for District Heating Networks in East Kilbride.

16.3.   The new Sustainability Officer has been appointed and has met with the Sustainability Leads to assist in driving the college to meet carbon targets.

16.4.   However, Colleges Scotland advised the sector that the Government has cut funding from £800mm to £400mm.

16.5.   The college is developing a partnership with Climate Action Strathaven for a minibus service, which is already proving to be of benefit to the students.

17. CYBER RISK REGISTER

17.1.   There are no new updates to the Cyber Risk Register items in this quarter.

17.2.   There are no changes to the scoring in this risk register.

18. DATA PROTECTION ICO ACCOUNTABILITY TRACKER

18.1.   There are no new updates with regards to Data protection monitoring and compliance in the quarter.

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 2 amendments to risk scoring since December 2025 in respect of financial controls and health & safety legislation.

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	12 February 2026
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 – Curriculum Manager – Quality Lisa.Doonan@slc.ac.uk
PURPOSE:	To present to the Committee the Quality Audit Group (QAG) Audit Schedule for 2025-26 and the results of the recent Education Maintenance Allowance (EMA) 1st Block Audit.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: • note the refresh of the Quality Audit Group as the Institution-Led Quality Review (ILQR) Group with no change to its existing remit; • note the ILQR activity to date for 2025-26 including future scheduled audits; and • note the positive results from Education Maintenance Allowance (EMA) 1st Block.
RISK	• 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:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORTS:	• The quality groups discussed within the report are not new to College operations but the renaming and reshaping of these groups with revised remits represents a renewed focus and attention on this critically important function to minimise risk. • The results of EMA Audit from Block 1 are positive, noting no further actions or recommendations.

1. INTRODUCTION

1.1. This paper presents the Institution-Led Quality Review (ILQR) Group's (formerly the Quality Audit Group (QAG)) Audit Schedule for 2025-26 and the results of the recent EMA 1st 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, provide 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.

2. REFRESH OF THE QUALITY AUDIT GROUP

2.1. The Quality Audit Group is being refreshed to reflect the adoption of the Tertiary Quality Enhancement Framework and provide robust evidence to support the Tertiary Quality Enhancement Review process. The forum will be referred to as the Institution-Led Quality Review (ILQR) Group, with membership remaining as planned for 2025-26. Future developments will be reported via the SLT, and the LTSE Committee.

2.2. The ILQR Group's remit and scope remains the same; delivering a programme of pre-planned and responsive detailed quality reviews. The ILQR Group will retain the authority to set actions and make recommendations; including the requirement to formally include actions within departmental/curriculum area Operational and Enhancement Plans, as appropriate.

3. INSTITUTION-LED QUALITY REVIEW GROUP (ILQR) AUDIT SCHEDULE 2025-26

3.1. The *ILQR Internal Audit Schedule 2025-26* has been adapted in response to some realignment of focus areas to Curriculum Leads who have the most relevant technical knowledge to audit their respective specialisms.

3.2. The table below contains the mandatory audits on which the ILQR will lead.

3.3. *Table 1: ILQR Group Audit Schedule 2025-26*

Internal Audit	Audit reason code *see	Proposed Date/ Month TBC	Confirmed Date	Audit Team *Lead writer in bold
EMA (1st audit)	1	November 2025	05/12/2025	**AJ,** LD
EMA (2nd audit)	1	April 2026		**AJ,** LD
BPEC Level 5 Gas Installation & Maintenance SCQF 5	2	Now under Curriculum Team ownership		**Curriculum Leads**

BPEC - pre-audit for ACS and Foundation programmes	**2**	Now under Curriculum Team ownership		**Curriculum Leads**

Audit Reason codes:
- 1   - Mandatory requirement
- 2   - College risk analysis
- 3   - Awarding body requirement

2.1 The SLC reports are presented to the Senior Leadership Team and the Audit & Risk Committee. This also include the Education Maintenance Allowance (EMA) Audit from Block 1 as discussed in section 3.

3 EMA BLOCK 1 AUDIT

3.1 The EMA audit was undertaken in December 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 103 across the Curriculum areas 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 in 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 refresh of the Quality Audit Group as the Institution-Led Quality Review (ILQR) Group with no change to its existing remit;

6.1.2   note the ILQR activity to date for 2025-26 including future scheduled audits; and

6.1.3   note the positive results from Education Maintenance Allowance (EMA) 1st Block.

Appendix 09.1 EMA 1st Audit December 2025

Quality Audit Group

Audit Report

EMA 'Spot Check' – part 1
5th December 2025

Audit Number: 01-2025-2026

South Lanarkshire College
East Kilbride

Contents

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 April 2025.

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 2025-26, 23rd October 2025*

3.1 Scope and Range

The design of the audit ensured a student-centred focus by sampling 9 student applications out of 103, across the Curriculum Areas (8.7%) 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
- 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 16. Payment records were consistent with attendances.

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 April 2025.

3.4   Actions/Recommendations for Improvement

No actions or recommendations were made at this time.

Lead Auditor :   Audrey Jamieson

Signed off by:

Area Manager / Curriculum and Quality Manager:

Sheena Lu

Head of Quality and Learning & Teaching Innovation
(Chair of Quality Audit Group):

South Lanarkshire College
East Kilbride

AUDIT AND RISK COMMITTEE

DATE	12 February 2026
TITLE OF REPORT	Supplier Risk Management
REFERENCE	11.0
AUTHOR AND CONTACT DETAILS	Sue Hampshire, Procurement Manager Sue.Hampshire@slc.ac.uk Elaine McKechnie Vice-Principal, Finance, Resources & Sustainability Elaine.mckechnie@slc.ac.uk
PURPOSE:	To update the Committee in response to recent query posed by Chair at last meeting in November 2025 in respect of supplier risk.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: note the update on supplier risk and accept this paper as an appropriate response to the query raised in November 2025.
RISK	- The College fails to undertake sufficient checks on suppliers; resulting in loss of service and underlying financial risk; and - The College's reputation is damaged through association with a supplier failure.
RELEVANT STRATEGIC AIM:	- The Student Experience - Growth and innovation - Sustainability
SUMMARY OF REPORT:	- Advanced Procurement for Universities and Colleges (APUC) acts as the Procurement Centre of Expertise for Scotland's colleges and universities, playing a key role in mitigating risks associated with supply chain management, legal compliance, and procurement sustainability. 20% of total spend at the College is open to a potential compliant procurement process; with the residual 80% being non-influential (such as Scottish Qualifications Authority, HMRC, Pension Authorities). - In 2024/25, 88.26% of total procurement expenditure was done through compliant procurement processes (2023/24: 92%). Owing to these favourable statistics and the valued role of Procurement at the College, the College concludes that risks of suppliers is well managed.

1. INTRODUCTION

1.1. This paper provides an update in response to recent query posed by Chair at last meeting in November 2025 in respect of supplier risk

2 RISK MANAGEMENT IN PROCUREMENT

2.1 Advanced Procurement for Universities and Colleges (APUC) acts as the Procurement Centre of Expertise for Scotland's colleges and universities, playing a key role in mitigating risks associated with supply chain management, legal compliance, procurement sustainability and contract management.

2.2 All Suppliers are rigorously checked before entering into any form of agreement via framework or via open tender and quotation. They must formally provide valid insurances and provide evidence that they comply with all regulation related to the procured agreement.

3 KEY SUPPLIER RISK MANAGEMENT STRATEGIES

3.0 APUC uses the following to mitigate supplier risk:

    3.1.1 **Supplier Chain Management (SCM):** APUC uses SCM to monitor the suppliers and manage supplier engagement. The system holds all valid insurances which is monitored via APUC and updated regularly by the Supply Chain Manager whenever a new contract is put in place. This system also monitors the contract reviews and all minutes relating to each supplier is uploaded into the system.

    3.1.2 **Supplier Code of Conduct:** All framework agreement suppliers are required to sign up to the APUC/Sustain Supply Chain Code of Conduct, which is used to manage and mitigate ethical and operational risks.

    3.1.3 **"Hunter" Live System (Contract Register & Framework Hub):** APUC developed and uses the "Hunter" web-based system for contract management, which aids in monitoring contract delivery, spend reporting, local savings reports, forward contract planning reports etc. Hunter is linked to the SCM system and automatically populates SCM with the supplier details and links them to the relevant awarded contract. All the reports in Hunter feed into the annual report.

    3.1.4 **New Supplier Forms –** All new supplier forms are reviewed by Supply Chain Manager to ensure they are viable to work with the college.

4 ROLE OF THE COLLEGE

4.0 An expectation is placed on all contract leads at the College to ensure they follow all contract management guidelines (either a strategic or managed process) and have a choice on the frequency of those contract review meeting e.g. bi-weekly, monthly, or quarterly.

4.1 Procurement should be present at all annual contract reviews to monitor the contract and on occasion attend the quarterly contract reviews (Catering, Waste Management and BluQube). This builds supplier relationships and aides in having a high performing contract.

4.2 The Supply Chain Manager advertises all tenders on Public Contracts Scotland (PCS) and Public Contracts Scotland – Tenders (PCS-T). Within all tenders' procurement request the following information to be provided:

    4.2.1 GDPR Contractor Assessment Form
    4.2.2 Declaration of Non- Involvement in Serious Organised Crime
    4.2.3 Declaration of Non – Involvement in Human Trafficking & Labour Exploitation.
    4.2.4 Insurances and supplier information which are reviewed under the qualification section on PCS, when their tender has been submitted to the online system.
    4.2.5 If the supplier does not provide or complete the qualification section on PCS, their bid will be deemed non-compliant.

5 SPEND PROFILE AT THE COLLEGE

5.1 As noted in the Procurement Strategy for 2024/25 that came to the Committee in November 2025, the spend profile at the College is split into two types:

5.2 Influential spend: spend that can be competitively tendered in the market

5.3 Non-Influential spend: spend where there is a Scottish Government Utility Framework in place eg. Water, Electricity, Gas.

5.4 In 2024/25, 88.26% of total procurement expenditure was done through compliant procurement processes (2023/24: 92%). Owing to these favourable statistics and the valued role of Procurement at the College, the College concludes that supplier risk is well managed.

6 EQUALITIES

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

7 RISK AND ASSURANCE

7.1 The main risks to the College are due to:

    7.1.0 The College fails to undertake sufficient checks on suppliers; resulting in loss of service and underlying financial risk; and
    7.1.1 The College's reputation is damaged through association with a supplier failure.

8 RECOMMENDATIONS

8.1 The Committee is asked to note the update on supplier risk and accept this paper as an appropriate response to the query raised in November 2025.

AUDIT AND RISK COMMITTEE

DATE	12 February 2026
TITLE OF REPORT	Proposed External Audit Fees 2025/26
REFERENCE	13.1
AUTHOR AND CONTACT DETAILS	Elaine McKechnie Elaine.mckechnie@slc.ac.uk Vice-Principal – Finance, Resources & Sustainability
PURPOSE:	To update the Committee on proposed level of external audit fees for 2025/26
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: • note and agree the proposed level of fee set by Audit Scotland and the Auditor General for 2025/26
RISK	• The College fails to pay fees due to financial constraints and is considered a 'going-concern' risk; and • The College's reputation is damaged as a result of failure to pay pre-agreed fees;
RELEVANT STRATEGIC AIM:	• Successful students • People and Culture Development • Growth and Innovation • Sustainability
SUMMARY OF REPORT:	• External Audit Fees for 25/26 have been carefully considered by Audit Scotland in accordance with the Auditor General for Scotland and the Accounts Commission. • The budget and fees set have sought to reduce costs and drive efficiencies within Audit Scotland where possible, but at the same time recognition was given to the ongoing fiscal context for the bodies audited by only increasing fees by that which is necessary to fulfil their role effectively • A 4.3% increase in fee is proposed for the College from 2024/25 to 2025/26, representing an increase of £1,120 from £26,080 to £27,200.

1. INTRODUCTION

1.1. This paper provides an update on the proposed external audit fee for 2025/26 as set out by Audit Scotland in accordance with the Auditor General for Scotland and the Accounts Commission.

2 BACKGROUND

2.1 As communicated by Audit Scotland in January 2026 (see Annex A), the Chief Operating Officer, Vicky Bibby set out the continuing challenges in the public sector and the requirement for Audit Scotland to continue to support the Auditor General for Scotland and the Accounts Commission to provide independent assurance to the people of Scotland and that public money is spent properly through high-quality public audit. High quality, independent public audit is a key foundation of effective scrutiny, governance and improvement in Scotland, and this has a cost.

2.2 Her email remarked that 2025/26 audits fees are based on Audit Scotland's overall budget proposals that have undergone a rigorous review and challenge by the Audit Scotland's Board prior to the annual budget submission to the Scottish Commission for Public Audit (SCPA) on 11 December 2025.

2.3 Additionally, it was stated that fee levels have been developed in the context of strong and effective partnership with audited bodies, ensuring that audit work is completely on a timely basis.

2.4 In developing the budget, Audit Scotland advised that it has sought a balance between
    2.4.1   audit quality;
    2.4.2   audit delivery;
    2.4.3   delivering efficiencies and cost savings;
    2.4.4   providing effective scrutiny, challenge, assurance and support;
    2.4.5   staff wellbeing; and
    2.4.6   managing risk.

2.5 At the same time Audit Scotland is continuing its significant modernisation and transformation to support effective scrutiny, meeting the needs of the Scottish Parliament, public bodies and the communities of Scotland.

3 DISCUSSION

3.1 The 2025/26 expected audit fee is based on applying a 4.3% increase to the 2024/25 expected audit fee.

3.2 The expected fee assumes that the College has sound governance arrangements in place and is operating effectively throughout the year, preparing comprehensive working papers and accurate unaudited accounts and meets the agreed timetable for audit. Any deviation from any governance arrangements could lead to a requirement for additional fees of up to 10% or 20% for more complex bodies.

3.3 2025/26 Fees will be issued by instalments twice a year in September 2026 and May 2027. A final invoice will be issued, if necessary, once all 2025/26 audits are complete, to adjust for any late changes to agreed fee.

4   RESOURCE IMPLICATIONS

The financial cost of the proposed 4.3% fee increase is as shown below. A further breakdown of fees is contained appendix 13.2

	2024/25	2025/26	Increase
Audit Scotland	£26,080	£27,200	£1,120

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 College fails to pay fees due to financial constraints and is considered a going concern risk; and

6.2 The College's reputation is damaged as a result of failure to pay pre-agreed fees.

7   RECOMMENDATIONS

7.1 The Committee is asked to:

7.1.1   note and agree the proposed level of fee set by Audit Scotland and the Auditor General for 2025/26.

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Appendix 13.2

Communication of Approach to External Audit Fees for 2025/26 in January 2026
Annex A

Dear Director of Finance

Audit Scotland Statutory fees – 2025/26 audits

The Auditor General, the Accounts Commission and Audit Scotland have a shared mission to provide clear, independent and objective assurance on how effectively public money is being managed and spent. High-quality public audit is key to this mission. Audit Scotland has statutory powers to recover the cost of public audit work through fees and direct funding from the Scottish Parliament. Audited bodies have a statutory responsibility to pay their audit fees under the Public Finance and Accountability (Scotland) Act 2000. The purpose of this letter is to give you an indication of the fees for your 2025/26 audit.

Audit Scotland's 2026/27 budget, which sets the 2025/26 audit fees, has undergone a rigorous process of review and challenge by Audit Scotland's Board in advance of our annual budget submission to the Scottish Commission for Public Audit (SCPA) in the Scottish Parliament which was considered by them on 11 December 2025.

Our budget and fees continue to recognise the difficult financial environment and the challenges facing public services, and public audit's role in helping meet them. High quality, independent public audit is a key foundation of effective scrutiny, governance and improvement in Scotland, and this has a cost. Our budget and fee uplift therefore strike a careful balance between:

- audit quality
- audit delivery
- delivering efficiencies and cost savings
- providing effective scrutiny, challenge, assurance and support.
- staff wellbeing
- managing risk

At the same time Audit Scotland is continuing its significant modernisation and transformation to support effective scrutiny, meeting the needs of the Scottish Parliament, public bodies and the communities of Scotland.

Expected audit fees

The overall increase in fees for 2025/26 annual audits is 4.3%. Our budget setting has sought to reduce costs and drive efficiencies within Audit Scotland, but at the same time recognises the ongoing fiscal context for the bodies we audit by only increasing fees by that which is necessary to fulfil our role effectively. However, an efficient and effective audit requires a strong partnership where audited bodies and appointed auditors work together to deliver their respective statutory responsibilities for accounts and audit. The expected fees assume that effective partnership working is in place.

Expected fees are set to recover the baseline cost of the annual audit work as set out in the Code of Audit Practice 2021 and the Guidance on Planning 2025-26 Annual Audits. The expected fee assumes that each audited body has:

- well-functioning controls
- an effective internal audit service
- an average risk profile
- sound governance arrangements in place and these operated effectively throughout the year
- prepared accurate unaudited financial statements which meet the agreed timetable for audit
- prepared comprehensive working papers to support the accounts.

Where these assumptions are met the expected fee should form the basis for invoicing and no further fee discussions are required.

Where these assumptions are not met, or significant risks and/or material errors are identified during the annual audit, your auditor will need to do additional audit work and discuss the cost for this work with you.

Fees can be increased by varying the auditor remuneration by up to 10% above the level set (20% for bodies with an expected fee below £37,900). Where the 10 per cent/20 per cent range is not sufficient to accommodate the additional work, higher remuneration can be discussed with the prior approval from Audit Scotland.

The construction of expected fees does not provide for:

- Additional audit work at individual audited bodies in response to changes to International Standards on Auditing (UK) (ISAs) such as ISA 315, ISA 600 or the bedding in of IFRS 16 in local government.
- The consideration of objections in local government.
- The cost of auditing section 106 charities.
- The preparation of any statutory reports where these may attract an additional, separate statutory report fee.

A blanket fee increase across all audits would not equitably reflect the local variation in audit work required to address these areas. Additional fees will need to be discussed for these areas where applicable.

The fee for your 2025/26 audit can be identified by clicking on this link Fee Setting and following the detailed instructions worksheet. On selection of your organisation(s) the expected fee will be provided together with a comparison against the final agreed 2024/25 fee, where confirmed. If you are unable to access this file, please let us know and we will arrange to send you a copy of your expected fee.

More information on Audit Scotland's approach to setting audit fees and invoicing can be found here. We will be consulting on our fees and funding model in summer 2026 ahead of the tender for the next round of audit appointments covering the audits of financial years 2027/28 to 2031/32.

We have noticed a delay in audit fee payments for some bodies over recent years. While we appreciate the pressures public bodies are under, we too have statutory requirements and with scrutiny from our Board and the Parliament are confident we have set a fair and balanced fee approach. Could I therefore please reiterate that there is a statutory obligation to pay audit

fees according to the terms and conditions of our invoices. If you follow a 'No Purchase Order No Pay' policy, please raise a purchase order for the full expected fee and send it to remit@audit.scot. We will ensure that all relevant invoices quote the number for processing.

Yours sincerely

Vicki   Bibby
Chief Operating Officer

Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1818 **Email: info@audit.scot**
www.audit.scot

Appendix 13.3 External Audit Fee 2025-26 Schedule

Expected audit fee

AUDIT SCOTLAND

Year	2025/26

Sector	Further education	Body	South Lanarkshire College

	Auditor	Auditor Remuneration	Pooled Costs	Contribution to PABV costs	Sectoral cap adjustment	Total: Expected fee	Agreed Fee
2025/26	Audit Scotland	45,320	-5,490	0	-12,630	£ 27,200	To be agreed
2024/25	Audit Scotland	43,660	-5,510	0	-12,070	£ 26,080	£ 26,080
Difference (£)		1,660	20		-560	1,120	
Difference (%)		3.8%	-0.4%		4.6%	4.3%	

Summary

Overall fees within the Further education sector have increased by 4.3%

The expected fee for South Lanarkshire College for the 2025/26 audit is £1120 higher than the fee agreed the previous year (4.3%).

AUDIT AND RISK COMMITTEE MEETING

DATE:	12 February 2026
AGENDA REF:	14.0
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:	The Board is recommended to: • 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:	• The Student Experience • People and Culture Development • Growth and Innovation • Sustainability
SUMMARY	• 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 November 2025, one amber item has been amended to green (1.1 Training in new Code of Good Governance) to reflect the work in this area during inductions and the recent refresher training provided by CDN.

3.6 Work is ongoing by the Senior Leadership Team and Governance Professional to ensure that all key policies and procedures are up-to-date and available on both the staff intranet and external website.

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.

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 2026
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	All Board Members should engage with the online training pack now available via CDN as part of ongoing training. All Board Members receive a comprehensive induction advising on the Code. Gordon Hunt (CDN) attending the Board Training Day on 18 November 2025 for refresher training. Governance Professional encourages all board members to complete the CDN online training course and promotes other governance courses. (Green)
	1.2 Vision & Strategy	Involve Trade Unions (TUs) on Board	Governance Professional	**November 2025** No update however it has been confirmed that not having a TU representative is not considered a breach of legislation. **January 2026** There is an indication from the Unison Regional Organiser that a new Unison representative may be appointed shortly. (Amber)
	1.3 Performance	Refresh paperwork for self-assessment and evaluation and plan for externally	Governance Professional	**July 2025** GP refreshed all self-assessment paperwork and has introduced induction/leavers surveys to ensure the Board is fully evaluated. **November 2025**

		facilitated self-assessment review		The externally facilitated review report was published on 30 September 2025. (Green)
	1.4 Corporate Social Responsibility	Improve dialogue & communication with all stakeholders	Principal / Chair March 2024	The stakeholder letter has now recommenced. **January 2026** A revamped newsletter is being worked on. (Amber)
		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.	This is to provide an opportunity for Board members to engage with staff and students. They may do this by: • 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. In Committee it was recommended that the Board be represented at staff events, where appropriate. GP sends out campus events to board members. (Green)
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 the Student Experience and Innovation Ongoing	At the April Planning Day members participated in a skills planning workshop, with external input. The Board have been kept updated on the restructure. **January 2026** Curriculum Plan has been reworked to ensure it is efficient, and the new Curriculum Management Team are working on a three-year curriculum plan. (Green)

	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 rewarding input of student body to support quality	Vice Principal of Student Experience and Innovation Ongoing	Reinstate the Student Question Time event 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, Teaching and Student Experience Committee oversees progress of the Quality Enhancement Plan presented. Where possible the College would welcome more Board member involvement, and there has been a "Dragons Den" initiative which has been successful. **January 2026** Student Question Time being arranged in for March 26. (Amber)
3 Accountability	3.1 Accountability & Delegation	Involve staff in discussions on facing challenge	Principal and VP for Finance, Resources and Sustainability	All staff receive a key message update after every Board meeting. **November 2025** SLT and middle managers attended a session with Professor Joe Little which discussed challenges faced by the college sector. (Green)
	3.2 Risk Management	Connect risk appetite to risk register	Vice Principal Finance, Resources and Sustainability	**January 2026** Risk appetite is now connected to the risk register, with assurance mapping added to each risk in November 2025. Subject to ongoing review (Amber)
		Consideration of a Risk Assurance Diagnostic Tool	Principal and VP for Finance, Resources and Sustainability	**November 2025** Chair of Board, ARC, Exec Team met with Emma Tilley in early November to discuss how Henderson Loggie can support the Board on risk management through an exercise that asks Board members to rate their confidence in the College's ability to

				monitor and mitigate each risk. Concluded that an internal audit of the Risk Register may give Board members assurances but may consider this more detailed exercise in the future. (Amber)
	3.3 Audit Committee	Membership to be adjusted in line with New Code	Governance Professional	**October 2025** Membership was refreshed for the first committee cycle of the academic year. Gordon Hunt from CDN attended the meeting to deliver a presentation outlining the responsibilities of Audit and Risk Committee members. (Green)
	3.4 Remuneration Committee	Terms of reference to be revisited.	Governance Professional & Chair	Implemented and updated October 2025. (Green)
	3.5 Financial & Institutional Sustainability	Identify opportunities and address challenges in context of "flat cash" settlement. Explore options for best use of resources to generate income. Explore options for 3rd sector partnerships.	Principal and Vice Principals Ongoing	**October 2025** Work is ongoing in this area. The VP for Student Experience and Innovation has been conducting various partnership meetings over the past few weeks. (Amber) **January 2026** Indicative announcement from Scottish Government announced on 10% increased investment in College Sector, expected to lead to a 2-3% core funding increase for 2026/27. Exec Team engaging in sector wide meetings to discuss likely funding and its implications for 2026/27.
	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. **October 2025**

				The Staff Newsletter is running a 'Spotlight on..' session to introduce the Board to staff and welcomes introductions. **January 2026** Feedback has been positive from staff regarding the 'Spotlight' section. The Governance Professional encourages more Board Members to get involved. (Green)
		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. (Green)
		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. **October 2025** Staff across curriculum/professional services have been encouraged to attend meetings to do deep dives into certain areas and contribute to conversations. (Green)
4.1 Effectiveness	4.2 Board Chair	Plan for appointment of new Chair in 2024	Principal & Governance Professional June 2024	Implemented (Green)
	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. (Green)
	4.5 Board Members	Identify Training needs	Governance Professional	**November 2025** Skills matrix has been completed and GP continues to advise Board Members of training opportunities.

			November 2025	Gordon Hunt from CDN attended the first ARC of the academic session and presented at the Board Training Day in November. **January 2026** Four new Board Members have been appointed since September 2025. Three inductions have been carried out with one still to be arranged. (Amber)
	4.6 Principal & Chief Executive	Set objectives and identify any training needs.	Chair June 2025	**October 2025** The Chair and Vice Chair have an action from the remuneration committee to set objectives for year 2025/26. (Amber)
	4.7 Governance Professional	Recruit new postholder	Board	Implemented. (Green)
		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. (Green)
	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. (Green)
	4.9 Board Evaluation	Revisit and refresh process and procedure	Governance Professional [Ongoing]	External Effectiveness Review was positive in respect of our process and procedure. The GP will continue to revisit and refresh processes, as appropriate. (Amber)

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 attended the Board Training Day in November to discuss opportunities. (Amber)
			Community Development	Principal and Vice Principal for Learning Teaching and the Student Experience. [Ongoing]	Ongoing. (Amber)
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. (Green)
		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. (Amber)

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 2026
Fees Policy	June 2024	May 2026
Finance Regulations	June 2024	June 2026
Fraud & Anti Corruption Policy	June 2024	May 2027
Grievance Policy & Procedure	July 2023	November 2027
Lettings Policy	September 2024	September 2027
Procurement Policy	June 2024	April 2026
Safeguarding Policy	June 2024	August 2027
Staff Code of Conduct	Oct 2023	March 2026
Student Discipline Policy & Procedure	April 2023	August 2026
Whistleblowing Policy	July 2023	November 2030
Note that this element of the Rolling Review is under ongoing review and further policies may be added at request of Committees		

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 2025
Scheme of Delegation	Ditto	Last review 2025
Standing Orders	Ditto	Last review 2024
Code of Good Governance	Current edition 2024	Adopted

Technical Bulletin 2025/4

Technical developments and emerging risks from October to December 2025

Contents

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 issued guidance on planning the 2025/26 audits [paragraph 1]	CIPFA has issued guidance notes on the 2025/26 accounting code [paragraph 6]	CIPFA has published a bulletin on the use of indexation in local government [paragraph 10]
The Scottish Government has issued two pieces of statutory guidance on extending the flexibility on equal pay and accounting for financial instruments [paragraph 14]	Treasury has issued a PES paper on 2025/26 discount rates [paragraph 32]	The FEHE SORP Board has published a revised SORP for colleges [paragraph 39]

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

Guidance on planning 2025/26 annual audits

1. I&Q has issued guidance to assist all appointed auditors in planning their 2025/26 annual audits of public bodies. The guidance supplements the Code of Audit Practice and sets out the range of core annual audit activity and related outputs required for 2025/26, and the timescales for completing the audit in each sector.

2. Auditors should comply with the guidance when planning, performing and reporting their 2025/26 audits. The guidance is accessible by auditors with other supporting materials on SharePoint* and is also freely available from the Audit Scotland website.

3. The largest component of core annual audit activity is the audit of a public body's annual accounts. However, the audit of the annual accounts has a wider scope than the private sector, and includes:

- conclusions on aspects of public bodies' arrangements and performance

- in local government, public audit includes considering arrangements to secure Best Value and community planning and publishing performance information.

4. Auditors also provide important intelligence to the Auditor General, Accounts Commission, the Controller of Audit, and Audit Scotland in subject areas where they are best placed to do so.

5. The following table provides a summary of the key changes from last year, along with the paragraphs of the guidance in which further information is provided:

Nature of change	Chapter
An increase to the fee level below which auditors may negotiate an increase to the audit fee by up to 20% of auditor remuneration.	Introduction
A new requirement for Annual Audit Plans of councils to reflect meetings of the Local Area Network.	1
Information on a change in financial reporting requirements in respect of asset valuations.	2
Information on assurance around the Scottish Government general ledger system.	2
A new requirement, where an auditor does not expect to meet the target audit completion date in 2025/26, to report on the joint plans to return to target dates in their Annual Audit Report.	2

Nature of change	Chapter
The production of one combined cross-sector technical guidance note on model Independent Auditor's Reports instead of separate guidance for each sector.	2
Enhanced guidance on reporting good practice.	3
Updated guidance on the new SPI Direction and performance reporting requirements for councils.	4
Updated Best Value thematic review subject area for councils.	4
Updated councils for Controller of Audit Best Value reports.	4
A new requirement to ensure bodies submit WGA returns.	5

3: Local Government Sector

Guidance on 2025/26 accounting code

6. [The Chartered Institute of Public Finance and Accountancy](#) (CIPFA) has issued [guidance notes*](#) to support the Code of Practice on Local Authority Accounting in the UK 2025/26 (2025/26 accounting code).

7. The aim of the guidance notes is to explain and illustrate how to apply the accounting requirements of the accounting code, provide background to the requirements, and illustrate how they might be applied in practical situations. The guidance is not mandatory.

8. This edition of the guidance notes has been updated to reflect the 2025/26 accounting code (explained in [Technical Bulletin 2025/2](#) – paragraph 45). The most substantial changes are to Module 4 on the measurement of non-investment assets, including:

- accounting for indexation on pages 519–520 and consequential amendments throughout the module (see paragraph 10 for further explanation).

- measurement after recognition for intangible assets on page 673. The option to measure intangibles using the revaluation model has been withdrawn.

9. Minor updates have also been made to Module 3 to reflect the change in content of the annual governance statement following the publication of [Delivering Good Governance in Local Government: Framework – Addendum](#), which was published in May 2025 (see [Technical Bulletin 2025/2](#) paragraph 51).

Indexation application guidance

10. CIPFA has also published [Bulletin 22](#) to provide application guidance on the use of indexation in local government.

11. Local authorities are required to revalue each class of property, plant and equipment using:

- 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.

12. Where an index is not available, authorities shall revalue the given asset using a quinquennial revaluation supplemented by a desktop revaluation in year three.

13. The bulletin provides additional guidance for practitioners. The key points are summarised in the table below:

Area	Description
Scope	The guidance applies to: • Other land and buildings. • Vehicles, plant, furniture and equipment. • Surplus assets • Right-of-use assets measured at current value.
Indices	Indices should be based on actual market evidence and authorities should exercise judgement to determine suitable indices. The bulletin highlights a number of examples that may be appropriate. Authorities are strongly encouraged not to produce their own indices.
Transitional arrangements	The transitional period will be from 1 April 2025 to the date the next revaluation is due for an asset. The value of assets as at 31 March 2025 can be considered materially up to date Changes to the valuation will be applied prospectively, with no restatement of prior year figures.
Indexation movements	A change in the value of an asset due to indexation should be accounted for in the same manner as a revaluation. Where it is not considered material, indexation may be deferred. However, authorities must evaluate the cumulative impact in subsequent years to ensure this judgement remains appropriate.
Accumulated depreciation	Authorities may adopt either of the following accounting treatments: • The elimination method where accumulated depreciation is eliminated against the gross carrying amount of the asset. • The proportionate method where the gross carrying amount is adjusted in a manner consistent with the adjustment to the carrying amount of the asset.
Disclosures	Example disclosures are provided to explain: • the change in valuation regime • the indices used and the calculations applied.
Audit considerations	The bulletin provides examples of evidence that auditors may expect to support: • Materiality assessments • Use of experts • Selection of indices • Application of indices.

2025/26 disclosure checklist

14. CIPFA has also issued a [disclosure checklist*](#), intended for use as an aide-memoire to assist in meeting the requirements of the Code of Practice on Local Authority Accounting in the UK (the accounting code).

15. The checklist is in the form of a series of questions to assist local authorities satisfies themselves regarding the completeness of disclosures. The implications of the answers are set out in the following table:

Answer	Implication
Yes Not material Not applicable	The accounting code is being complied with.
No	A justification for departing from the accounting code should be given. For example, a legitimate justification may be that the information resulting from that disclosure is not material.

Statutory guidance on accounting for equal pay

16. The [Scottish Government](#) has issued two circulars providing statutory guidance on equal pay and accounting for financial instruments.

17. [Finance Circular 7/2025](#) extends the financial flexibility allowing local authorities to delay the financial impact of providing for equal pay costs until the payment has been made until 2027/28.

18. [Finance Circular 8/2025](#) permits a variation to [Finance Circular 7/2018](#) which required local authorities to defer any gain arising on the refinancing of loans in the Financial Instrument Adjustment Account (FIAA), and to make an annual transfer from the FIAA to the General Fund.

19. Authorities can now recognise the gain immediately as income through the General Fund, as long as:

- the replacement loan repayment period does not exceed the remaining repayment period of the original loan at the time of refinancing

- the discount is used solely to fund equal pay costs.

Extension of statutory override for infrastructure assets

20. The Scottish Government has issued [Finance Circular 6/2025](#) to extend the period of statutory overrides for infrastructure originally set out in [Finance Circular 9/2022](#).

21. The same overrides available in 2022/23 to 2024/25 now also apply until 31 March 2027 in Scotland.

Section 106 charities accounts

22. Audit Scotland and the Scottish Charity Regulator (OSCR) have issued a joint briefing to encourage a reduction in the number of sets of accounts of registered charities that fall within the scope of section 106 of the Local Government (Scotland) Act 1973 (section 106 charities). The briefing is accessible by auditors with other supporting materials on SharePoint* and is also freely available from the Audit Scotland website. It provides information on:

- the number of section 106 charities administered by each local authority in 2024/25

- the number of related sets of accounts.

23. OSCR offers guidance to councils seeking to reorganise their section 106 charities and has a regulatory interest in charities that are inactive in terms of not providing public benefit and that may fail to meet the charity test.

24. Following amendment of the Charities and Trustee Investment (Scotland) Act 2005, OSCR commenced registration of all charity trustees on 30 June 2025. Charities are encouraged to comply by registering trustee details through the OSCR Online digital portal.

25. Local authorities continued to administer a total of 141 charities in 2024/25 (a reduction of 8 from 2023/24). In order to reduce the number of section 106 charities further in 2024/25, **auditors should strongly encourage authorities with multiple charities to:**

- **reorganise their charities through merging or winding them up, particularly when they appear to be failing to meet their charitable aims (e.g. by not disbursing funds)**

- **consider appointing an external trustee as this would remove the charity from the scope of section 106.**

26. In the meantime, there is scope under the charity regulations for connected charities to prepare a single set of accounts. The definition of connected charities is met for section 106 charities administered by the same local authority even where trustees differ as they meet the condition for 'unity of administration'. However, in 2024/25:

- Four authorities made only partial use of the connected charities provisions and produced 16 sets of accounts between them

- One authority made no use of the provisions.

27. Auditors should strongly encourage local authorities to make full use of the connected charities provisions in 2025/26.

External quality assessments of internal audit

28. CIPFA has published Bulletin 21 which addresses the requirement for external quality assessments (EQAs) of internal audit in local government.

29. All UK local authorities operating under the Global Internal Audit Standards (GIAS), and the associated GIAS application note: Global internal audit standards in the UK public sector, are required to undertake an EQA at least once every 5 years.

Changes to the Housing Benefit subsidy calculation

30. The Department for Work & Pensions (DWP) has issued HB Circular S5/2025 to provide guidance on the treatment of prior year overpayments of housing benefit, applicable from 1 April 2024.

31. A calculator has been provided to help local authorities determine the correct values.

4: Central Government Sector

2025/26 discount rates

32. HM Treasury has issued PES(2025)9* to announce changes in the discount rates for general provisions, post-employment benefit liabilities, leases, and financial instruments as at 31 March 2026.

General provisions

33. The nominal discount rates to be applied as at 31 March 2026 for discounting general provisions recognised under IAS 37 are set out in the following table:

Category	Period	Percentage
Short term	Within 5 years	3.64%
Medium term	Between 5 and 10 years	4.22%
Long term	Between 10 and 40 years	5.32%
Very long term	More than 40 years	5.07%

34. As nominal rates do not take inflation into account, cash flows require to be inflated separately. It is expected that the inflation rates specified in the paper will be used (unless other rates are clearly more applicable). The specified rates are:

- 2.50% for up to one year from the end
- 2.00% between one and two years
- 2.00% for after two years

Post-employment benefits

35. The discount rates for post-employment benefits are set out in the following table:

Use	Rate from 31 March 2026
Real rate used for valuing unfunded pension scheme liabilities and early departure provisions	2.95%
Nominal rate for unwinding discount on liabilities (interest)	5.60%
Rate used for funded pension schemes	Based on returns from AA corporate bonds at 31 March

Financial instruments

The financial instrument discount rates to be applied at 31 March 2026 are set out in the following table:

Use		Rate from 31 March 2026
Nominal rate when financial instrument is not linked to an inflationary index		2.45%
Real rate when financial instrument indexed to RPI	In excess of RPI:	
	Until February 2030	(0.55%)
	From February 2030	0.35%

Leases

36. Where a body cannot determine the interest rate implicit in the lease, they are required to use a nominal lease discount rate of 5.32%. This is relevant for new leases that commence or are remeasured between 1 January 2026 and 31 December 2026.

Charities statement of recommended practice (SORP)

37. The Charities SORP making body has published the Charities SORP 2026, effective for accounting periods commencing after 1 January 2026. Early adoption is allowed where the Financial Reporting Council's *Periodic Review Amendments 2024* to FRS 102 are also applied.

38. The changes from the 2019 SORP include:

Module	Changes
Scope & application	Clarification of the reporting requirements for each tier of charity based on the charity's level of income are specified in each module.
1. Trustee's annual report	New requirements include: • reporting on environmental, governance and social matters • impact reporting • tier 2 and tier 3 charities should provide additional narrative on the recognition of legacies
2.Fund accounting	Additional guidance is provided on restricted funds and to assist with appropriate stewardship of the funds. An updated example disclosure note is provided.
3. Accounting standards, policies, etc	Additional guidance on material uncertainties related to going concern. Charities must take into account all available information about the future for at least 12 months when making a going concern assessment

Module	Changes
5. Recognition of income	Guidance is included on the 5-step model for income recognition. Guidance is also provided on when grant income is a result of a non-exchange transaction.
10. Balance sheet	A new lease accounting module has been introduced (10B) to reflect changes to FRS 102. Recognition exemptions are available for short term leases and low value assets.

5: College Sector

Further and higher education statement of recommended practice (SORP)

39. The Further Education and Higher Education (FEHE) SORP Board has published the Statement of recommended practice: Accounting for further and higher education, 2026 edition, effective for accounting periods commencing after 1 January 2026 with early adoption allowed where the Accounts Direction permits.

40. The changes made to the SORP are similar to the changes to the Charities SORP (see paragraph 37) and reflect the FRC's *Periodic Review Amendments 2024* to FRS 102.

41. Changes in the 2026 SORP include the following:

Area of change	Details
Leases (Section 14)	A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. (paragraph 14.28)
	Two recognition exemptions relating to short term leases (under 12 months) and to low value leases are available. (paragraph 14.4)
	When implementing the changes, comparative information should not be restated. The cumulative effect should be recognised as an adjustment to the opening balance of reserves at the date of initial application. (paragraph 27.6)
Revenue recognition (Section 16)	The introduction of the five-step model for recognising revenue from contracts with customers (paragraph 16.7).
	The changes should be applied retrospectively with the cumulative effect recognised as an adjustment to the opening balance of reserves. (paragraph 27.6)
	Bursaries, scholarships, or similar awards provided to students are generally expected to represent a consideration payable to a customer and should be accounted for as a reduction to the transaction price. (paragraph 16.38)
The strategic report	The strategic report should include information on environmental, social and governance practices. (paragraph 3.27)

Area of change	Details
Service concession arrangements	Disclosures on service concession arrangements in addition to the requirements of FRS 102 in line with other public sector entity disclosure requirements. (paragraph 26.44)

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