

AUDIT AND RISK COMMITTEE

NOTICE

There will be a meeting of the Audit and Risk Committee on 4 February 2024 at 1730 hours in the Boardroom and on Teams.

AGENDA

Agenda Item		Paper	Lead
01	Apologies for Absence	N	VA
02	Declaration of any potential Conflicts of Interest in relation to any Agenda items	N	VA
03	Minutes of Previous Meeting – 15 November 2024	Y	TF
04	Matters Arising from the Previous Meeting	N	TF
	Matters for Discussion		
05	Internal Audit Reserved Item – Commercially Sensitive 05.1 Consultancy Review of Payroll and Pensions Management	Y	DA/GMcl
06	06.1 Rolling Audit Recommendations Commentary 06.2 Rolling Audit Recommendations Monitor	Y	EMcK
07	Risk Management – Risk Register 07.1 Commentary on SLC Strategic Risk Register 07.2 SLC Strategic Risk Register 07.3 Regional Strategic Risk Register	Y	EMcK
08	Update from SLC Quality Enhancement Group Quality Assurance and Enhancement Group Membership Quality Audit Schedule 2024-2025 EMA 'Spot Check' 1 st Audit 5 December 2024	Y	EMcK
	External Audit		
09	External Audit Proposed Fees 2024-25	Y	EMcK
	Matters for Approval		
10	SLC Digital Strategy	Y	CS
	Matters for Information		
11	Reserved Item - Commercially Sensitive Pension Project Update	Y	GMcl
	Matters for Information		
12	Governance Rolling Review	Y	VA
13	Audit Scotland Technical Bulletin	Y	EMcK

14	Summation of Actions and Date of Next Meeting		VA
15	Any Other Business		

Key:

VA, Governance Professional: Vari Anderson

TF, Chair of Audit & Risk Committee: Tom Feely

GMc, Head of Human Resources: Gary McIntosh

EMcK, Vice Principal Finance Resources and Sustainability: Elaine McKechnie

SM, Principal: Stella McManus

CS, Head of MIS, Chris Sumner

UNCONFIRMED ARC MINUTES

AUDIT & RISK COMMITTEE

MINUTES

ARC Committee on 15 November 2024 at 1300 hours via Microsoft Teams or in the Boardroom at South Lanarkshire College

Present

Tom Feely (Chair)
Peter Sweeney
Anne Doherty
Heather Anderson

In Attendance

Stella McManus (Principal)
Elaine McKechnie (Vice Principal Finance)
Andrew Kerr (Audit Scotland)
Ciaran O'Brien (Audit Scotland)
David Archibald (Henderson Loggie)
Chris Sumner (Head of MIS)
Scott Coutts (Chair of Finance Committee)
Laura Wright (FRC Member)
Douglas Morrison (FRC Member)
Scott Gray (FRC Member)

Vari Anderson, Governance Professional
Peter Scott, Consultant Governance Professional

AGENDA ITEM

01 **Apologies for Absence**
Fiona Whittaker

02 **Declaration of any potential Conflicts of Interest in relation to any Agenda items**
None.

03 **Minutes of Previous Meeting – 27 August 2024**
The minutes were duly **approved**.

04 **Matters Arising from the Previous Meeting**
Item 5 – The matter has been investigated and the £10,000 threshold has been maintained for 23-24 accounts production. A report will be taken to the Finances and Resources Committee in February 2025.
Item 13 – Complete.

Matters for Discussion

05 **External Audit**
Draft Annual Audit Report to the Board of Management and the Auditor General for Scotland
To be considered in conjunction with:
Draft Financial Statements for the year to 31 July 2024
The Committee considered and noted the terms of the papers.

	<p>Thanks were given to Audit Scotland for completing the audit and to Elaine for preparing the draft financial statements.</p> <p>The Committee noted that it was anticipated that the unqualified audit opinions in the independent auditor's report would be signed at the conclusion of the Board Meeting on 26 November 2024. As an action point, Committee members are to advise Andrew Kerr of any changes to paragraph 7 of the completion letter prior to the Board Meeting on 26 November 2024.</p> <p>The Committee were disappointed that there remains uncertainty surrounding the treatment of Job Evaluation funding with the position having changed on several occasions and this impacting the College's deficit position. It was noted by the Committee, that without the Job Evaluation monies, the financial statements were close to the Financial Forecast Return. Elaine was commended for her work on this, and the Committee were advised that an updated Financial Statement would be prepared for the Board Meeting.</p> <p>The Committee advised that they were reassured that the College is making positive steps despite it being another difficult year financially and thanks were given to the executive team and staff for their hard work.</p> <p>The Committee gave its approval for the in-year removal of the £10m residual value of the College main building and remitted to the Board. The Committee approved the Draft Financial Statements and remitted to the Board for final approval.</p>
06	<p>Henderson Loggie 6.1 Internal Audit Review 2023/24 (including Internal Audit Annual Plan 2024/25) 6.2 Student Activity Audit (Credits) 6.3 Student Support Audit (Funding)</p> <p>The Committee considered and noted the terms of the papers.</p> <p>The Committee noted that the two audit activities are relatively positive with several recommendations being made which have been added to the Rolling Audit Recommendations which the management team will progress.</p> <p>It was noted that there are 17 out of 24 recommendations outstanding that have not been fully implemented, none of the outstanding recommendations are priority 1 or 2 and, in some cases, the dates for resolution have not yet passed. The executive team reassured the Committee that these are in hand and progress will be made.</p> <p>The Committee noted that the overall audit opinion for 2023-24 was that the College has adequate and effective arrangements for risk management, control and governance, as contained in the Annual Internal Audit Report.</p>
07	<p>7.1 Rolling Audit Recommendations Commentary The Committee noted the work that has been done to address the recommendations to date. In the last quarter, 5 recommendations have been closed off which is a positive step and the Committee were reassured that the executive team are working on the outstanding recommendations.</p> <p>7.2 Rolling Audit Recommendations Monitor</p>

	The terms of the Rolling Audit Recommendations Monitor were noted.
08	<p>Risk Management – Risk Register 8.1 Commentary on SLC Strategic Risk Register 8.2 SLC Strategic Risk Register 8.3 Regional Strategic Risk Register Audit</p> <p>The Committee noted the movements in risk scores since the last review.</p> <p>Thanks were given to Elaine and her team for the effort in updating the risk register which includes updates to the inherent risk profile for each of the risks based on a new scoring system.</p> <p>Thanks were also given to Chris Sumner for his work on the Cyber Risk Register. As an action point, consideration should be given to inserting human input/failures into the risk register.</p> <p>The Committee noted that the risk register demonstrates the College’s commitment to the establishment and maintenance of effective governance and control arrangements and were encouraged by the work undertaken to mitigate risk, where possible.</p>
09	<p>Draft Report for the Audit and Risk Committee to the Board of Management</p> <p>The Committee considered and noted the terms of the report.</p> <p>It was noted that throughout the year, the College has continued to closely monitor all aspects of risk management, control and governance. Despite two historic failures, the Committee is of the opinion that the College’s internal financial and management systems are adequate and effective. Further, the Committee is of the view that there is an ongoing process for identifying, evaluating and managing the College’s significant risks.</p>
	Matters for Discussion
10	<p>VAT on Utilities: Final Financial Cost</p> <p>The Committee considered and noted the terms of the report.</p> <p>The Committee were advised that final settlement had been implemented in the underpayment of VAT in respect of utilities. The Committee noted that a meeting has been scheduled with Azets in December and looked forward to being updated if there’s scope to change to a more favourable HMRC approved VAT scheme.</p>
11	<p>Review of Audit & Risk Committee Work Plan for 2024/25</p> <p>The Committee noted and approved the terms of the work plan.</p> <p>As an action point, a review of the Audit and Risk Committee performance to be added to the work plan.</p>
12	<p>Pension Contributions Project Update (Reserved Item)</p> <p>The Committee noted the terms of the paper.</p> <p>This item is not for publication as discussion of the detail might disclose Protected Personal Data of identifiable individuals or groups of individuals.</p>

	Matters for Information
13	Audit Scotland Technical Bulletin The terms of the Technical Bulletin were noted.
14	Audit Scotland Scotland's Colleges 2024 The terms of the paper were noted.
15	National Fraud Initiative Timetable for 2024/25 The terms of the report were noted.
16	Governance Rolling Review The Committee noted the terms of the review and in particular that three amber items had been amended to green.
17	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.
17	Summation of Actions and Date of Next Meeting – 4 February 2025 Item 5 – Committee Members to advise Andrew Kerr of any changes to paragraph 7 of the Completion Letter prior to 26 November 2024. Item 8 – Chris Sumner to consider adding human input/failures into the cyber risk register Item 11 – a review of ARC performance to be added to the workplan.
	Any Other Business There being no other business the meeting was declared closed.

AUDIT AND RISK COMMITTEE

DATE	4 February 2025
TITLE OF REPORT	Rolling Audit Recommendations Monitor
REFERENCE	06.1
AUTHOR AND CONTACT DETAILS	Elaine McKechnie Vice Principal – Finance, Resources & Sustainability Elaine.mckechnie@slc.ac.uk
PURPOSE:	To present an update on the work that has been undertaken by the College to address previous audit recommendations.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: <ul style="list-style-type: none"> • note the work that has been done to address the recommendations to date with a further 2 recommendations being marked as closed during the last quarter; and • note no new recommendations have been added to the monitor but the Payroll & Pension internal review recommendations that are to be presented at this meeting will be added to the monitor for the May 2025 committee cycle
RISKS	<ul style="list-style-type: none"> • That the College does not have appropriate internal controls to safeguard its staff, students and assets • That the College does not have adequate risk management processes and procedures in place.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The College has made some progress in addressing the recommendations made in previous audit assignments. 2 recommendations have been closed off during the last quarter. • There are now 21 outstanding recommendations on the monitor, covering 1 Cyber Security, 1 Health & Safety, 1 Risk Management, 3 Staff Recruitment & Retention, 4 Budgetary Control, 4 Student Support Funds, 2 Student Activity (Credits), 1 Publications and Communications Audit, 1 Procurement and Purchasing/Creditors and 3 Business Process Review Space Management/Room Utilisation. • There are no new recommendations this quarter but the Committee is asked to note that the Payroll & Pension internal review recommendations that are to be presented at this meeting will be added to the monitor for the May 2025 committee cycle. • The achievement of all recommendations above continues to be dependent on staff compliance with policies, procedures, training initiatives and new systems and the College having sufficient staff resources to undertake work.

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.

2.2 Recommendations are discussed upfront with Management when each audit assignment is being concluded to ensure that the College accepts those recommendations and has a clear understanding of what is required to enact changes to existing process.

3 CYBER SECURITY

3.1 Only 1 Audit recommendation remains for completion by the end of March 2025.

3.2 The Incident Response Process, and supporting playbooks, that was originally in plan for the SLT at the Staff Development Day in December 2024 has been moved to end of March 2025 due to competing priorities across the winter term. The Process needs to be tested by way of a scenario-based desktop exercise to ensure staff know how to respond during an incident, and to also highlight any problem areas in the planned response. While incident response documents exist along with playbooks, training will be rolled out with the intention to make this a regular refresher for the group. This is in alignment with work going on with the Business Continuity Processes.

4 HEALTH & SAFETY

4.1 The College remains confident in its ability to close the 1 remaining recommendation.

4.2 The reporting of an Annual Health and Safety Report to be incorporated into the forward workplan for the Human Resources Committee is a key priority for the College. The Estates team is undertaking work to ensure that this is completed as soon as possible for review. This is underway however has not yet been completed and due to competing priorities and the Christmas break, the expected date of completion has moved to end of March 2025 from December 2024.

5 RISK MANAGEMENT

5.1 The College has substantially increased its focus on risk management, recognising that it underpins the College's ability to implement its strategy fully. The College

continues to report risks to both its internal Board and the regional Board, ensuring that new risks are identified timeously and current risks are mitigated where possible. The College is confident in being able to achieve the below recommendation.

5.2 Another risk appetite session was done with the Board at the strategic planning day on 19th November 2024 and the risk register has been updated. The College has now closed off this recommendation.

6 STAFF RECRUITMENT & RETENTION

6.1 There has been no change to these recommendations since November 2024. 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 a new HR system which is and will continue to improve reporting capabilities.

6.2 The new HR system is now the lead payroll system at the College which has immediate automation and payroll control benefits. Employee Self Service is expected to be launched around April 2025, to give employees access to several modules, with others subsequently being concluded and implemented, including expense claims, holidays, accessing pay data, employee personal data, equality data, and career reviews.

6.3 Despite being the lead payroll system, the HR team have worked steadily with the system provider this quarter to address a list of snagging items within the payroll module. The system provider has been advised that our Board of Management is seeking assurances from the College that the system will be fully operational by Summer 2025. Subsequent progress updates will be brought to the next committee meeting.

7 BUDGETARY CONTROL

7.1 The College remains committed to enhancing the quality of financial reporting and specifically the annual budget process. With operational planning sessions completing in January/February 2025, the financial planning for those curriculum requirements can start to be documented ensuring sufficient staffing, materials and overhead costs are in place to support planned levels of activity. A full process can now be documented utilising enhancements available from curriculum planning templates and Power BI reports.

7.2 Progress is being made to fully document a budget process and ensure a more bottom-up approach is taken to budgeting, holding budget holders accountable for their department's finances.

7.3 Similarly, work is still ongoing to embed a more formalised month end process with progress being noted through the creation of a month end checklist for use by the wider finance team and month end tasks now becoming a priority in the initial part of each month.

7.4 In respect of training for Budget holders in budget and financial information, attendance by the finance team at a future Curriculum Management meeting will be arranged during 2024/25 to set out and imbed processes and procedures going forward.

7.5 It is also anticipated that the newly appointed Head of Finance who starts on 17 March 2025 will be instrumental in working with the team to conclude these recommendations in due course.

8 STUDENT SUPPORT FUNDS

8.1 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. The February 2024 audit recommendation monitor encompasses the two prior recommendations from the 22/23 audit, together with 2 additional recommendations.

8.2 These recommendations are now expected to be completed by July 2025, once the full quota of students is contained within the 24/25 FES return and new processes can be tested and evidenced during the audit preparation phases for that return.

8.3 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 across Feb 2025 (previously Dec 2024).

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 The College expects to close these audit recommendations during the next audit cycle in September 2025.

10 PUBLICITY AND COMMUNICATIONS

10.1 The audit focused on the systems in place within the College for the management of positive and negative publicity externally, and internal communication. The College is committed to ensuring appropriate communication across all College activities, understanding the significant reputational risks of failing to comply with policies and procedures.

10.2 As previously advised, it was recommended that crisis communication training be delivered for the Principalship and the Marketing and Communications Manager. Once the courses have been completed in March 2025, the audit recommendation will be closed off.

11 PROCUREMENT AND PURCHASING/CREDITORS

11.1 This audit focused on the systems in place within the College for all procurement activity and procedures, alongside a review of the steps involved in the monitoring and control of purchases and resulting aged creditor balances.

11.2 The first recommendation from the audit was to amend the approvals of low value purchase orders in PECOS to Vice Principals and Associate Principals (rather than requiring sign off by the Principal), to reduce the risk of a bottleneck at senior level. This has been set out in the Finance Regulations which were approved in May 2024 and is currently in the process of being reflected through PECOS. It is anticipated that all updates (including communication of all changes to relevant staff) will now be targeted by end of July 2025 (previously Jan 2025).

11.3 Owing to the impending College restructure and the work that will be required in PECOS to revise system parameters and approvals, it has been decided to pause on this recommendation and ensure that the new College structure still aligns with current proposal before incurring a significant amount of rework to revise approvals again in the imminent future.

12 BUSINESS PROCESS REVIEW: SPACE MANAGEMENT & ROOM UTILISATION

12.1 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.

12.2 All recommendations remain in place for completion across March – December 2025, as advised in November 2024.

13 RESOURCE IMPLICATIONS

13.1 The achievement of all recommendations above is dependent on staff compliance with policies, procedures, training initiatives, new systems and the College having sufficient staff resources to undertake work.

13.2 The College reminds staff regularly to complete training courses on a timely basis and resource issues are carefully considered by the Senior Leadership Team to ensure that key priorities can be tackled.

14 EQUALITIES

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

15 RISK AND ASSURANCE

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

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

16 RECOMMENDATIONS

16.1 The Committee is asked to:

16.1.1 note the work that has been done to address the recommendations to date with a further 2 recommendations being marked as closed during the last quarter; and

16.1.2 note no new recommendations have been added to the monitor but the Payroll & Pension internal review recommendations that are to be presented at this meeting will be added to the monitor for the May 2025 committee cycle

Appendix 06.2 Audit Recommendations Monitor as at 22 January 2025

AUDIT AND RISK COMMITTEE

DATE	4 February 2025
TITLE OF REPORT	SLC Strategic Risk Register Commentary
REFERENCE	07.0
AUTHOR AND CONTACT DETAILS	Elaine McKechnie, Vice Principal – Finance, Resources & Sustainability Elaine.mckechnie@slc.ac.uk
PURPOSE:	To provide members with an update to the risk management arrangements of the College.
KEY RECOMMENDATIONS/ DECISIONS:	Members are recommended to: <ul style="list-style-type: none"> • review and approve the strategic risk analysis contained in the College's Strategic Risk Register and the commentary therein; and • note no movement in risk scorings since November 2024
RISK	<ul style="list-style-type: none"> • That College strategic risks are not identified, and mitigating actions are not taken.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • Of the fifteen risks identified, no scores have been changed. • Owing to the Christmas College sector shut-down and the ongoing stagnancy of many issues within the political landscape regarding Educational Reform, Budget constraints, National Bargaining and various sector-wide strategic frameworks, the College Risk Management Group has not deemed any change to risks this quarter. • The main challenges for the College continue to be financial sustainability and reputational damage because of the current employment tribunals.

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 2025. The risk register is an important document that demonstrates the College's commitment to the establishment and maintenance of effective governance and control arrangements.
- 1.2. Owing to the Christmas College sector shut-down and the ongoing stagnancy of many issues within the political landscape regarding Educational Reform, Budget constraints, National Bargaining and various sector-wide strategic frameworks, the College Risk Management Group has not deemed any change to risks this quarter.
- 1.3. Commentary has been added to each risk to justify decisions to maintain risks at current levels where required.
- 1.4. Following the completion of the Board Strategy Day on 19 November 2024 at which the Board assigned new risk appetites to each risk category, further updates have been made to the Risk register.

2. RISK ONE - FINANCIAL SUSTAINABILITY

- 2.1 Post-mitigation risk remains at 20. The political landscape is not within the control of the College and as grant funding makes up over 70% of total income, financial sustainability for the College and the wider sector remains a challenge.
- 2.2 Despite enrolments being ahead of last year at this point, further financial pressures exist in the form of rising payroll costs and the anticipated £300k additional expense in the form of employer NI contributions.
- 2.3 Nevertheless, the College continues to diversify income streams through the provision of full cost recovery courses and as at January 2025, the College had met 75% of its annual target of £125,000.

3. RISK TWO - FAILURE OF FINANCIAL CONTROLS

- 3.1. Post mitigation risk remains at 10. This is below the inherent risk rating of 15 inferring that the management of financial controls is within the responsibility of the College.
- 3.2. No change to post mitigation risk has been proposed. The internal review of pension and payroll management has concluded in January 2025 with 12 recommendations noted. Many of these recommendations have already been rectified through discussions with Internal Audit and the College would seek to assure the Board that many of the issues examined were historical and are highly unlikely to reoccur due to greater automation and enhanced formal checks of data within the new HR system. As a result, there has been no increase to risk scorings.
- 3.3. The Head of Finance post has been recruited and will begin on 17 March 2025. This is a crucial appointment for the College which will help the overall financial control environment.

4. RISK THREE - CREDIT TARGET

- 4.1. The post mitigation risk remains at 5, with inherent risk remaining at 15. Serving students through the provision of education and corresponding allocated credits is the core

business of the College and rightfully it is correct that the College maintains a higher inherent risk score should credit targets not be met.

- 4.2. At this juncture, the credit level is 41,996 with a projected 482 credits withdrawal which would be a 41,514 outturn. This is 95% to target. The curriculum areas continue to work on action planning to address the 5% shortfall but the College does not believe that this represents any cause for concern.
- 4.3. As before, the College recognises that it faces an operational risk in the form of failure to retain apprenticeship contracts with local businesses and employers due to on-going strike action impacting on the resulting of students, which could impact on credit targets and other income. A recent visit from Skills Development Scotland (SDS) to the College in January 2025 highlighted that the quarter two achievement rates for Modern Apprenticeship (MA) contracts had been particularly low at 42.9%. This was due to Action Short of Strike (ASOS) and partly due to a number of early leavers.
- 4.4. The College has sought to address this shortfall and owing to external verification of work that took place, the quarter 3 achievement rate was 70%. The College commits to a review of how MA contracts are monitored internally, and plans are in place to have more regular meetings with Curriculum areas to ensure monitoring of contracts is communicated appropriately to all impacted parties.

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

- 5.1. The College continues to be confident that its arrangements for and in particular, GDPR, 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.

6. RISK FIVE - CAPITAL FUNDING REQUIREMENTS

- 6.1. There has been no change to inherent risk scoring in January 2025 at 12, with post-mitigation risk remaining at 8.
- 6.2. The College acknowledges that there continues to be insufficient funding for capital and maintenance works however it does benefit from having a relatively new campus.
- 6.3. The College continues to implement quarterly CAPEX meetings to ensure progress is made on capital projects that are priority.
- 6.4. Nevertheless, the College does acknowledge that the lack of funding available to support with further net zero capital investment does significantly reduce the College's ability to meet its net zero goal, but this is a wider sector issue, not just a College issue.

7. RISK SIX – THERE IS A BREACH OF LEGISLATION AND ASSOCIATED REGULATIONS

- 7.1. The inherent risk score remains at 12 in January 2025, signifying the catastrophic impact of a potential breach of legislation and regulation on being able to continue as a viable entity. Post-mitigation risk remains at 8.
- 7.2. Staff resource continues to work to capacity to get through policies and procedures updates as required. Regular H&S Committee meetings take place internally to ensure

follow up and closure of key actions raised. Compliance with H&S related audits and inspections is standard practice at the College.

8. RISK SEVEN – BUSINESS INTERRUPTION

8.1. Inherent risk score remains at 6, with post-mitigation risk score at 3.

8.2. The College is confident that its arrangements for business continuity allows it to report an acceptable level of risk, although further training for both staff and Board members is required. Storm Eowyn on 24 January 2025 enabled the College to test procedures for the closure of the College at short notice with staff and student communications being received on a timely basis.

8.3. The Business Continuity Planning (BCP) scenario will soon be rolled out to SLT which is based on the HEFESTIS change management process. The College insurance provider, AJ Gallaghers, has also offered to run a session to test the robustness of BCP procedures across 2024/25.

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 for January 2025. The College is aware that to keep this as an area green. Completion of the audit recommendation for incident response for Senior Leadership Team (SLT) and continual staff training will need to be maintained.

9.2. Actions arising from a previous Audit & Risk Committee meeting had requested that the College consider the risk of users leaving the company via HR processes (staff leaving or leaving due to a disciplinary process). The Committee need reassurance that this risk has been considered as part of the risks stated in the cyber risk register.

9.3. The risk items associated with users is captured under Risk 1 in the cyber risk register, broken access control, which states that "users cannot act outside of their intended permissions". This is also further supported by the cyber risk framework which expands on the cyber risk register, section 6 "People" which explicitly talks about the process around people management and HR process.

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

10.1. There has been no change to the risk scoring as at November 2024 (inherent risk 8 and post-mitigation risk 4).

10.2. The Block 1 2024-25 curriculum self-evaluation cycle concluded in January 2025. The outputs consider: student voice from both the Student Experience Survey: Start of Your Learner Journey 2024-25 and the Course Evaluation – Student Voice submissions; course team voice from the Course Team Self-evaluation submissions and the curriculum Progress Reviews. The self evaluation exercise enables the College to review and refine current practices to support the achievement of high standards in learning and teaching.

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

11.1. There has been no change to inherent risk scoring from November 2024 remaining at 8; and a post-mitigation risk remaining at 4 in January 2025.

- 11.2. Feedback from the staff on the Employee Engagement Framework has been positive and the Executive Team are committed to taking feedback on board and implementing changes to help ensure an engaging and effective employee journey going forward.
- 11.3. iTrent is now the lead payroll system, which has immediate automation and payroll control benefits. Employee Self Service is expected to be launched around April 2025, to give employees access to several modules, including holidays, expense claims, equality data and career reviews. The improvement in the HR management system is likely to contribute towards an engaging and effective employee journey.

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 from November 2024, with no change to inherent risk at 9 and post-mitigation risk remaining at 3.
- 12.2. As advised previously, this is another positive area for the College and Student and Staff wellbeing and safety continues to be of utmost importance. The College currently has a Safeguarding & Child Protection Evaluation Action Plan in place until the end of academic year 2024/25. Key actions are designed to progress the priorities to ensure that Safeguarding and health and wellbeing of students and staff is taken seriously.
- 12.3. As reported previously, the new HR management system, once implemented, will also assist with the management of employee wellbeing and development.

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 from November 2024 (staying at 8) and post-mitigation risk remaining at 8.
- 13.2. Standard monthly meetings with curriculum, student services and finance continue to ensure bursary application updates are communicated and any issues are resolved across departments on a timely basis. The latest meeting in December 2024 was positive and highlighted no additional concerns.
- 13.3. As part of the plans for a restructure of the College in 2025, the College is currently reviewing its Extended Learning Support (ELS) at the College with a view to making some structural changes that will further support the student experience.

14. RISK THIRTEEN - FAILURE OF CORPORATE GOVERNANCE

- 14.1. No further change to inherent risk as at January 2025 (currently 8) with post-mitigation risk at 4.
- 14.2. All corporate governance arrangements are up to date and the new Governance Professional continues to ensure continuity of the programme of work across the year to ensure compliance with the Code.
- 14.3. The College continues to be well supported by the Governance Professional, ensuring that due process is being followed.

15. RISK FOURTEEN – ADVERSE REPUTATIONAL RISK

- 15.1. There is no change to the inherent risk scoring as at January 2025 (currently 16) and post-mitigation risk remaining at 12.

15.2. The employment tribunal concluded in December 2024 with results expected by February 2025. As the outcome of the tribunal is not known at this time, the College doesn't consider itself to be in any worse a position than it was in November 2024. Consequently, no change to risk score has been proposed.

16. RISK FIFTEEN – THE MEETING OF NET ZERO TARGETS

16.1. The inherent risk scoring has been maintained at 9 in January 2025, with post-mitigation risk remaining at 6.

16.2. The College Climate Change Action Team (CCAT) group has responsibility for setting out and delivering a project plan for further initiatives that will be undertaken to support the goal of net zero targets by 2040. This includes car charging ports, air tightness of the building, water conservation and aeration measures and further ground source heat pumps, to name but a few. The CCAT team meets monthly and is progressing with a variety of initiatives to support climate change and net zero emissions.

16.3. Nevertheless, with both unknown and reductions in funding sources, it is increasingly difficult for the College to drive forward with larger capital investments. There has been no indication of any available funding from the Scottish Government but the team are well versed in remaining vigilant to any new funding streams that might present.

17. EQUALITIES

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

18. RISK AND ASSURANCE

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

19. RECOMMENDATIONS

- 19.1. 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 no movement in risk scorings since November 2024.

APPENDICES

Document 07.1 The College's Strategic Risk Register

Document 07.2 SLC Cyber Risk Register

Document 07.3 Regional Strategic Risk Register

AUDIT & RISK COMMITTEE

DATE	4 February 2025
TITLE OF REPORT	Quality Assurance and Enhancement Group Update
REFERENCE	08.0
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 update the Committee on the proposed remit and membership of the Quality Assurance and Enhancement Groups and to present the Quality Audit Group (QAG) Audit Schedule for 2024-25 and the results of the recent Education Maintenance Allowance (EMA) 1 st Block Audit.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: <ul style="list-style-type: none"> • note the remit and membership of the Quality Assurance and Enhancement Groups • note the Quality Audit Group activity to date for 2024-25 including future scheduled audits; and • note the positive results from Education Maintenance Allowance (EMA) 1st Block Audit
RISK	<ul style="list-style-type: none"> • That the College does not meet the quality assurance requirements of awarding and/or scrutiny bodies. • That the College does not meet governance requirements due to a lack of scrutiny of core processes and controls internally.
RELEVANT STRATEGIC AIMS:	<ul style="list-style-type: none"> • Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORTS:	<ul style="list-style-type: none"> • The Report establishes the crucial role that the quality function plays at the College. The Quality Enhancement Group holds strategic oversight of the Quality function at the College, headed up by the Curriculum Manager - Quality and the Vice Principal postholders. • 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.

	<ul style="list-style-type: none">• The results of EMA Audit from Block 1 are positive, noting no further actions or recommendations.
--	---

1. INTRODUCTION

- 1.1. This paper provides an update on the remit and membership of the Quality Assurance and Enhancement Groups, the Quality Audit Group (QAG) Audit Schedule for 2024-25 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, 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 REMIT AND MEMBERSHIP OF THE QUALITY ASSURANCE AND ENHANCEMENT GROUPS

- 2.1 With the appointment of the Vice Principalship posts in 2023/24, the Quality Enhancement Group has started to meet frequently in 2024/25 and has outlined a proposed remit and membership of various quality assurance and enhancement groups at the College to ensure that quality remains at the forefront of its operations for both internal and external verification purposes.
- 2.2 The Committee is asked to note that this function is not new activity for the College but rather demonstrates a renewed focus on various quality-focused groups with some renaming of subgroups and reorganisation of committee remits to minimise risk.
- 2.3 The membership of each quality-focused group is contained in appendix 08.1. The Quality Enhancement Group is viewed as the strategic lead group, headed up by the Vice Principals and the Curriculum Manager - Quality, establishing strategies to ensure continuous quality enhancement of all college processes, procedures and policies, developing standards on all quality matters and overseeing self-evaluation programmes.
- 2.4 The Quality Audit Group will expressly involve student and staff representatives who are experienced in the delivery of course programmes and have a keen understanding and desire for best practice within the sector. Their remit is to arrange and conduct internal audits and implement and monitor policies and targets.
- 2.5 As alluded to in the appendix 08.1, there are other subcommittees that lead specifically on Learning and Teaching, the Quality forums, Progress Review Panels and Operational Planning Reviews.
- 2.6 The Operational Planning and Progress Review cycles at the College allow the College to continuously review and refine its activity, ensuring that robust operational plans are in place, monitored and can be financially supported via the annual budget setting process. The Operational Planning and Progress Review cycles span both Curriculum and Business Support for consistency. Operational Planning at Curriculum level feeds into

Business Support Operational Planning ensuring a joined up and bottom-up approach to budgeting.

2.7 It is important to note that while some committees may have some overlapping memberships, different roles and perspectives are represented on each quality group, helping to ensure the integrity of quality review processes.

3 QUALITY AUDIT GROUP (QAG) AUDIT SCHEDULE 2024-25

3.1 The *QAG Internal Audit Schedule 2024-25* has been adapted in response to some on-going operational resource challenges. There has been a reprioritisation of key mandatory and operational activities. The revised plan also considers that from Block 2 onwards, there is a 29% reduction in Quality Unit resource which has meant revising the plan from this time period.

3.2 *Table 2: Revised Internal QAG Audit Schedule 2024-25*

Internal Audit	Audit reason code *see	Proposed Date/ Month TBC	Confirmed Date	Audit Team *Lead writer in bold
EMA (1st audit)	1	November 2024	05/12/2024	AJ , LD
EMA (2nd audit)	1	April 2025		AJ , LD
BPEC Level 5 Gas Installation & Maintenance SCQF 5	2	April 2025		JC , LD
BPEC - pre-audit for ACS and Foundation programmes	2	May 2025		JC , LD
SQA Systems Verification - Internal	3	March - April 2025		LD , JC & AJ
FE FT (Funded) Guidance	2	November-December 2024	December 2024 – May 2025	LD , JC & AJ
HN Next Gen	2	TBC		LD , WMacL, JC & AJ
Assessor and Verifier Staff Development	2	November-December 2024	February 2025 – March 2025	WMacL , LD & AJ
Operational Planning - Curriculum	2	TBC		LD , WMacL, CS, JC & AJ
Operational Planning - Support	2	TBC		LD , WMacL, CS, JC & AJ

Audit Reason codes:

- 1 - Mandatory requirement
- 2 - College risk analysis
- 3 - Awarding body requirement

3.3 The SLC reports are presented to the Audit & Risk Committee, including the Education Maintenance Allowance (EMA) Audit from Block 1 as discussed in section 4 below.

4 EMA BLOCK 1 AUDIT

4.1 The EMA audit was undertaken in December 2024 in response to statutory requirements placed on the College and set out by the Scottish Funding Council.

4.2 A sample of 10 student applications out of 182 across the Curriculum areas were reviewed and the results were positive. All 10 applicants contained the required student details and all evidence had been ascertained by the Bursary team and were held on the College secure system. Payment records were consistent with attendances.

4.3 No actions or recommendations were proposed during this audit.

4.4 The full report of the audit can be found in appendix 08.2

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 That the College does not meet the quality assurance requirements of awarding and/or scrutiny bodies.

6.2 That the College does not meet governance requirements due to a lack of scrutiny of core processes and controls internally.

7 RECOMMENDATIONS

7.1 The Committee is asked to:

7.1.1 note the remit and membership of the Quality Assurance and Enhancement Groups

7.1.2 note the Quality Audit Group activity to date for 2024-25 including future scheduled audits; and

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

Appendix 08.1 Quality Audit & Enhancement Groups

Appendix 08.2 EMA 1st Audit December 2024



South
Lanarkshire
College

East Kilbride

Quality Assurance & Quality Enhancement Groups

Version Number: 2.0

Document Information

Procedure Published/Created:	August 2012
Reviewed Date:	September 2024
Owner:	Quality Unit
Approved by:	QEG
Equality Impact Assessment:	
Next Review Date:	September 2025

Version History

Version Number	Date	Author	Rationale
1.0	February 2022	Quality	
2.0	September 2024	Quality	Update

Quick Links

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QUALITY ASSURANCE & ENHANCEMENT - GROUPS

Membership

Quality Enhancement Group

- Vice Principal, Learning Teaching and the Student Experience - Chair
- Vice Principal, Finance, Resources & Sustainability
- Curriculum Manager, Quality

Quality Audit Group

- Curriculum Manager, Quality - Chair
- Quality Unit team members
- Student Association representation, as appropriate
- Key college staff, as appropriate

Professional Discussion on Learning and Teaching Team

- Curriculum Manager, Quality - Chair
- Quality Lecturer(s)
- SLC Experienced Associate Assessors
- EIS-FELA Learning and Teaching Representative
- Lecturer(s) deployed/trained to conduct classroom observations for TQFE, PDA TiSC and TiCT.

Quality Forum

- Curriculum Manager, Quality - Chair
- Quality Unit team members
- Curriculum Managers, for CM Quality Forum, as appropriate
- Lecturers, for Lecturer Quality Forum, as appropriate
- Key college staff, for College Quality Forum, as appropriate

Progress Review Panel

- Vice Principal, Learning Teaching and the Student Experience – Chair (rotating)
- Vice Principal, Finance, Resources & Sustainability – Chair (rotating)
- Curriculum Manager, Quality – Chair (rotating)

Operational Planning Review Panel

- Vice Principal, Learning Teaching and the Student Experience – Chair (rotating)
- Vice Principal, Finance, Resources & Sustainability – Chair (rotating)
- Curriculum Manager, Quality – Chair (rotating)
- Marketing Manager
- Head of Student Services
- Head of MIS
- Head of Human Resources
- Head of Alternative Funding
- Head of Facilities



South
Lanarkshire
College

East Kilbride

AUDIT AND RISK COMMITTEE

DATE	4 February 2025
TITLE OF REPORT	Proposed External Audit Fees 2024/25
REFERENCE	09.1 & 09.2 – 09.3
AUTHOR AND CONTACT DETAILS	Elaine McKechnie Elaine.mckechnie@slc.ac.uk
PURPOSE:	To update the Committee on proposed level of external audit fees for 2024/25
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: <ul style="list-style-type: none"> note and agree the proposed level of fee set by Audit Scotland and the Auditor General for 2024/25
RISK	<ul style="list-style-type: none"> 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:	<ul style="list-style-type: none"> Successful Students The Highest Quality Education and Support Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> External Audit Fees for 24/25 have been carefully considered by Audit Scotland in accordance with the Auditor General for Scotland and the Accounts Commission. The budget and fees recognise the difficult financial environment and the challenges facing public services, and public audit's role in helping meet them. However, Audit Scotland operate in a very competitive environment around staff retention and recruitment, as well as increased demands on audit quality and regulatory oversight and a balance has been struck. A 1.9% increase in fee is proposed for the College from 2023/24 to 2024/25, representing an increase of £490 from £25,590 to £26,080.

1. INTRODUCTION

1.1. This paper provides an update on the proposed external audit fee for 2024/25 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 2025 (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.

2.2 Her email remarked that 2024/25 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 18 December 2024.

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

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

3 DISCUSSION

3.1 The 2024/25 expected audit fee is based on applying a 1.9% increase to the 2023/24 expected audit fee.

3.2 The budget proposal, including that the Scottish Consolidated Fund meets the increase in employers' national insurance contributions and Audit Scotland's audit modernisation costs, rather than through audit fee increases, has still to be approved by the Scottish Parliament. Until the budget is approved, the audit fee invoices that we will be issuing in January 2025 should be treated as provisional.

3.3 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.

3.4 2024/25 Fees will be issued by instalments twice a year in September 2025 and May 2026. A final invoice will be issued, if necessary, once all 2024/25 audits are complete, to adjust for any late changes to agreed fees.

4 RESOURCE IMPLICATIONS

The financial cost of the proposed 1.9% fee increase is as shown below. A further breakdown of fees is contained appendix 09.2

	2023/24	2024/25	Increase
Audit Scotland	£25,590	£26,080	£490

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 2024/25.

Appendix 09.2

Communication of Approach to External Audit Fees for 2024/25 in January 2025 Annex A

Dear Chief Executive/Director of Finance

Audit Scotland Statutory fees – 2024/25 audits

With the public sector in Scotland continuing to face significant challenges it is essential that Audit Scotland continues to support the Auditor General for Scotland and the Accounts Commission to provide independent assurance to the people of Scotland, that public money is spent properly through high-quality public audit. 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 2024/25 audit.

Audit Scotland's 2025/26 budget, which sets the 2024/25 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).

Our 2025/26 budget has been set in the context of [Public Audit in Scotland](#), our joint statement of purpose with the Auditor General and the Accounts Commission, and our [Corporate Plan 2023-28](#), which supports the delivery of our vision, purpose and intended outcomes. Through these, we aim for our work to have a measurable impact on the transparency of public spending, the governance and delivery of vital public services, and the outcomes of Scotland's communities and people.

Our budget and fees 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. Alongside this the audit profession continues to experience significant pressures. We are operating in a very competitive environment around staff retention and recruitment, as well as increased demands on audit quality and regulatory oversight. We are clear that public audit is not immune from financial challenges and has an important role in making a contribution to meeting them. Our budget and fee uplift therefore strike a careful balance between:

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

At the same time Audit Scotland is undergoing significant modernisation and transformation to support effective scrutiny, meeting the needs of the Scottish Parliament, public bodies and the communities of Scotland. We have sought direct funding for this modernisation from the consolidated fund and it is not included in fees for this current year.

The SCPA scrutinised our [Budget Proposal 2025/26](#) at its meeting on the 18 December 2024 which includes limiting the fee increase for all fee paying public bodies to **1.9%** in 2024/25. Our proposal includes identified efficiency savings of £2,741k (6.9%) from a total budget of £39,633k. We have already increased productivity levels in the delivery of our financial statements audit work over the past 12 months and have identified additional opportunities to secure further improvements during 2025/26. The budget also aims to absorb in-year cost pressures and any new demands from within the existing resources, where possible.

Our budget proposal, including that the Scottish Consolidated Fund meets the increase in employers' national insurance contributions and our audit modernisation costs, rather than through audit fee increases, has still to be approved by the Scottish Parliament. Until our budget is approved the audit fee invoices that we will be issuing in January 2025 should be treated as provisional. We will notify you if there are changes and any fee adjustment would be made in the second tranche of 2024/25 audit fee invoices.

Expected audit fees

As highlighted above we have sought to reduce costs and drive efficiencies through our budget setting. 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 2024-25 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, additional audit work and the cost for this work will need to be discussed with your auditor.

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 £36,500). 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 introduction 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. This will become the confirmed fee for the 2024/25 audit.

The fee for your 2024/25 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 2023/24 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 have noticed a delay in audit fee payments for some bodies over the last year. Whilst 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.

Yours sincerely

Vicki Bibby
Chief Operating Officer



Expected audit fee

[Instructions](#)
[Billing arrangements](#)

 Year

 Sector

 Body

	Auditor	Auditor Remuneration	Contribution Pooled Costs to PABV costs	Sectoral cap adjustment	Total: Expected fee	Agreed Fee
2024/25	Audit Scotland	43,660	-5,510	0	£ 26,080	To be agreed
2023/24	Audit Scotland	41,900	-4,470	0	£ 25,590	£ 25,590
Difference (£)		1,760	-1,040		490	
Difference (%)		4.2%	23.3%		1.9%	

Summary

Overall fees within the Further education sector have increased by 1.9%

The expected fee for South Lanarkshire College for the 2024/25 audit is £490 higher than the fee agreed the previous year (1.9%).

AUDIT & RISK COMMITTEE

DATE	4 February 2025
TITLE OF REPORT	SLC Digital Strategy 2025-2030
REFERENCE	10.0
AUTHOR AND CONTACT DETAILS	Chris Sumner, Head of MIS Chris.Sumner@slc.ac.uk
PURPOSE:	To request members to approve the draft Digital Strategy for 2025-2030.
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is recommended to: <ul style="list-style-type: none"> • Approve the draft Digital Strategy • Remit the Strategy to the Board for approval
EQUALITIES	There are no adverse implications for equalities identified within the attached report.
RISK	<ul style="list-style-type: none"> • That the College does not have a full understanding of its strategic direction to influence operational planning, resulting in confusion, inconsistent performance, poor use of resources and poor time management.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Successful Students • Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The report sets out the key principles of the Digital Strategy for 2025-2030 which aligns to the new strategic priorities for the College • With the huge shift in digital technology, advancements in automation, the speed of artificial intelligence software to market and availability for digital collaboration across the college sector, the Strategy serves as a guide through these dynamic changes in the digital landscape of the sector. • The Strategy also acknowledges the need for a dedicated Digital Strategy Group to oversee strategy implementation. (DSG) and effective budgeting.

1. INTRODUCTION

1.1 The purpose of this paper is to provide an overview of the Digital Strategy for 2025-2030.

2. THE STRATEGY

2.1 The strategy sets out the key strategic areas of focus for the College that need to be fully integrated with digital and technological advancement:

- 2.1.1 Enhance Learning and Teachings
- 2.1.2 Learner Experience
- 2.1.3 Administrative Efficiency
- 2.1.4 Inclusivity and Accessibility
- 2.1.5 Community Engagement
- 2.1.6 Innovation and Research
- 2.1.7 Sustainability
- 2.1.8 Infrastructure

2.2 Through seamless integration of technology, we strive to create an inclusive, dynamic learning environment that prepares our community (staff, students and collaborating partners) to excel in the ever-evolving landscape of knowledge and discovery.

2.3 The Strategy is in line with the National Digital Strategy to ensure best practice and support in delivering national priorities. Having a strategy enables the college to move far more quickly in order to remain at the forefront of change.

2.4 The Strategy acknowledges the need for a dedicated Digital Strategy Group to oversee implementation.

2.5 The Strategy also acknowledges the need for careful budgeting, to allocate resources for technology infrastructure, software licences, staff training, and innovation initiatives. This will involve proactively seeking funding from grants, partnerships, and cost-saving measures in administrative processes.

3 EQUALITIES

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

4 RISK AND ASSURANCES

4.1 Having a Strategy safeguards the College from the risk:

4.1.1 that the College does not have a full understanding of its strategic direction to influence operational planning, resulting in confusion, inconsistent performance, poor use of resources and poor time management.

5 RECOMMENDATIONS

5.1 The Committee is recommended to:

- 5.1.1 Approve the draft Digital Strategy
- 5.1.2 Remit the Strategy to the Board for approval



South
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SLC Digital Strategy 2025-30

Final v.6.0

Document Information

Procedure Published/Created:	05 th June 2024
Reviewed Date:	05 th June 2024
Owner:	Head of MIS
Approved by:	SLT (Awaiting Board Approval)
Equality Impact Assessment:	02 nd Dec 2024
Next Review Date:	05 th June 2029

Version History

Version Number	Date	Author	Rationale
1.0	05/06/2022	Head of MIS	Creation of Document
2.0	10/10/2023	Head of MIS	Updated to include the JISC DET and Learner Journey
3.0	11/02/2024	Head of MIS	Wording changes following feedback
4.0	13/06/2024	Head of MIS	Aligned to College strategic aims and timeframes
5.0	10/09/2024	Head of MIS	Updated from feedback from BOM
6.0	02/12/2024	Head of MIS	Updated from SLT feedback

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Advancing SLC through Digital Innovation: A Digital Strategy for South Lanarkshire College

Introduction

South Lanarkshire College (SLC) has been at the forefront of many innovative and cutting-edge curriculum developments over the years. With the huge shift in digital technology, advancements in automation, the speed of artificial intelligence software to market and availability for digital collaboration across the college sector, it's an opportunity for SLC to use these new advancements to achieve the strategic goals over the next 5-10 years. This digital strategy serves as a guide through the dynamic changes in digital technology and allows SLC to utilise the new digital innovations applicable to the Scottish education sector and improve operational efficiency within the college whilst maximising the value and impact of our work.

The current SLC Strategy framework 2020-2025 and how the digital strategy will support these goals are displayed below, essentially enabling the college to move far more quickly with the tasks required to achieve these aims.



Vision and Mission

At SLC we envision a digitally empowered future where innovation in education knows no bounds. Through seamless integration of technology, we strive to create an inclusive, dynamic learning environment that prepares our community (staff, students and collaborating partners) to excel in the ever-evolving landscape of knowledge and discovery.

Strategic Goals

- *Enhance Learning and Teaching*
 - *Online Course Delivery: Develop a robust Learning Management System (LMS) for online courses, blended learning, and remote access to course materials.*
 - *Digital Learning Resources: Create and curate high-quality digital content, including video lectures, e-books, VR and Augmented reality, social media uses, micro-learning e.g. TikTok and Instagram and interactive tools to enrich the learning experience.*
 - *Faculty Training: Provide training and support for faculty to effectively use digital tools to enhance the learning experience through effective teaching and assessment.*
 - *Student Support: Implement online tutoring, discussion forums, and peer-to-peer learning platforms to enhance student support and engagement.*
 - *Commercial: More flexible engagement with Business employees – businesses?*
- *Learner Experience*
 - *Student Portal: Develop a user-friendly student portal for easy access to academic records, course schedules, support services (such as fee and bursary payments), chatbots for overall guidance and support on topics and communication with staff and peers.*
 - *Mobile Apps: Create a mobile app to facilitate communication, event notifications, and access to digital resources on the go.*
 - *Personalised Learning: Implement adaptive learning technologies and data analytics to personalize the learning experience for each student.*
- *Administrative Efficiency*
 - *Automation: Streamline administrative processes like admissions, registration, management tools and financial aid through automation and self-service options.*
 - *Data Analytics: Utilise data analytics to improve decision-making, resource allocation, and student retention efforts.*
 - *Cybersecurity: Establish strong cybersecurity measures to protect sensitive student and institutional data.*
- *Inclusivity and Accessibility*
 - *Accessibility Standards: Ensure all digital content and platforms meet accessibility standards, making education more inclusive for all students.*

- *Digital Literacy: Promote digital literacy among students, faculty, and staff to bridge the digital divide.*
- **Community Engagement**
 - *Online Events: Host webinars, virtual open houses, and online seminars to engage with the community, alumni, and prospective students.*
 - *Social Media: Maintain active social media channels and an engaging website to keep the college community informed and connected.*
- **Innovation and Research**
 - *Digital Research Centre - Establish a centre for digital research to explore emerging technologies and their applications in education.*
 - *Partnerships: Collaborate with tech companies, educational institutions, and local organisations to stay at the forefront of digital innovation.*
- **Sustainability**
 - *Green Technologies: Implement sustainable and energy-efficient technologies to reduce the college's carbon footprint.*
 - *Remote Work: Promote remote work options for staff to reduce commuting and minimise environmental impact.*
- **Infrastructure**
 - *Robust Network Infrastructure - Ensure high-speed, reliable internet connectivity across the entire campus. Regularly upgrade network hardware and software to keep up with technological advancements.*
 - *Hybrid Cloud Computing and Storage Solutions - Migrate some services to cloud-based services for data storage, management, and backup to enhance accessibility and security, reducing the need for physical servers.*
 - *Cybersecurity Measures - Invest in advanced security tools such as firewalls, intrusion detection systems, and encryption technologies. Continue to conduct regular security audits and training sessions for staff and students to promote cybersecurity awareness.*
 - *Smart Campus Technologies: Integrate IoT (Internet of Things) devices for efficient campus management, such as smart lighting, HVAC systems, and security cameras. Explore the use of AI and machine learning for predictive maintenance and resource optimization.*

Implementation and Monitoring

- *Establish a dedicated Digital Strategy Group responsible for overseeing strategy implementation. (DSG)*
- *Regularly monitor progress towards goals and adapt the strategy as needed. (JISC DET)*
- *Seek feedback from students, faculty, and staff for continuous improvement.*

Budgeting

Allocate resources for technology infrastructure, software licences, staff training, and innovation initiatives. Seek funding from grants, partnerships, and cost-saving measures in administrative processes.

Aligning to the National Digital Strategy

It is also important to recognise that this strategy is directly related to the National Digital Strategy. SLC define within this strategy our priorities at the local level which supports and delivers the national digital strategy vision and mission set out below.

National Digital Strategy Vision

Empowering our stakeholders to have access to innovative, engaging, and inspiring digital solutions that enhance the student experience, promoting personal growth, enable success, and improve attainment.

National Digital Strategy Mission

Deliver innovative, sustainable, relevant, accessible, and consistent learning experiences.

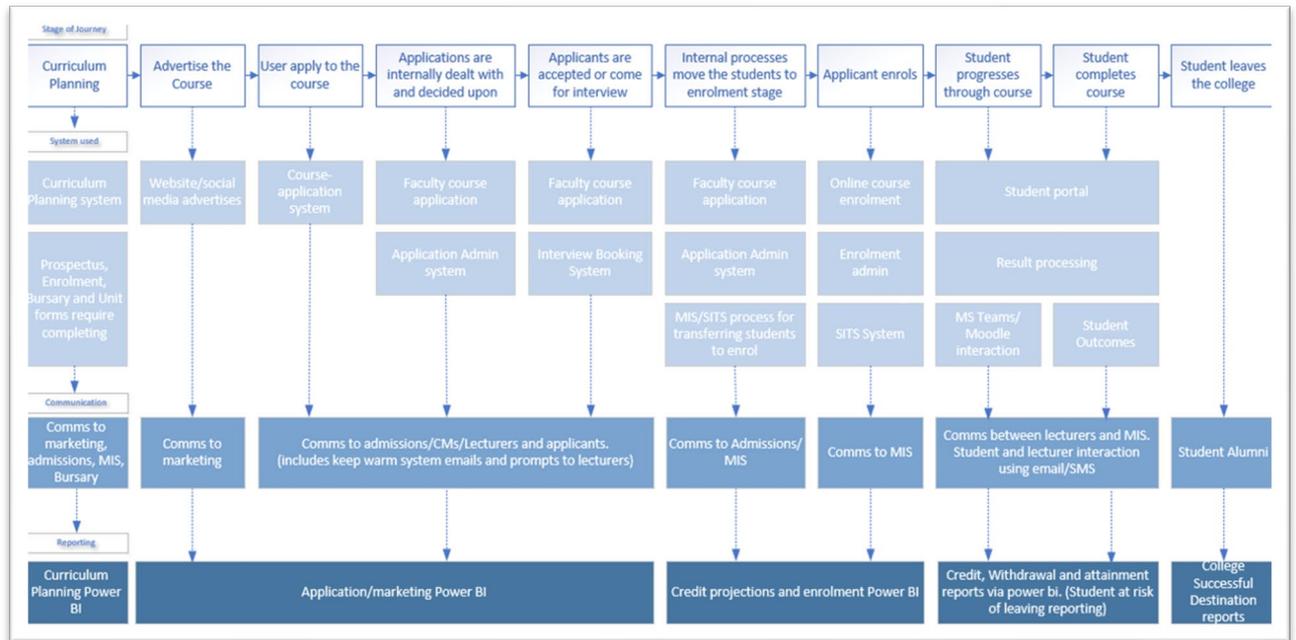
In a way that:

- Ensures that students' voice is paramount
- Maintains a compassionate and safe environment
- Empowers staff and builds their confidence
- Promotes a culture of continual improvement
- Upholds national and local values and standards

- Ensures continuity through an effective business model
- Provides cost effective and adaptive digital solutions and connectivity

The Learner Journey

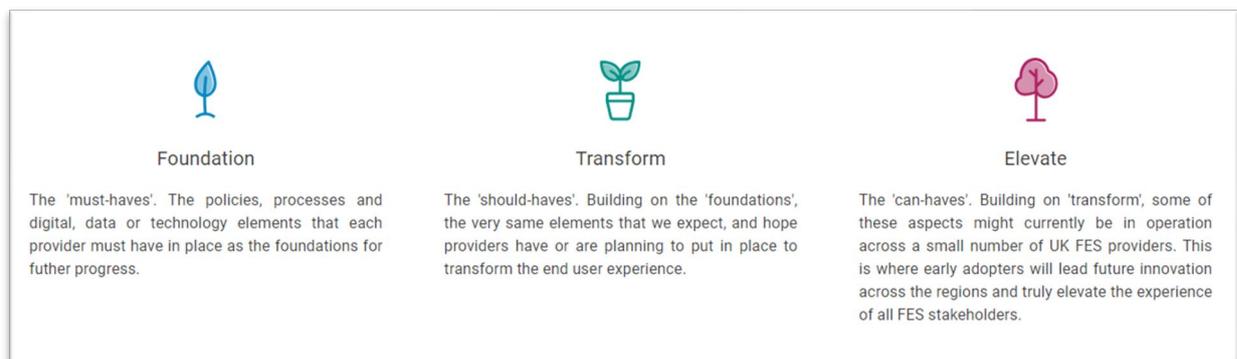
Learners are at the forefront of our business so it's important to recognise in this document the overall learner journey and all the aspects of digital technology that wrap around the processes in the college.



Digital Strategy Tools

To support the college, the education institution JISC produced a digital elevation tool (DET) that can be used within the SLC digital strategy focusing on key themes that enable the college to identify areas of good practice and areas to improve on, allowing a directional task list to be created.

Levels of achievement have been created by the JISC team as a marker for the progress made by the college. These levels are Foundation, Transform and Elevate.



The key themes used in the DET are as follows (to see more information on this please [click here](#) to visit JISC DET website, credentials are required to access):

- *Leadership governance & culture*
- *Learner experience*
- *Staff experience*
- *Curriculum development*
- *Underpinning technologies*

Conclusion

- *Reinforce the Commitment to Digital Transformation*
- *Acknowledge the Collective Efforts of the College Community*

By following a strategic approach outlined in this document, SLC aims to harness the power of digital innovation to provide an enriched educational experience for students and contribute to the advancement of knowledge and research in the 21st century.

AUDIT AND RISK COMMITTEE MEETING

DATE:	4 February 2025
AGENDA REF:	12
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: <ul style="list-style-type: none"> • Note that the Rolling Review is a dynamic document and is therefore always a work in progress and comment as appropriate on the latest version, as attached. • Note the updates provided on the latest document
RISK	Governance is recognised as a potential strategic management risk and appropriate mitigating actions such as maintaining a dynamic Rolling Review is fully consistent with best practice.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Highest quality education and support. • Sustainable Behaviors. • Successful Students
SUMMARY	<ul style="list-style-type: none"> • This report sets out the latest version of the Rolling Governance Review for information and comment. • It focuses on the principles of good governance with subheadings of importance relating to each principle. • It also includes key policies and governance documents which the College is required to keep under review

1. INTRODUCTION

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

2. BACKGROUND

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

3. GOVERNANCE ROLLING REVIEW

3.1 The principles of good governance are:

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

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

3.3 The Rolling Review now provides visible audit evidence of the role of the Board in monitoring key Policies and key Governance documents such as the Scheme of Delegation, the Committee Terms of Reference and Standing Orders – all of which the College is obligated to keep under review.

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 September 2024, three amber items have been amended to green (1.3, 3.2 and 3.6 of the rolling review respectively).

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 2025
Leadership & Strategy	1.1 Conduct in Public Life	Training in New Code of Governance to be provided	Governance Professional January 2023 already completed but Governance Professional to ensure that CDN online training completed by December 2024	The new Code was formally adopted by the Board in January 2023 with a Briefing Paper provided by the then Governance Professional. Induction of all new members was by reference to the new Code and training to Trade Union Observers was likewise based on the new Code. All Board Members should however engage with the online training pack now available via CDN as part of ongoing training. A new training pack has been published and the target date for completion has been extended accordingly October 2024 Governance Professional has encouraged all board members to complete the CDN online training course.
	1.2 Vision & Strategy	Involve Trade Unions (TUs) on Board	Governance Professional March 2024	TU Members have now been appointed to the Board and attached to committees
	1.3 Performance	Refresh paperwork for self-assessment and evaluation and plan for externally facilitated self-assessment review	Governance Professional December 2024	All now refreshed and good progress made towards externally facilitated self-assessment. October 2024 Governance Professional has refreshed the paperwork and issued to internal auditors for

				inspection of template. E-Mail sent to Internal Auditors for scope of external self-assessment.
	1.4 Corporate Social Responsibility	Improve dialogue & communication with all stakeholders	Principal / Chair March 2024	The stakeholder letter has now recommenced. October 2024 Stakeholder e-mail has now been issued; Board Members received a copy.
		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. March 2024 for Board approval.	This is to provide an opportunity for Board members to engage with staff and students. They may do this by: <ul style="list-style-type: none"> • Speaking with curriculum managers or support managers; • Informally (and with agreement and notification) pop into classrooms to speak to lecturers and students where appropriate. • Attending (with prior agreement) team meetings. <p>Target dates met.</p> <p>In Committee it was recommended that the Board be represented at staff events, where appropriate. GP sends out campus events to board members.</p>
2 Quality of Student Experience	2.1 Relevant High-Quality Learning which meets local, regional and national skills needs.	Board members through strategic planning days to undertake a curriculum review.	Principal and Vice Principal for Learning, Teaching and the Student Experience April 2024	At the April Planning Day members participated in a skills planning workshop, with external input. HMI has presented to Board following the Annual Engagement Visit and committees briefed on a satisfactory outcome.
	2.2 Student and Engagement and Quality Monitoring & Oversight	Work with the Student Association (SA) and Class Reps to improve Quality	Vice Principal Learning, Teaching and the Student Experience	Reinstate the Student Parliament with Board members attending where appropriate. Also, through the Board Member Conversations as outlined in 1.4 give members an opportunity to engage with students.

		Monitoring feedback. Identify mechanisms for recognising and rewarding input of student body to support quality	Ongoing	The Learning and Teaching 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.
3 Accountability	3.1 Accountability & Delegation	Involve staff in discussions on facing challenge	Principal and VP for Finance, Resources and Sustainability Ongoing	Board Members and management appropriately briefed on Training Day April 2024 All staff receive a key message update after every Board meeting.
	3.2 Risk Management	Connect risk appetite to risk register	Vice Principal Finance, Resources and Sustainability November 2024	Consult with the Internal Auditors on providing a further risk appetite session due to new board members joining. Good progress with work on consolidation of the risk register. October 2024 Board training day has been scheduled for 19 November 2024. Internal Auditors are providing a session on risk appetite and board members have to complete CDN course prior to the training day
	3.3 Audit Committee	Membership to be adjusted in line with New Code	Governance Professional	Implemented.
	3.4 Remuneration Committee	Terms of reference to be revisited.	Governance Professional & Chair	Implemented
	3.5 Financial & Institutional Sustainability	Identify opportunities and address challenges	Principal and Vice Principals	At the April planning day review income diversification opportunities with Board members and options for collaboration were discussed.

		in context of “flat cash” settlement.	Ongoing	This work is in progress and the Board have also had discussions relating to the new strategic priorities.
		Explore options for best use of resources to generate income.		
		Explore options for 3 rd sector partnerships.		
		Explore possibility of identifying a university MBA research project for measuring cost -v- value efficiency	Vice Principal for Finance, Resources and Sustainability Ongoing	This is being considered at the Tri Partite Group with Scottish Government, Scottish Funding Council and college representatives. Business Planning is under active consideration.
	3.6 Staff Governance	Facilitate regular opportunities for Board members to engage with staff and staff representatives	Principal & Governance Professional [Ongoing]	It will be useful to hear advice from Trade Union Board Members and others January 2025 GP advises Board of all campus events to allow members to attend and engage with staff. Board also have the opportunity, with consent, to attend the college and meet with staff.
		Improve information flow to appointed staff representatives	Principal & Governance Professional	Governance Professional publishes meeting minutes to website. But again taking advice from staff and trade Union Members will be helpful with a view to publishing a college wide update on key discussion points following Board meetings, where appropriate. October 2024

				Minutes are published in a timely manner on the website and 'key messages' are communicated to all staff through the staffing teams channel.
		Involve appropriately skilled staff by way of attendance at Committee Meetings and also participation in Strategy and Training days	Principal & Governance Professional Training Day – 30 th April 2023	Considerable progress made but always room for discussion on potential for improvement. Members of the Senior team regularly attend Committees to present on items, for example Learning and Teaching and the Audit and Risk Committee.
4.1 Effectiveness	4.2 Board Chair	Plan for appointment of new Chair in 2024	Principal & Governance Professional June 2024	Implemented
	4.3 Senior Independent Member	Refresh Training & Support	Governance Professional	A new SIP requires targeted training albeit Board Training generally has included this.
	4.5 Board Members	Identify Training needs	Governance Professional November 2024	October 2024 Board members have been reminded about the training available on CDN website. CPD forms are in the process of being completed and returned to the GP. Updates will be sought prior to each Board meeting. January 2025 3 new board members have been recruited and will be taking part in induction throughout February.
	4.6 Principal & Chief Executive	Set objectives and identify any training needs.	Chair [June 2025]	New remit for Chair's Committee addresses this but some work still to be done. October 2024 Remuneration Committee considering setting the objectives and training needs. January 2025

				Performance review of Principal will take place in April/May 2025 and objectives set.
	4.7 Governance Professional	Recruit new postholder	Board	Implemented
		Agree overarching policy on resolving issues around grievance, breach of contract and conflict of interest	Governance Professional / Human Resources Director	The new Chairs Committee remit now provides a suitable mechanism. This has now moved from red to 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 and also special training provided for committee Chairs.
	4.9 Board Evaluation	Revisit and refresh process and procedure	Governance Professional [Ongoing]	The way forward will be informed by an externally facilitated Self-assessment exercise, but new feedback forms are in place with a view to minimising the impact on Board Member time. January 2025 Procurement process for externally facilitated exercise will commence in February. New induction and exit survey's are in draft form and will be introduced in 2025.
5 Relationships & Collaboration	5.1 Partnership Working	Build Collaborative initiatives with Regional Partner	Governance Professional and Principal June 2024	Projects identified for training & development. In addition, the Principal of South Lanarkshire College and the New College Lanarkshire Principal have started to meet regularly to consider options. Also, the Skills Led Region Planning sessions facilitated by Colleges Scotland for further

				<p>collaboration, as well as the College West Partnership.</p> <p>Quarterly meetings are held with South Lanarkshire Council relating to collaboration.</p> <p>January 2025 Just to note that as part of the de-regionalisation process, SLC and NCL will be working in collaboration through working groups etc.</p>
		Community Development	<p>Principal and Vice Principal for Learning Teaching and the Student Experience.</p> <p>[Ongoing]</p>	<p>At the Strategic Planning Day further opportunities for working were discussed for links with the community – including, potentially the Principal and/or the Chairing Member to meet with the new Chief Executive of South Lanarkshire Council.</p> <p>Implemented.</p>
6 Other	6.1 Equalities	Equalities Awareness Training	<p>Governance Professional</p> <p>Ongoing Training</p>	<p>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.</p>
	6.2 Student Association Support & Recognition	Student Awards Funding	<p>Management</p> <p>Ongoing Support</p>	<p>Senior staff are already supporting the SA in seeking funding from the Educational Foundation but further mechanisms for rewarding student effort are being considered.</p>

Schedule of Key Policies & Procedures		
Policy	Date	Due for review
Anti Bribery Policy	September 2024	September 2027
Dignity at work	July 2023	July 2026
Disciplinary Policy & Procedure	July 2023	July 2026
E Signature Policy	June 2024	June 2027
Equality Policy	Nov 2023	Nov 2026
Fee Waiver Policy	July 2023	July 2026
Fees Policy	June 2024	June 2027
Finance Regulations	June 2024	June 2027
Fraud & Anti Corruption Policy	June 2024	June 2027
Grievance Policy & Procedure	July 2023	July 2027
Lettings Policy	September 2024	September 2027
Procurement Policy	June 2024	June 2027
Safeguarding Policy	June 2024	June 2027
Staff Code of Conduct	Oct 2023	Oct 2026
Student Discipline Policy & Procedure	April 2023	April 2026
Whistleblowing Policy	July 2023	July 2026
<i>Note that this element of the Rolling Review is under ongoing review and further policies may be added at request of Committees</i>		

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

Technical Bulletin

2024/4

Technical developments and emerging risks from
October to December 2024



 AUDIT SCOTLAND

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

18 December 2024

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Accessibility

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

1: Introduction

Purpose

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

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

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

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

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

Highlighted items

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

Highlighted items		
I&Q has issued guidance on planning the 2024/25 audits [paragraph 1]	I&Q has issued a good practice note on climate change related disclosures [paragraph 6]	I&Q will soon publish a TGN on the potential misstatements in the 2024/25 accounts of local government bodies [paragraph 11]
The Scottish Government has issued revised guidance on the use of capital grants in 2024/25 [paragraph 15]	CIPFA has issued guidance on the 2024/25 accounting code [paragraph 20]	CIPFA/LASAAC has issued a consultation on the 2025/26 accounting code [paragraph 24]
Treasury has issued a PES paper on 2024/25 discount rates [paragraph 35]	The SFC has issued an amendment to the accounts direction for colleges in 2023/24 [paragraph 40]	The PAF has issued a revised Practice Note 10 [paragraph 45]

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 2024/25 annual audits

1. I&Q has issued guidance to assist all appointed auditors in planning their 2024/25 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 2024/25, and the timescales for completing the audit in each sector.
2. Auditors should comply with the guidance when planning, performing and reporting their 2024/25 audits. The guidance is accessible by auditors with other supporting materials on [SharePoint*](#) but it 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	Paragraph
An increase to the fee level below which auditors may negotiate an increase to the audit fee by up to 20% of auditor remuneration.	10
The production of one combined cross-sector guidance on risks of misstatement instead of separate guidance for each sector.	18 to 19
Updated guidance on group audits as a result of revisions to ISA (UK) 600.	28 to 32

Nature of change	Paragraph
Changes to procedures for the service auditor report on the primary care payments system.	35
Changes to the assurance provided on the Scottish Government general ledger system.	40
Updated guidance for considering climate change arrangements.	69 to 71
Updated Best Value thematic review subject area for councils.	88
Clarified guidance on the application of Best Value to pension funds.	99 to 101
Revised process for Current Issues Returns.	127 to 128 and 135 to 136
Additional guidance on public inspection process in local government.	158 to 159
Changed arrangements for sharing intelligence on health and social care.	174 to 178

Review of climate related arrangements and disclosures

6. Innovation and Quality (I&Q) has published a Good Practice Note (GPN) following a review of the Climate Change related financial disclosures in the 2022/23 and 2023/24 annual accounts of a sample of public bodies in Scotland. The GPN is available to auditors on [SharePoint*](#) and is also freely available from the Audit Scotland [website](#).

7. Climate-related disclosures were chosen for a good practice review due to the impact of climate change and the action required to address it. Good practice is illustrated, where possible, using examples taken from the annual accounts of the bodies in the sample.

8. The review was carried out by a team in I&Q with knowledge of the relevant financial reporting framework. However, the team does not have a detailed understanding of each body's particular circumstances or the specific underlying transactions. The review identified the following key messages:

- All bodies included some climate-related disclosure in their annual accounts. However, the completeness, conciseness and clarity of disclosures varied.
- 86% of bodies in the sample identified climate change as a strategic priority and highlighted supporting plans, including carbon and/or financial budgets.

- Half of the bodies reviewed disclosed climate change as a strategic risk. The better disclosures explained the likelihood of the risk materialising, the potential impact on the body and the mitigating actions adopted to manage the risk.
- It is important to consider the presentation of performance information in such a complex area, as it can be difficult to interpret. Consideration should be given to the level of dis-aggregation that is most appropriate.
- The review identified only limited disclosures within the financial statements and accompanying notes regarding the impact of climate-related issues.

9. Auditors are requested to encourage their audited bodies to use the GPN to assess and enhance their own disclosures in 2024/25.

10. Audit Scotland also prepared a [report*](#) summarising the findings from an analysis of the information provided by auditors on climate change arrangements at audited bodies as part of the 2022/23 audit. It provides an overview across the public sector and a breakdown by specific sector, where appropriate. The report is intended to provide background information to help auditors:

- inform discussions on climate change with their audited bodies
- informally benchmark their audited body in the relevant sector
- identify where the audited body may be doing more than other bodies or where there is room for improvement.

3: Local Government Sector

TGN on potential misstatements in 2024/25 annual accounts

11. I&Q will soon publish Technical Guidance Note (TGN) 2024/8(LG) to provide auditors with guidance on potential misstatements in the 2024/25 annual accounts of local government bodies. The TGN will be accessible by auditors on [SharePoint*](#), along with supporting material, and will also be available from the Audit Scotland [website](#).

12. The TGN is intended to inform auditors' professional judgement and promote the exercise of professional scepticism. The TGN supplements the Code of Audit Practice and auditors are expected to pay it due regard and use it as a primary reference source when performing 2024/25 audits. Auditors should advise I&Q of any intended departures from the guidance.

13. The TGN comprises a number of modules as summarised in the following table:

Module	Potential misstatement area	Purpose
Overview	Areas that are pervasive to the financial statements as a whole	Concise explains the appropriate accounting treatment related to each potential misstatement
1-9	Specific classes of transactions, balances and disclosures in the financial statements.	
10	Audited part of Remuneration Report	Explains the requirements and provides guidance on the potential misstatements in the audited part of the Remuneration Report
11	Statutory Other Information (e.g. Management Commentary and Annual Governance Statement)	Sets out the procedures for considering the Statutory Other Information
12	Integration joint boards	Provides guidance on the application of the above modules to these specific bodies
13	Pension fund accounts	
14	Section 106 charities	

14. The guidance on potential misstatements reflects areas of complexity, subjectivity and uncertainty. They have been updated to reflect new requirements which emerged during the 2023/24 audits that remain applicable. A separate note summarises the main changes from 2023/24.

Revised guidance on use of capital grant in 2024/25

15. The [Scottish Government](#) has issued [Finance Circular 2024/9](#) containing a temporary amendment to the statutory guidance in Finance Circular 3/2018 on accounting for capital grant.

16. The temporary amendment applies to the £53 million of 2024/25 General Capital Grant set out at paragraph 1 of the circular. Local authorities may apply the elements of the capital grant to fund the principal element of both General Fund and Housing Revenue Account (HRA) loan repayments which will allow revenue reserves held for capital investment to fund the 2024/25 local government pay award.

17. The statutory guidance provides the consent of the Scottish Ministers required for the HRA loan repayments.

18. Once the capital grant held in the Capital Fund is utilised to fund the principal element of loan repayments, it must be transferred to the General Fund or HRA as a transfer from other statutory reserves in the Movement in Reserves Statement.

19. The capital grant must be utilised in 2024/25 and therefore may not be transferred to the Capital Grants (and Receipts) Unapplied Account

Guidance on 2024/25 accounting code

20. [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 2024/25 (2024/25 accounting code).

21. The overall 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.

22. This edition of the guidance notes has been updated to reflect changes to the 2024/25 accounting code (explained in [Technical Bulletin 2024/2](#) – paragraph 25). The most significant changes relate to the mandatory adoption of IFRS16 Leases in 2024/25:

- The guidance has been significantly amended for lease and lease-type arrangements on pages 557 to 632, setting out the requirements of IFRS 16 and the accounting code's adaptations and interpretations for the public sector context. This includes additional guidance on the accounting for sale and leaseback transactions, on pages 613 to 615.

23. Further guidance has been added to pages 652 to 664 setting out the accounting treatment for service concession arrangements where indexation or changes in a rate affect future payments. The guidance provides:

- illustrative examples for simple arrangements which bodies may find useful
- the detailed accounting entries required for the remeasurement of the liability and how this affects the lease asset.

Consultation on the 2025/26 accounting code

24. [CIPFA/LASAAC Local Authority Code Board](#) has issued an [exposure draft](#) of the accounting code for 2025/26. The main items in the [Invitation to Comment \(ITC\)](#):

- set out proposed revisions to the 2025/26 accounting code in respect of the measurement of non-investment assets
- seek views on accounting for infrastructure assets.

25. Responses to the consultation should be submitted via the [online survey](#) by 14 February 2025.

Proposed revisions to the 2025/26 accounting code in respect of measuring non-investment assets

26. The proposed revisions to the 2025/26 accounting code include implementing the changes from the HM Treasury thematic review of measurement requirements for non-investment assets (see [Technical Bulletin 2024/1](#) – paragraph 59).

27. The main proposed changes relate to the frequency of valuations and the use of indices. More information is provided in the following table:

Area	Proposals
Frequency of valuations	<p>It is proposed to withdraw the current requirement that revaluations must be made with sufficient regularity to ensure that the carrying amount of the non-investment asset does not differ materially from its current value.</p> <p>Instead, quinquennial revaluations will be the default requirement (with the option of a rolling programme over that period) assuming there are appropriate indices for the intervening years.</p> <p>Revaluation outside the five-yearly cycle will only be required where there are indicators of impairment.</p> <p>If there are no indices available for a particular asset, it will be revalued every three years.</p>

Area	Proposals
Indexation	<p>There is a proposed requirement for indexation to be applied to asset values in the intervening years between the quinquennial revaluations.</p> <p>Indices should be relevant to the type of asset using industry standards.</p> <p>CIPFA will issue guidance on the indices to be used ,and local authorities will be required to pay due regard to that guidance.</p> <p>The purpose of indexation is to keep the value of an asset materially up to date for movements in variables, e.g. build costs, rental income etc, but absolute precision will not be required.</p>
Social housing	<p>There are no proposed changes to the valuation frequency for social housing assets and no proposal for indexation to be used.</p>
Transitional arrangements	<p>The transitional period will be from 1 April 2025 to the date the next revaluation is due for an asset.</p> <p>For the transition period, changes to the valuation will be applied prospectively, with no restatement of prior year figures.</p> <p>Revaluations carried out prior to 2025/26 remain valid throughout the transition period</p> <p>During the transition period, the maximum period between revaluations must not exceed five years when supplemented by annual indexation, or three years when no index is available.</p>

28. There is also a proposal to withdraw the option to measure intangible assets using the revaluation model. The carrying values at the transition date of 1 April 2025 will be considered historical cost.

29. Although not impacting on the 2025/26 accounting code, the ITC asks for views on longer-term changes to the Depreciated Replacement Cost measurement technique. Consultees are asked whether they would support:

- a move to value non-investment assets based on their current site only, and not consider alternative sites
- the option to use an identical replacement for the asset as well as the modern equivalent approach.

Infrastructure assets

30. The ITC provides an update on the temporary and longer-term solution for accounting for infrastructure assets.

31. CIPFA/LASAAC has previously agreed that the longer term solution should be based on moving to a Depreciated Replacement Cost (DRC) measurement basis for infrastructure assets. However, most respondents

in a survey of stakeholders were critical of DRC or were of the view that it was not practically achievable by the proposed date of 1 April 2025.

32. The temporary solution set out in Finance Circular 8/2024 (see [Technical Bulletin 2024/3](#) - paragraph 15), and equivalent regulations in the rest of the UK, is in place until 31 March 2025. The ITC asks for views on whether the timeframe for the temporary solution should be extended until the longer term solution is in place.

33. The ITC also notes that the information deficits for many local authorities mean that, to comply with IAS 16, a one-off revaluation exercise (at DRC) is required to arrive at a deemed cost on the transition date to a permanent solution. It is possible that thereafter continuing with a DRC measurement basis is as cost effective as a move to (deemed) historical cost. This will need to be investigated in more detail.

34. Until a longer-term solution is in place, it is essential that local authorities consider the information systems and inventories of infrastructure assets and what potential improvements can be made to ensure that asset information is complete.

4: Central Government Sector

2024/25 discount rates

35. [HM Treasury](#) has issued [PES \(2024\)9*](#) to announce changes in the discount rates for general provisions, post-employment benefit liabilities, leases, and financial instruments as at 31 March 2025.

General provisions

36. The nominal discount rates to be applied as at 31 March 2025 for discounting general provisions recognised under IAS 37 are set out in the following table:

Category	Period	Percentage
Short term	Within 5 years	4.03%
Medium term	Between 5 and 10 years	4.07%
Long term	Between 10 and 40 years	4.81%
Very long term	More than 40 years	4.55%

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

- 2.60% for up to one year from the end
- 2.30% between one and two years
- 2.00% for after two years

Post-employment benefits

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

Use	Rate from 31 March 2025
Real rate used for valuing unfunded pension scheme liabilities and early departure provisions	2.40%

Use	Rate from 31 March 2025
Nominal rate for unwinding discount on liabilities (interest)	5.15%
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 2025 are set out in the following table:

Use	Rate from 31 March 2025	
Nominal rate when financial instrument is not linked to an inflationary index	2.15%	
Real rate when financial instrument indexed to RPI	In excess of RPI:	
	Until February 2030	(0.85%)
	From February 2030	0.05%

Leases

39. Where a body cannot determine the interest rate implicit in the lease, they are required to use a nominal lease discount rate of 4.81%. This is relevant for transition to IFRS 16 and for new leases that commence or are remeasured between 1 January 2025 and 31 December 2025

5: College Sector

Amendment to 2023/24 accounts direction

40. The [Scottish Funding Council \(SFC\)](#) has issued an [amended](#) Accounts Direction for Scotland's Colleges 2023/24.

41. Paragraphs 7 to 10 of the amended accounts direction replace paragraphs 21 to 23 of Appendix 1 of the published accounts direction (see [Technical Bulletin 2024/3](#) - paragraph 43) They relate to the accounting treatment for the middle management/support staff job evaluation exercise.

42. The amendment explains that the grant funding previously held by the SFC to fund the job evaluation exercise has been returned to the Scottish Government. This impacts colleges' ability to accrue income previously notified through funding allocation letters.

43. There are two amendments as follows:

- The estimated settlement cost of the job evaluation exercise should be recognised as a provision rather than disclosed as a contingent liability. Any accrued income previously recognised to fund the exercise should be derecognised.
- Colleges should include the provision in the adjusted operating position (AOP) disclosure. A revised model AOP disclosure is included with the amendment

44. The amendment highlights that a prior period adjustment may be required as the change to funding arrangements occurred in 2022/23. In I&Q's view

- where a college was aware of the change in funding arrangements prior to signing the 2022/23 annual accounts, this would require to be corrected as a prior year adjustment in the 2023/24 accounts of affected colleges
- where a college was not aware of the change in funding arrangements or the error in the allocation letters prior to signing the 2022/23 accounts, it would be reasonable for the college to account for this change prospectively in the 2023/24 accounts (i.e. a prior year adjustment would not be required).

6: Professional matters

Practice Note 10

45. The [Public Audit Forum](#) has issued revised [Practice Note 10](#).

46. Part 1 of PN 10 sets out how auditors of public sector bodies apply auditing standards to their work on financial statements. The aim is to support consistency in the application of auditing standards while also recognising the specific legislative and regulatory frameworks that apply to the audits of public sector bodies. Part 2 provides guidance on the approach to the audit of regularity.

47. PN 10 is updated regularly to take account of changes to standards and other developments in the auditing profession. The main changes are summarised in the following table:

Section	Summary of change
ISA(UK) 570	Paragraph 1-181 has been added to provide guidance that if the auditor disclaims their opinion on the financial statements, they do not report on whether the use of going concern basis is appropriate.
A(UK) 600	<p>The section has been updated to reflect the objectives of the auditor in the revised standard.</p> <p>Paragraph 1-188 from the previous version has been deleted. It provided guidance on the group auditor's use of the work of component auditors and component materiality (which is no longer a concept in the revised standard).</p> <p>Paragraphs 1-191 to 1-195 have been amended to provide guidance on combined financial statements which include a large number of components whose financial information is individually immaterial, but is material in aggregate to the group financial statements. The amendments include:</p> <ul style="list-style-type: none"> • clarifying that such financial statements are group financial statements within the scope of the revised standard • deleting references to component auditors facilitating access to the auditor of the combined financial statements, since these are considered group financial statements • amending the guidance where combined financial statements consist entirely of a large number of non-significant components (since there is no longer a concept of non-significant components in the revised standard). Guidance is

Section	Summary of change
	now provided where combined financial statements consist entirely of a large number of small components with disaggregated transactions, balances and disclosures which are material in aggregate to the group financial statements
Part 2 Regularity	Paragraph 2-86A has been added to provide guidance where an auditor disclaims their opinion on the financial statements. It advises that the auditor should also disclaim their opinion of regularity because they do not have sufficient assurance over the nature of the transactions entered into by the audited body.

7: Fraud and irregularities

This chapter contains a summary of fraud cases and other irregularities facilitated by weaknesses in internal control at audited bodies that have recently been reported by auditors to I&Q.

Auditors should consider whether weaknesses in internal control which facilitated each fraud may exist in their bodies and take the appropriate action

Payroll expenditure

48. An employee received £8,500 of salary when they were not entitled.

Key features

An employee continued to receive their full salary while on maternity leave because their manager did not report the leave to payroll. There were no follow-up checks to ensure the necessary paperwork was completed.

The overpayment was identified when payroll processed a payment for a "keeping in touch day" during the employee's maternity leave.

The service has reminded all staff and managers about the correct process for payroll amendments and terminations. The employee is now repaying the overpaid amount.

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Technical developments and emerging risks from October to December 2024



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 **Email: info@audit.scot**
www.audit.scot