AUDIT COMMITTEE AGENDA

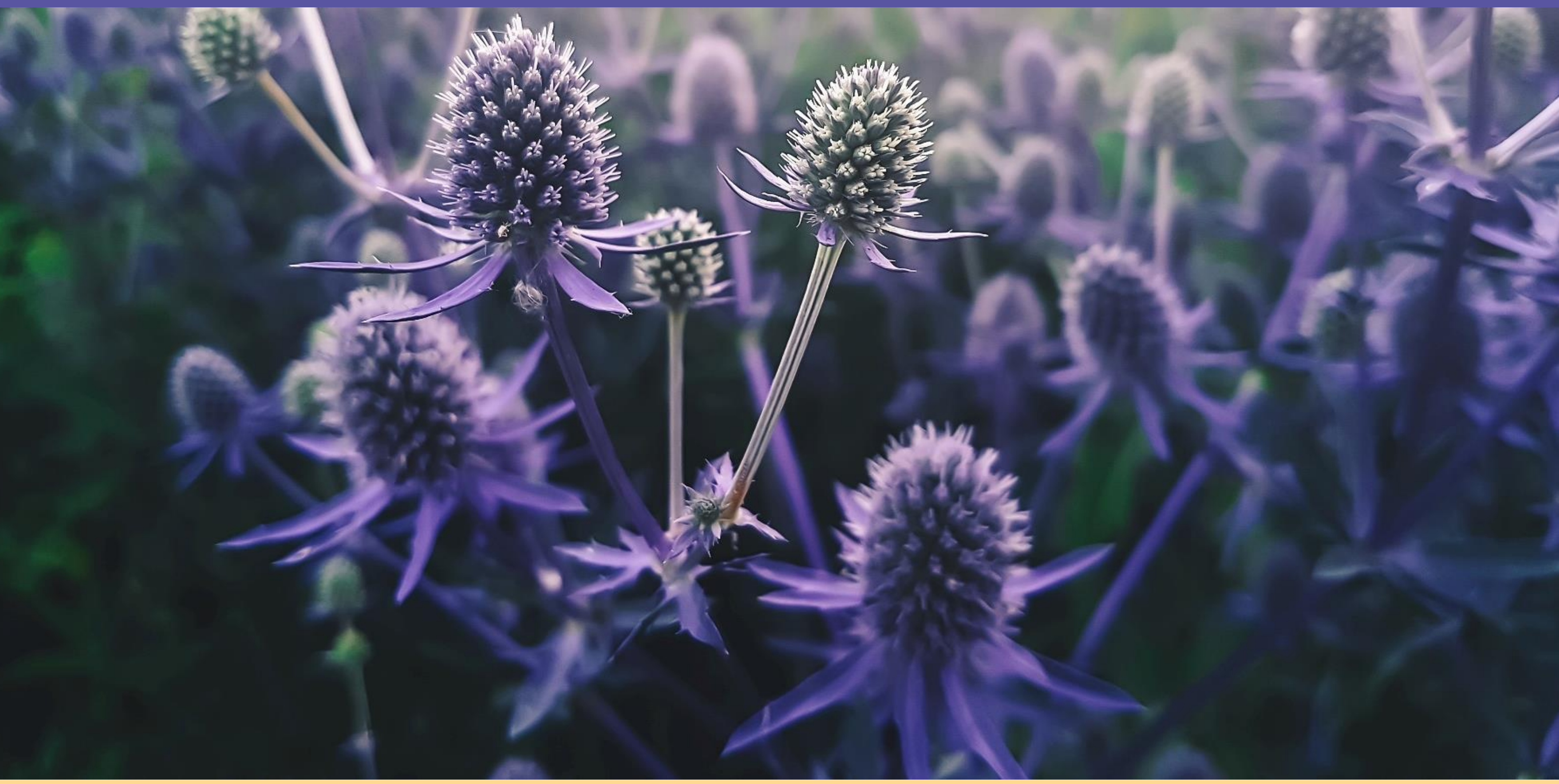
A meeting of the Audit Committee will take place on 26 November 2025, online from 4.30pm to 6.30pm

25.61	Welcome and Apologies	V	LP	4.30(1)
25.62	Declarations of Interest	V	LP	4.31(1)
25.63	Intimations of Any Other Business	V	LP	4.32(1)
25.64	Draft Minute of the Previous Meeting*	P	LP	4.33(3)
25.65	Matters Arising Actions Grid	P	LP	4.36(5)
ITEMS FOR DISCUSSION / DECISION				
Systems for Internal Control				
25.66	Cyber Security Update	P	SB	4.41(10)
25.67	Final Internal Audit Annual Report 2024-2025, Systems Development Implementation	P	DA	4.51(10)
Financial Reporting				
25.68	External Audit Annual Report, year-ending 31st July 2025	P	LD	5.01(10)
25.69	Key Accounting Judgments (including going concern)	P	PF	5.11(10)
25.70	Draft Annual Financial Statements, year-ending 31st July 2025	P	PF	5.21(20)
25.71	Student Activity Data Audit Annual Report 2024/25	P	DA	5.42(10)
25.72	Student Support Funds Audit Annual Report 2024/25	P	DA	5.52(10)
Governance and Risk Management				
25.73	Draft Annual Report from Audit Committee to Board of Management*	P	NM	6.02(10)
25.74	College Strategic Risk Register & Risk Appetite Levels	P	NM	6.12(5)
For Information and Noting				
25.75	Internal and External Audit Rolling Action Plan	P	PF	6.17(2)
25.76	Strathclyde Pension Fund Actuarial Valuation Report, Assumptions	P	PF	6.19(2)
25.77	Scottish Funding Council Update	V	NM	6.21(2)
22.78	Audit Scotland Report Scotland's Colleges 2025 (if available)	P	NM	6.23(2)
25.79	Audit Committee Schedule of Work & Board Tenure Document	P	JH	6.25(2)
25.80	Any Other Business	V	LP	6.27(3)

Glasgow Clyde College

Annual Report to the Board of Management and Principal on the Provision of Internal Audit Services for 2024/25

Internal Audit report No:	**2025/12**
Draft issued:	**7 November 2025**
2nd Draft issued:	**7 November 2025**
Final issued:	**20 November 2025**



Henderson Loggie

Annual Report and Opinion

Introduction

1.1 We were re-appointed in July 2021 as internal auditors of Glasgow Clyde College ('the College') for the period 1 August 2021 to 31 July 2024, with a College option to extend for a further 24 months. The College exercised this contract extension option, following approval by the Audit Committee at its meeting on 29 May 2024. This report summarises the internal audit work performed during the first of the two extension years, 2024/25.

1.2 In advance of the formal decision to invoke the contract extension we were asked to draw up a proposed internal audit programme for 2024/25 for discussion with the Audit Committee. A programme of internal audit activity for 2024/25 was developed, which set out the links to the College Strategic Risk Register (SRR) and the last year in which each audit area had been subject to internal audit review. The approved plan was based on the proposed allocation of audit days for 2024/25, which was discussed at the Audit Committee meeting on 29 May 2024, which took into account previous internal audit coverage and key areas of risk.

1.3 The reports submitted for the year are listed in Section 2 of this report and a summary of results and conclusions from each assignment is given at Section 3. The work delivered this year is in line with the approved Annual Plan 2024/25.

1.4 An analysis of time spent against budget is included at Section 4.

1.5 The College has responsibility for maintaining an effective internal audit activity. You have engaged us to provide an independent, risk-based assurance and consultancy internal audit service. To help you assess that you are maintaining an effective internal audit activity we:

- Confirm our independence;
- Have produced this document and carry out all our internal audit practice in line with the requirements of the Global Internal Audit Standard (GIAS) (effective from 9 January 2025) and the Global Internal Audit Standards in the UK Public Sector (effective from 1 April 2025). Together, these have replaced the Public Sector Internal Audit Standards (PSIAS) previously in place.
- Provide information about the year's activity and the work planned for next year in this report; and
- Provide quality assurance through self-assessment and independent external review of our methodology and operating practices.

Global Internal Audit Standards in UK Public Sector Reporting Requirements

1.6 Self-assessment is undertaken through:

- Our continuous improvement approach to our service. We will discuss any new developments with management throughout the year;
- Ensuring compliance with best professional practice, in particular the Global Internal Audit Standards in the UK Public Sector;
- Annual confirmation from all staff that they comply with required ethical standards and remain independent of clients;
- Internal review of each assignment to confirm application of our methodology which is summarised in our internal audit manual; and
- Annual completion of a checklist to confirm our Global Internal Audit Standards in the UK Public Sector compliance.

1.7 External assessment is built into our firm-wide quality assurance procedures. Henderson Loggie LLP is a member of Prime Global, a global association of independent accountancy firms. Continued membership of Prime Global is dependent on maintaining a high level of quality and adhering to accounting and auditing standards in the provision of our services. An independent review was undertaken during May / June 2024 of the firm's policies and procedures relating to internal audit services and their application to the firm's internal audit clients. The independent review confirmed that Henderson Loggie was, in all material respects, compliant with the requirements of PSIAS.

Significant Issues

1.8 A separate investigation into cash shortages in the Anniesland refectory was commissioned by the College during 2024/25 and our final report on this matter was reported to the Audit Committee meeting on 17 September 2025. This review was not conducted as part of the approved internal audit programme for 2024/25. Therefore, given that an updated Fraud Response Plan was presented to the September 2025 meeting of the Audit Committee, and that any control weaknesses identified are not significant in the context of the overall College position, we are comfortable that the College has reacted appropriately to address the issues identified, and this should not influence the overall internal audit opinion for the year. It should also be noted that we also produced a Fraud Prevention, Detection and Response report during 2024/25, as part of the agreed programme (internal audit report 2025/06), which is summarised in the report below.

1.9 All internal audit work from the approved programme of work conducted in 2024/25 assessed systems as 'Good' or 'Satisfactory', or provided an unqualified audit opinion on College returns, and there were therefore no significant issues identifying major internal control weaknesses arising from our internal audit work. In general, procedures were operating well in the areas selected, but a few areas for further strengthening were identified and action plans have been agreed to address these issues.

Opinion

1.10 In our opinion, Glasgow Clyde College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. From the internal audit work conducted during 2024/25 we have not identified any downward trends in relation to risk management, control or governance. However, the College has identified that the following risks on the Strategic Risk Register are above risk appetite:

- **RE1** - Failure to manage College financial sustainability:
  1a - during current financial year
  1b - through period of the financial plan
- **RE 4** - High Impact Business Continuity incident for College e.g. cyber-attack and/or insufficient investment in ICT infrastructure, pandemic, fire, long term power loss, power rationing

This opinion has been arrived at taking into consideration the work we have undertaken during 2024/25 and in previous years since our initial appointment

Reports submitted

Number	Title	Overall Grade	Recommendations	Priority 1	Priority 2	Priority 3
2025/01	Annual Plan	**N/A**	-	-	-	-
2025/02	Budgetary Controls	**Good**	-	-	-	-
2025/03	Student Welfare – Duty of Care	**Good**	-	-	-	-
2025/04	Corporate Governance	**N/A**	-	-	-	-
2025/05	Building Maintenance / Estates Strategy / Capital Projects	**Good**	-	-	-	-
2025/06	Fraud Prevention, Detection and Response	**Satisfactory**	5	-	-	5
2025/07	Payroll	**Satisfactory**	1	-	-	1
2025/08	Systems Development / Implementation	**Good**	2	-	-	2
2025/09	Follow-up Reviews	**N/A**	9	-	1	8
2025/10	2024/25 Student Activity Data	**Audit opinion unqualified**	1	-	-	1
2025/11	2024/25 Student Support Funds	**FE, HE & EMA – no reservations but observations made**	1	-	-	1

Reports submitted (Continued)

Overall gradings are defined as follows:

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

Recommendation grades are defined as follows:

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

Summary of Results and Conclusions

2025/01 - Internal Audit Annual Plan 2024/25

Final Issued – September 2024

The purpose of this document was to present for consideration by management and the Audit Committee the annual operating plan for the year ended 31 July 2025. The plan is based on the proposed allocation of audit days for 2024/25 discussed at the Audit Committee meeting on 29 May 2024, which was based on previous internal audit coverage and key areas of risk.

The proposed internal audit programme for 2024/25 as included at Section 2 of the report. This showed the proposed assignments, together with a link to the College Strategic Risk Register (SRR) and the last year in which each area was subject to internal audit review. Corporate Governance was included in the programme on the assumption that the College will not be arranging an Externally Facilitated Effectiveness Review (EFER) in 2024/25. The proposed review covered the College's self-assessment and preparation for its next EFER.

At Section 3 of the report, we set out the outline scope and objectives for each audit assignment to be undertaken during 2024/25, together with the proposed audit approach. The outline scopes were be refined and finalised, following discussion with responsible managers in each audit area prior to each audit.

Separate reports were issued for each assignment with recommendations graded to reflect the significance of the issues raised. In addition, audit findings were assessed and graded on an overall basis to denote the level of assurance for the area reviewed and therefore the priority that should be given to each report.

Report 2025/02 – Budgetary Control

Final Issued – February 2025

This audit reviewed the College's financial planning and budgetary control practices and protocols, to consider whether these are in line with good practice. This included consideration of budget monitoring procedures in place centrally and within a sample of academic and support functions.

The table opposite notes each separate objective for this review and records the results.

Strengths

- The College meets its financial reporting obligations, ensuring timely submission of the Financial Forecast Return (FFR) to the SFC and GCRB.
- The FFR includes multi-year financial projections, helping to identify trends, funding gaps, and financial pressures. The process is supported by scenario planning and risk identification, ensuring proactive financial management.
- The College follows a structured approach to budgeting, aligning with the Financial Regulations.
- There is robust governance arrangements established that were demonstrated by the original push back of the Draft 2024/25 Annual Budget by the Board of Management in June 2024. The 2024/25 Budget was later approved by the Board of Management at its Development Day in September 2024.
- The SLT actively review the status of the budget to find savings. This will be supported by the 2024/25 mid-year reforecast that is currently underway.
- SFC FFR guidance and assumptions are used in the financial planning and forecasting process.
- Financial Regulations (December 2024) and the Financial Scheme of Delegation ensure clear roles, responsibilities, and compliance with financial oversight.
- The College utilises its Finance System, TechnologyOne, for streamlined purchasing, invoicing, and budget monitoring, enhancing financial control and transparency.
- There is a shift to a bottom-up budgeting for non-staff spend to encourage curriculum areas to actively participate in financial planning, improving alignment with operational needs.
- Work is progressing by Finance to ensure workforce and staffing alignment with initiatives such as staff establishment data reviews, iTrent (the College's HR system) resourcing reports, and AP approval of Temporary Staff Claims to improve accuracy in staffing budgets.

The objective of our audit was to:	Grade
1. The College has developed a long-term financial strategy, which includes long-term financial forecasts	**Good**
2. Assumptions used in the financial forecasting returns submitted to the GCRB / SFC are robust, realistic and are applied consistently. Any departure from the SFC guidance on common sector assumptions is justified to the Board and the GCRB / SFC.	**Good**
3. The budget setting process is aligned to financial regulations and procedures and is linked to corporate and operational planning processes, and budgets are revisited and revised when spending plans change or income targets are not achieved.	**Good**
4. Information is available to management in academic and support functions which is up-todate and in a format that can be easily understood by budget holders with the necessary skills for managing budgets.	**Good**
5. Senior management and the Board regularly review the College's overall financial position (including the cash flow position) and variations from budget are reported and acted upon.	**Good**
Overall Level of Assurance	**Good**

Report 2025/02 – Budgetary Control (Continued)

Strengths (Continued)

- Monthly budget reports are now produced consistently, and meetings with the Finance Team ensure timely issue resolution.
- Budget holders managing complex budgets (e.g., Business Development, Nursery, ICT, Estates) receive dedicated monthly meetings with Finance for in-depth discussions and action tracking.
- Budget holders interviewed confirmed that they feel comfortable in seeking advice from the Finance Team.
- New budget holders receive tailored financial training, and Curriculum Managers benefit from financial management training as part of their leadership development.
- Adequate financial information is reported to the SLT, the Finance and Resources Committee and the Board of Management.

Weaknesses

No material weaknesses were identified.

However, we would highlight that the College, in line with the wider Further and Higher Education sector, faces substantial financial challenges due to continued and persistent inflationary costs pressures, flat cash funding from the SFC, and increasing cost pressures (such as the increase in Employer National Insurance costs). Whilst the College has undertaken scenario planning and sensitivity analysis to identify potential impacts on budgets, and actions have already been approved to improve future budget outcomes (including organisational restructuring, voluntary severance, and operational efficiency measures) the College must continue to challenge the underlying assumptions which underpin the current financial projections, as it has demonstrated over the last 12 months.

Report 2025/03 – Student Welfare – Duty of Care

Final Issued – February 2025

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

The table opposite notes each separate objective for this review and records the results.

Strengths

- The College has established a comprehensive Safeguarding Policy (March 2022), Safeguarding Procedure (August 2024), and supporting guidance (not dated), that clearly set out the College's Safeguarding objectives, staff roles and responsibilities (with exceptions noted under Weaknesses below), and how Safeguarding concerns should be actioned.
- The College has produced a Corporate Parenting Activity Plan (September 2024) with specific, measurable, assignable, realistic, and time-bound (S.M.A.R.T.) objectives that are mapped against the relevant Corporate Parenting duties.
- The College has appointed staff members and groups with specific responsibilities to meet its statutory duties when it comes to the care of students.
- The Safeguarding and Mental Health First Aid Teams provide a crucial service in triaging and facilitating support to individuals with relevant concerns through the Safeguarding and Mental Health First Aid helplines.
- The incident reporting system utilised by the Safeguarding and Mental Health First Aid Teams is easy to use and captures all the relevant information so that it can be referred back to for further follow-up and support. The system is secure for purposes of confidentiality.
- The Mental Health Lead has made significant improvements in encouraging students and staff to proactively manage their mental health and wellbeing through the 'Stay Well and Thrive' programme and other initiatives and training.
- The College has adopted a Nurture approach in August 2023 with an aim to ensure that the College's activities, environment, and relationships are inclusive and respectful for all. The Nurture approach has resulted in a range of initiatives and training opportunities to help students and staff thrive.

The objective of this audit was to obtain reasonable assurance that the College has:	Grade
1. Duty of Care policies and documented procedures in place which are communicated to all staff.	**Good**
2. Appointed staff or groups with specific responsibilities to assist the College in meeting its statutory duties related to the care of students.	**Good**
3. A formal risk identification and assessment process.	**Good**
4. A Duty of Care training programme for staff which includes induction training and regular refresher training.	**Good**
5. Engaged with Prevent partners and collaborated with other Corporate Parents.	**Good**
6. Regular reporting of Duty of Care matters to senior management and the Board of Management.	**Good**
Overall Level of Assurance	**Good**

Report 2025/03 – Student Welfare – Duty of Care (Continued)

Strengths (Continued)

- The College has made progress in keeping the Scottish Government's promise to care experienced children and young people that they will grow up loved, safe, and respected, and has enabled its social care students to gain the relevant knowledge and skills to support care experienced people via 'The Promise Award' course, with an ambition to extend this to all students and staff.
- The Assistant Principal Student Experience employs various avenues, including partnerships, to identify and assess strategic risks in relation to the College's Safeguarding and Prevent duties.
- The College has done extensive work on the prevention and response to Gender Based Violence (GBV) through its collaboration with Fearless Glasgow and EmilyTest. This resulted in it obtaining the EmilyTest Charter - evidencing its standards and excellence in prevention, intervention, and support for students and staff subjected to GBV.
- The College's arrangements for identifying and assessing operational risks regarding Safeguarding and Prevent concerns are appropriate, collaborative, and well-defined. The various support services are connected and coordinate with each other closely.
- Mandatory training is provided to staff members across all levels and areas of the College on Safeguarding. We also identified a plethora of other training opportunities that were offered to staff on the College's duty of care.
- The College actively and frequently engages with Prevent partners and other corporate parents to meet its duties, and it utilises the sharing of insights, good practice, resources, and development opportunities.
- The Assistant Principal Student Experience regularly reports on duty of care matters to the Senior Leadership Team and to the Board of Management, via the Learning and Teaching Committee.

Report 2025/03 – Student Welfare – Duty of Care (Continued)

Weaknesses

- The Safeguarding Policy states that it is the policy of the Board of Management to ensure that the Safeguarding Policy and Procedure are consistent with Government legislation, regulations and guidelines as well as locally agreed inter-agency procedures, and are easily accessible to students and the public. Through discussion with the AP Student Experience, we verified that the Safeguarding Policy and Procedure are not accessible to students and the public, contrary to what the Policy states, as they are only published on the staff intranet. The AP Student Experience confirmed that they will review whether they need to publish or change the Policy and will action this. As such, we have raised no recommendation in regard to this point within our report.
- The Safeguarding Procedure states that the Mental Health Lead reviews Part 3 of mental health Incident Reporting Forms and then signs them to approve. Through discussion with the Mental Health Lead, and the AP Student Experience, we determined that this does not reflect existing custom and practice, because the AP Student Experience currently reviews and approves the forms. We confirmed with the AP Student Experience that this change in responsibility will be reflected in the next iteration of the Safeguarding Procedure, and as such we have raised no recommendation in regard to this point within our report.

2025/04 – Corporate Governance

Final Issued – February 2205

The scope of this audit was to follow-up on the College processes for tracking implementation of the recommendations arising from the last Externally Facilitated Effectiveness Review, which was produced by the College Development Network and issued on 8 March 2021, and also to consider the College's preparations for the next Externally Facilitated Effectiveness Review (EFER), which is now required to be completed every 3 to 5 years, as described in the extract from the CDN Guidance Note.

The objective of the audit was to obtain reasonable assurance that the College has made reasonable progress in tracking the implementation of the Board Development Plan and is taking appropriate steps to identify and address any areas of non-compliance with the principles of good governance set out in the Code of Good Governance for Scotland's Colleges.

Overall, our review concluded that from a Board Member perspective, the College governance arrangements are operating well, with a number of strengths highlighted. The information gathered from the one-to-one discussions, did highlight some potential improvement areas, which are designed to enhance the existing governance arrangements and build on the solid foundations already developed.

Report 2025/05 – Building Maintenance / Estates Strategy / Capital Projects **Final Issued – May 2025**

The scope of the audit was to carry out a review of the strategic asset management arrangements in place at the College, and review and test the policies and procedures for the planning, control and monitoring of capital projects.

The table opposite notes each separate objective for this review and records the results.

Strengths

- An Estates and Sustainability Strategy is in place for the period 2021-2025 detailing the College's goals and objectives.
- A Capital Masterplan is in place which details the capital works to be undertaken across the financial year.
- The College's Strategic Plan 2022 – 2025 details the need to achieve its financial plan to maximise its people and physical resources.
- An appraisal process for all capital projects is in place to ensure that works provide adequate benefits to students and minimise disruption to learning.
- Capital projects are discussed by the Senior Leadership Team (SLT) to ensure these are prioritised in line with the College's needs.
- Detailed risk registers are in place for large projects, detailing key risks such as finance, operational disruption, disruption to teaching, and health and safety.
- Estates related risks are documented on the College-wide Strategic Risk Register.
- All purchase requisitions and invoices are monitored and approved by a member of staff with appropriate authority through the College's finance system.
- Collaborations are in place for projects with other colleges with a view to making cost savings.
- The costs incurred throughout a contract are monitored through cost trackers showing costs to date against the total contract amount.
- Regular monitoring of capital project progress and spend is undertaken by the Head of Estates, Facilities and Energy Management.
- Condition surveys were undertaken in 2021 covering all three campuses in detail.

The objective of our audit was to obtain reasonable assurance that:	Grade
1. An Estates Strategy is in place which is aligned with the College's Strategic Plan objectives and other strategies, Regional plans and strategy, and student needs and aspirations.	Good
2. The capital investment appraisal process, including the information provided to the Board of Management and committees for decision making purposes, is robust.	Good
3. Risk management and contingency planning arrangements are in place for capital.	Good
4. The selection and management of consultants and contractors, including the tendering process, is conducted in line with the College's procurement procedures.	Good
5. Progress made on projects, and expenditure against budget, is monitored by management and Board committees.	Good
6. Regular condition surveys are undertaken, and other good quality information is available, to inform asset management decisions.	Good
7. Plans are in place to keep the College's assets in good condition as economically as possible and meet changing and rising standards as far as they can be foreseen.	Good
8. There is a comprehensive cyclical testing and maintenance programme that covers all items requiring regular testing or maintenance under the relevant legal and regulatory framework.	Good
Overall Level of Assurance	**Good**

Report 2025/05 – Building Maintenance / Estates Strategy / Capital Projects (Continued)

Strengths (Continued)

- The actions arising from the condition surveys were prioritised by College management and addressed in line with this.
- Comprehensive planned and cyclical maintenance programmes are in place to ensure the College's assets are in an adequate condition.
- Completion of maintenance works is managed and monitored through contractor portals, which provide live information for review by the College's Estates staff.
- From inspection of a sample of planned preventative maintenance (PPM) works completed at the College, it was noted that these were completed in line with the agreed schedule.

Actions in Progress

- The College's Estates and Sustainability Strategy will be refreshed at the end of the 2025 calendar year, which will reflect the current landscape in which the College operates and the capital plans in place.
- For any new projects in 2025 onwards, it was noted that the Estates team will prepare risk registers for all projects regardless of their value, to ensure that all operational and strategic risks are sufficiently identified and addressed prior to works commencing.
- It was noted from discussions with the Assistant Principal Finance and Facilities that the College will give consideration to undertaking condition surveys at the end of 2025 to coincide with the development of the new Estates and Sustainability Strategy, pending approval from the relevant Committees.

Report 2025/06 – Fraud Prevention, Detection and Response

Final Issued – May 2025

The scope of this audit was to carry out a high-level review of the systems in place within the corporate-wide anti-fraud framework to identify and respond to emerging fraud risks

The table opposite notes each separate objective for this review and records the results.

The objective of our audit was to ensure that:	Grade
1. Appropriate systems are in place to identify and respond to emerging fraud risks on a timely basis.	Satisfactory
Overall Level of Assurance	**Satisfactory**

Strengths

- The College has a Financial Fraud Response Plan in place.
- An Anti-Bribery, Fraud and Corruption Policy is in place which is accessible via the intranet.
- An Unethical Behaviour and Whistleblowing Policy and Financial Regulations are in place which are accessible via the intranet.
- The College's COO and Assistant Principal Finance and Facilities sit on the CDN Finance Director Group.
- Key risks related to business continuity incidents, including cyber fraud, are recorded on the College's risk register.
- Prevalent risks related to financial frauds to which the College may be susceptible are included in an annual report provided to the COO by the College's insurance broker.
- Mandatory induction training is in place at the College which includes Anti-Bribery and Corruption and Cyber Security.

Actions in Progress

- At the time of this audit, the COO was undertaking a review of the Delegation of Authority document with the Assistant Principal Finance and Facilities to ensure the limits are reflective of the individual job roles. The Clerk to the Board was in the process of updating this document to address the points raised.
- The College's Anti-Bribery, Fraud and Corruption Policy was in the process of being updated at the time of this audit being undertaken.

Weaknesses

- It was noted that the College's Financial Fraud Response Plan requires staff to report cases of fraud directly to the COO. It was also noted however that staff across the College are not provided with a copy of the Plan at the time of joining the College or again thereafter and this document is not accessible via the intranet.

Report 2025/06 – Fraud Prevention, Detection and Response (Continued)

Weaknesses

- With the exception of cyber security training, which captures cyber related fraud risks, it was noted that there is currently no refresher training provided to senior management and staff covering the key risks relating to the prevention, detection, and reporting of fraud. It was highlighted that this poses an additional risk to the College due to it retaining a significant number of long-standing staff.
- It was noted from discussions with the COO, that there would be benefit in senior management receiving a regular update on the effectiveness of fraud controls in place, including a summary on any instances of fraud or irregularity identified.
- It was noted from review of the Financial Fraud Response Plan that there is no clearly defined threshold above which a full investigation would be initiated as detailed in the Plan. For a suspected fraud or irregularity of a low value, there may be no need for the process set out in the Plan to be followed in full, however there is currently no account taken of the value of the loss.
- It was noted from discussions with the COO that the College's Board of Management has not undertaken any recent fraud awareness training.

Report 2025/07 – Payroll

Final Issued – May 2025

This audit considered the key internal controls in place over the College's spend on staff costs of approximately £37.5M (12 months ending 31 July 2024). Our audit covered the procedures in place within both the People Team and the Payroll Team.

The table opposite notes each separate objective for this review and records the results.

Strengths

- The College utilises a fully integrated HR and payroll system – iTrent.
- The Payroll Team has developed robust payroll procedures, primarily via the 'iTrent Payroll Manual', allowing for consistency of approach and knowledge transfer.
- A payroll calendar is in place and available to all staff via the intranet, together with other guidance and forms.
- Our testing identified no significant issues regarding the calculation of employee gross pay and deductions. The College retains supporting evidence for any non-statutory deductions being made.
- Staff members can submit claims for additional hours and overtime, as well as travel and subsistence, via iTrent's employee self-service functionality. Alternatively, they can also manually complete an appropriate form.
- The People Team and the Payroll Team require appropriate evidence / forms to be returned from the employee's College e-mail account, which requires multi-factor authentication to access, in order to process any staff requests for changes to their personal details, although calling back the employee via Teams or telephone would be best practice for change of bank details. Changes are processed in a timely manner and the requests are recorded in a dedicated folder for audit trail purposes.
- The People Team applies consistent procedures regarding recruitment, selection, and onboarding of new starters, as well as processing of leavers.
- The People Team and the Payroll Team collaborate closely and there is appropriate segregation of duties between them when it comes to processing of starters and leavers. Form and system inputs done by one member of the People Team or the Payroll Team are checked by another member of the corresponding team to ensure that all employee data is accurate.

The objective of our audit was to obtain reasonable assurance that systems are sufficient to ensure:	Grade
1. Correct calculation of gross pay and deductions.	**Good**
2. Correct calculation of employer national insurance and superannuation contributions.	**Good**
3. Part-time lecturers, overtime and staff expenses payments are properly authorised.	**Satisfactory**
4. Approval and checking of changes to employee standing data.	**Good**
5. Starters and leavers are properly treated and enter and leave the system at the correct dates.	**Good**
6. Proper authorisation, processing and recording of payments.	**Good**
Overall Level of Assurance	**Satisfactory**

Report 2025/07 – Payroll (Continued)

Strengths (Continued)

- The Payroll Team maintain their own monthly checklist to ensure that all payroll-processing actions are completed by the required deadlines.
- The College generates suitable exception and variance reports in connection to the monthly payroll and these are appropriately examined and authorised.
- Arrangements for review and approval of the monthly payroll are appropriate.

Weaknesses

- During our sample testing, we noted one small unexplained discrepancy in the employee pension contribution rate applied being slightly higher than expected for one employee. We highlighted this to the Senior Payroll Officer, and they reached out to MHR to clarify why and how a different pension contribution rate was applied by iTrent. However, they had not received a response at the time of issue of this report. No other similar discrepancies were noted from our sample testing. As a result, and because the issue was already being investigated, we did not raise a corresponding recommendation within our report.
- Our testing identified some issues regarding the completion, approval and checking of time and expense claims. This included timesheets not including the date of signing or date of approval, a mileage claim that was processed without appropriate approval and overpaid, and one instance where we were unable to verify whether the employee submitted receipts to support their expense claim and whether these were reviewed prior to approval.

Report 2025/08 – Systems Development / Implementation

Final Issued – September 2025

The scope of this audit was to carry out a review of the ICT project management controls in place within the College.

The table opposite notes each separate objective for this review and records the results.

Strengths

- ICT staff have received project management training;
- For each ICT project a project team is created with involvement by relevant College staff and any external contractors brought in where necessary;
- Proposals for new ICT projects are subject to an appropriate level of independent scrutiny prior to development, which is aided by mandatory completion of business cases;
- Where applicable, a functional specification is prepared which sets out users' requirements and a technical specification prepared based on this;
- Testing plans are incorporated into the project development and implementation phases;
- Relevant staff are appropriately trained at the right time in the new system and operational guides; user manuals and support are supplied to system users; and
- Post-implementation reviews are carried out by project teams to compare the actual benefits with those originally anticipated in business cases and project initiation documents (PIDs).

Opportunities for Improvement

No significant weaknesses with the College's current approach to ICT systems development projects were identified as part of our review.

Based on our evaluation of the PMO structure, we have identified several potential opportunities for enhancement, which include:

The objective of the audit was to obtain reasonable assurance that:	Grade
1. The College has established formal documented IT project management standards and policies, which reflect best practice.	**Good**
2. The role and structure of the Project Board and Project Management Office (PMO) has been appropriately defined to support the College's strategic goals, ensuring project management consistency, optimising resources, and promoting accountability.	**Satisfactory**
3. Project teams and managers receive adequate project management training.	**Good**
4. All requests for new projects are supported by a detailed business case and, where approved, a feasibility study, project initiation document and detailed project plan are established.	**Satisfactory**
5. A functional specification is prepared which sets out users' requirements and a technical specification prepared based on this.	**Good**
6. An outline testing plan with acceptance criteria is written at the functional specification stage and complied with during the implementation phase.	**Good**
7. Post-implementation reviews are carried out by project teams to compare the actual costs and benefits etc. with those originally expected.	**Good**
Overall Level of Assurance	**Good**

Report 2025/08 – Systems Development / Implementation (Continued)

- broadening stakeholder involvement;
- clarifying criteria for ‘critical’ projects;
- resource planning;
- change management; and
- monitoring and review.

Our evaluation of the revised business case template which was developed as part of the PMO structure also identified several other opportunities for enhancement, which include:

- improving clarity of return on investment of projects;
- developing clear measurable performance metrics to measure success beyond general benefits;
- including a section on Equality Impact Assessment (EIA) or how the projects will support inclusion;
- detailing how ongoing stakeholder engagement will be managed beyond initial project scoping;
- use a simple dependencies matrix or diagram to clarify what the project relies on and what relies on it; and
- adding a section on sustainability, handover to business-as-usual, and plans for ongoing review / improvement.

2025/09 – Follow-up Reviews

Final Issued – September 2025

As part of the Internal Audit programme at Glasgow Clyde College (‘the College’) for 2024/25 we carried out a follow-up review of the recommendations made in Internal Audit reports issued during 2024/25 and reports from earlier years that had either not already been subject to follow-up or where previous follow-up identified recommendations outstanding. These were:

- Internal Audit Report 2024/08 - Follow Up Reviews 2023/24;
- Internal Audit Report 2025/04 – Corporate Governance;
- Internal Audit Report 2025/06 – Fraud Prevention; and
- Internal Audit Report 2025/07 – Payroll.

Reports 2024/09 – 2023/24 Student Activity Data, 2025/01 – Annual Plan 2024/25, 2025/02 – Budgetary Control, 2025/03 – Student Welfare – Duty of Care and 2025/05 – Building Maintenance / Estates Strategy / Capital Project did not contain any recommendations and therefore did not require follow up activity. Report 2024/10 – 2023/24 Student Support Funds will be followed-up separately as part of our 2024/25 support funds audits.

The objective of our follow-up review was to assess whether recommendations made in internal audit reports from 2024/25 (and outstanding actions from previous years) have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, plans are in place to progress them.

For the recommendations made in previous reports we ascertained by enquiry or sample testing, as appropriate, whether they have been completed or what stage they have reached in terms of completion and whether the due date needed to be revised; and

We prepared a summary of the current status of the recommendations for the Audit Committee.

Although updates were provided which indicated full implementation, we were unable to obtain supporting evidence of implementation for three recommendations in report 2024/07 – Data Protection (R1, R2 and R3) and one recommendation from report 2025/06 - Fraud Prevention (R4) and therefore these four recommendations have been categorised as “partially implemented” pending the receipt of relevant evidence.

The College has made some progress in implementing the recommendations followed-up as part of this review, with 12 of the 22 (54%) recommendations categorised as ‘fully implemented’. Nine recommendations (41%) have been assessed as ‘partially implemented’ and one (5%) recommendation was “considered but not implemented” (from report 2022/07 - Teaching Space Management / Room Utilisation Business Process Review).

From Original Reports			*From Follow-Up Work Performed*				
Area	**Rec. Priority**	**Number Agreed**	**Fully Implem-ented**	**Partially Implem-ented**	**Little or No Progress Made**	**Not Past Agreed Completion Date**	**Considered But Not Implemented**
2024/08 - Follow Up Reviews 2023/24	1/High	3	3	-	-	-	-
	2/Medium	3	1	1	-	-	1
	3/Low	6	2	4	-	-	-
Total		**12**	**6**	**5**	**-**	**-**	**1**
2025/04 – Corporate Governance	N/A – Not Graded	-	-	-	-	-	-
		-	-	-	-	-	-
		4	4	-	-	-	-
Total		**4**	**4**	**-**	**-**	**-**	**-**
2025/06 – Fraud Prevention	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	5	1	4	-	-	-
Total		**5**	**1**	**4**	**-**	**-**	**-**
2025/07 - Payroll	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	1	1	-	-	-	-
Total		**1**	**1**	**-**	**-**	**-**	**-**
Grand Totals		**22**	**12**	**9**	**-**	**-**	**1**

2025/10 – 2024/25 Student Activity Data

Final Issued – November 2025

In accordance with the Credits Audit Guidance we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

Our testing was designed to cover the key risk areas identified at Annex C to Credits Audit Guidance.

Our report was submitted to the SFC on 29 October 2025. We reported that, in our opinion:

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

We identified one Priority 3 recommendation from the audit testing for 2024/25, where details of all student changes to enrolment status should be communicated to the student funding team in a timely manner to ensure that bursary maintenance payments are only made to eligible students.

2025/11 – 2024/25 Student Support Funds

Final Issued – November 2025

For the 2024/25 academic year three specific fund statements were required for audit:

- Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return;
- Higher Education Discretionary and Childcare Fund; and
- Education Maintenance Allowance Return.

In our covering letter to SAAS enclosing the audited **Higher Education Discretionary and Childcare Fund Return** we noted one minor observation arising from our audit work. The College has a separate bank account into which the Higher Education Discretionary Funds received from SAAS are paid into however this account is not interest bearing. All payments to students are made from the College's main bank account and funds are transferred between the two accounts as required. The College uses the Government banking service for all of its financial transactions, on instruction from the Scottish Funding Council, and these accounts do not pay interest.

In our covering letter to SFC enclosing the Auditors' Report for the **Education Maintenance Allowance Return** we noted the following observations arising from our audit work as referred to in our audit report.

Total EMA maintenance payments of £250,740 were made by the College in the year ended 31 July 2025 compared with £251,340 included in the monthly returns and year-end statement. The difference of £600 relates to an overclaim by the College, which is to be adjusted in the monthly return for October 2025.

We noted in last year's covering letter that the College had underclaimed EMA maintenance by £600 in 2023/24, which was included as an adjustment by the College in the monthly return for September 2024. As confirmed in correspondence between the College and SFC this amount was not however paid to the College at that time, and it has been included again as an adjustment on the monthly return for August 2025.

In addition, the following points were noted during the course of our audit:

Bursary

The FES Summary Report included an error message for three students that 'Mode of attendance must be 5, 6, 17 or 18 for a student with a maintenance award'. Through discussion with the College's Head of MIS we noted that three students had originally enrolled on a full-time course, before transferring to a part-time course. The three students had applied for and were awarded bursary when enrolled on the full-time course. The three students then transferred to a part-time course making them ineligible for bursary. However, bursary payments were made to the part-time students in error. Although the College has internal processes in place to identify such transfers, these students were missed on this occasion. Bursary payments totalling £2,470, which included maintenance payments of £1,951, relating to part-time students were incorrectly included in the final FES data.

Time Spent - Actual v Budget 2024/25

	Report number	Planned days	Actual days feed	Days to fee at Nov'25	Days to spend / WIP	Variance
Student Experience						
Student welfare – Duty of Care	2025/03	5	5	-	-	-
Staffing Issues						
Payroll	2025/07	5	5	-	-	-
Estates and Facilities						
Building maintenance	2025/05	5	5	-	-	-
Financial Issues						
Budgetary control	2025/02	5	5	-	-	-
Fraud Prevention, Detection and Response	2025/06	1	1	-	-	-
Organisational Issues						
Corporate Governance	2025/04	5	5	-	-	-
Information and IT						
Systems development / implementation	2025/08	5	5	-	-	-
Other Audit Activities						
Credits Audit	2025/10	7	7	-	-	-
Bursary, Childcare and Hardship Funds Audit	2025/11	5	5	-	-	-
EMA Audit	2025/11	1	1	-	-	-
Management and Planning	2025/01	4	4	-	-	-
Follow-up reviews	2025/09	2	2	-	-	-
Audit Needs Assessment		2	2	-	-	-
Total		**52** ======	**52** ====	**-** ====	**-** =====	**-** ======

Operational Plan for 2025/26

5.1 We were re-appointed in 2021 as internal auditors to the College for the period 1 August 2021 to 31 July 2024 with the option to extend for a further 24 months, subject to performance and at the sole discretion of the College. The College exercised this option following approval by the Audit Committee at its meeting on 29 May 2024.

5.2 The annual operating plan for 2025/26 summarised below is based on the proposed allocation of audit days for 2025/26, which was based on previous internal audit coverage and key areas of risk, and was developed in conjunction with the Chief Operating Officer and the Assistant Principal, Finance & Facilities. Following consideration of the second draft version of the Annual Internal Audit Plan 2025/26 at the May 2025 meeting of the Audit Committee it was requested that "the team re-consider the spread of the work across a wider area of the College". Following discussion with the Chief Operating Officer, several changes have been proposed to the initial programme discussed at the May 2025 meeting of the Audit Committee, as follows:

- Removal of the 6-day review of Cyber Security
- Removal of the 5-day review of Leadership culture and organisation
- Addition of a 5-day review of Quality
- Addition of a 4-day review of Publicity and Communications
- Addition of a 2-day high-level review of Digital Strategy assurance

5.3 Following further discussion at the 17 September 2025 meeting of the Audit Committee, the following amendments were agreed to the annual internal audit programme set out in the 3rd draft version of the plan considered at that meeting:

- Reinstatement of the 6-day review of Cyber Security
- Removal of the 4-day review of Publicity and Communications
- Removal of the 2-day high-level review of Digital Strategy assurance

Proposed Allocation of Audit Days

	Category	Strategic Risk Number	Approved 25/26 Days	Year last reviewed by Internal Audit (HL)
Reputation				
Publicity and Communications	Gov			2019/20
Health, Safety and Wellbeing	Gov	4, 6		2023/24
Student Experience				
Curriculum – VLE platform	Perf	7		2022/23
Quality	Perf		5	2019/20
Student support	Perf	7, 10		2023/24 ELS BPR
Student recruitment and retention	Fin/Perf	3, 7, 10		2021/22
Student welfare – Duty of Care	Perf	7, 10		2024/25
Student engagement / Students Association	Gov			2022/23
Staffing Issues				
Staff recruitment and retention	Perf	9		2019/20
Staff development	Perf	8, 9		2021/22
Payroll	Fin			2024/25
iTrent System BPR	Perf		5	Not reviewed by HL
Teaching staff utilisation	Perf / Fin			2021/22
National bargaining	Fin	2		Not reviewed by HL
Leadership culture and organisation	Perf	8, 9		Not reviewed by HL
Estates and Facilities				
Building maintenance)	Fin/Perf	4, 11		2024/25
Estates strategy / capital projects)	Fin/Perf	11		2017/18
Space management / room utilisation	Perf	11		2021/22
Asset / fleet management	Perf			Not reviewed by HL
Financial Issues				
Budgetary control	Fin	1, 3		2024/25
Long term financial planning	Fin	1, 3	5	Not reviewed by HL
Student fees and contracts / registry	Fin			2022/23
General ledger	Fin			Not reviewed by HL
Procurement and creditors / purchasing	Fin			2023/24
Debtors/ Income	Fin			2021/22
Cash & Bank / Treasury management	Fin			2019/20
Fraud Prevention, Detection and Response	Fin			2024/25
Delivery of Efficiency Savings Plan	Fin			2020/21
Credit Card Expenses (including Fuel Cards)	Fin		5	Not reviewed in isolation by HL

	Category	Strategic Risk Number	Proposed 25/26 Days	Year last reviewed by Internal Audit (HL)
Commercial Issues				
Business Development **BPR***	Fin/Perf		5	2021/22
External Activities **BPR***	Gov/Fin/Perf			2017/18
Organisational Issues				
Risk Management	Perf			2020/21
Business Continuity	Perf	4		2020/21
Corporate Governance	Gov	8		2024/25
Corporate Planning	Perf			2016/17
Performance reporting / KPIs	Perf	13		2022/23
Partnership Working (incl. Regional Engagement)	Gov/Perf			2018/19
Equalities	Gov			2019/20
Environmental Sustainability	Gov/Perf	5		2023/24
Information and IT				
Cyber security	Perf	4	6	2022/23
Data protection	Gov	13		2023/24
BYOD	Perf / Fin			2022/23
FOI	Gov			Not reviewed by HL
Systems development / implementation	Perf			2024/25
Digital / IT strategy	Perf			2020/21
Software Licencing	Perf			2023/24
Other Audit Activities				
Credits Audit	Perf		7	All years
Bursary, Childcare and Hardship Funds Audit	Perf		5	All years
EMA Audit	Perf		1	All years
Management and Planning)			4	
External audit / SFC)				
Attendance at Audit Committee)				
Follow-up reviews			2	All years
Audit Needs Assessment			2	
			____	
Total			**52**	
			====	

Key

Category: Gov – Governance; Perf – Performance; Fin – Financial
Priority: H – High; M – Medium; L – Low

Henderson Loggie

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LEVEL OF ASSURANCE
Good

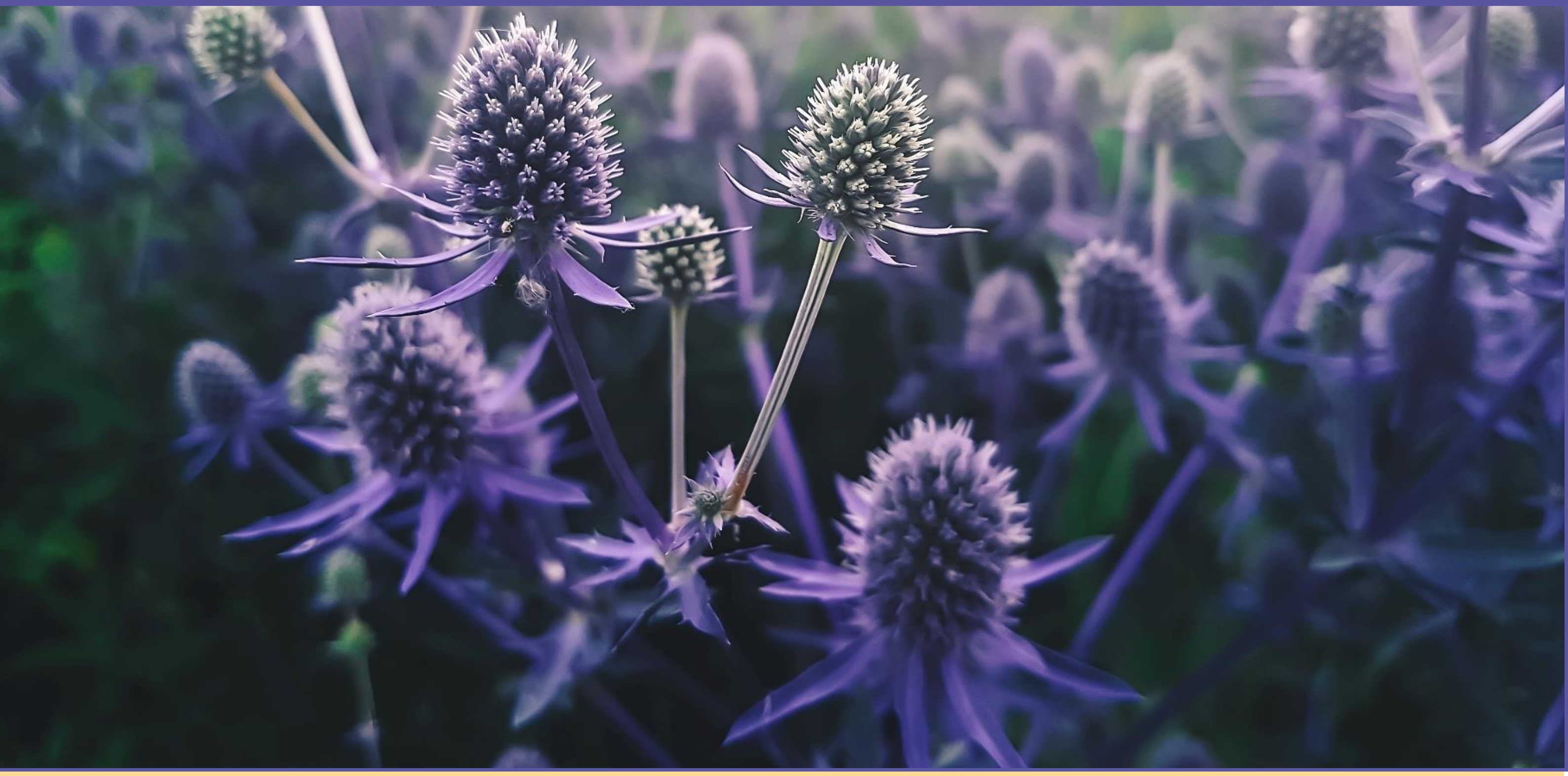
Glasgow Clyde College

Systems Development / Implementation

Internal Audit report No: 2025/08

Draft issued: 5 September 2025

Final issued: 9 September 2025



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Contents

Level of Assurance

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

Gradings are defined as follows:

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

Action Grades

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

Management Summary

Overall Level of Assurance

Good	System meets control objectives.

Risk Assessment

This review focused on the controls in place to mitigate the following risk on the Glasgow Clyde College ('the College') Strategic Risk Register:

- Risk RE13 – Failure to have data available to effectively inform operational and strategic decision making (residual risk score = 4, Green).

Background

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

The College spends significant resources in developing, acquiring, and maintaining application and business systems. These systems in turn manage critical information and should be considered an asset that needs to be effectively managed and controlled. The appropriate use of a formal systems development methodology is essential for mitigating project failure risks associated with systems development projects.

Scope, Objectives and Overall Findings

The scope of this audit was to carry out a review of the ICT project management controls in place within the College.

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

Objective	Findings			
The objective of the audit was to obtain reasonable assurance that:		**1**	**2**	**3**
		No. of Agreed Actions		
1. the College has established formal documented IT project management standards and policies, which reflect best practice.	**Good**	-	-	-
2. the role and structure of the Project Board and Project Management Office (PMO) has been appropriately defined to support the College's strategic goals, ensuring project management consistency, optimising resources, and promoting accountability.	**Satisfactory**	-	-	1
3. project teams and managers receive adequate project management training.	**Good**	-	-	-
4. all requests for new projects are supported by a detailed business case and, where approved, a feasibility study, project initiation document and detailed project plan are established.	**Satisfactory**	-	-	1
5. a functional specification is prepared which sets out users' requirements and a technical specification prepared based on this.	**Good**	-	-	-
6. an outline testing plan with acceptance criteria is written at the functional specification stage and complied with during the implementation phase.	**Good**	-	-	-
7. post-implementation reviews are carried out by project teams to compare the actual costs and benefits etc. with those originally expected.	**Good**	-	-	-
Overall Level of Assurance	**Good**	-	-	2
		System meets control objectives		

Audit Approach

From discussion with the Chief Operating Officer, Head of ICT, ICT Operations Manager, and other relevant staff, and review of project documentation for a sample of recent ICT projects, we considered whether the above objectives are being met.

Summary of Main Findings

Strengths

- ICT staff have received project management training;
- For each ICT project a project team is created with involvement by relevant College staff and any external contractors brought in where necessary;
- Proposals for new ICT projects are subject to an appropriate level of independent scrutiny prior to development, which is aided by mandatory completion of business cases;
- Where applicable, a functional specification is prepared which sets out users' requirements and a technical specification prepared based on this;
- Testing plans are incorporated into the project development and implementation phases;
- Relevant staff are appropriately trained at the right time in the new system and operational guides; user manuals and support are supplied to system users; and
- Post-implementation reviews are carried out by project teams to compare the actual benefits with those originally anticipated in business cases and project initiation documents (PIDs).

Opportunities for Improvement

No significant weaknesses with the College's current approach to ICT systems development projects were identified as part of our review.

Based on our evaluation of the PMO structure, we have identified several potential opportunities for enhancement, which include:

- broadening stakeholder involvement;
- clarifying criteria for 'critical' projects;
- resource planning;
- change management; and
- monitoring and review.

Our evaluation of the revised business case template which was developed as part of the PMO structure also identified several other opportunities for enhancement, which include:

- improving clarity of return on investment of projects;
- developing clear measurable performance metrics to measure success beyond general benefits;
- including a section on Equality Impact Assessment (EIA) or how the projects will support inclusion;
- detailing how ongoing stakeholder engagement will be managed beyond initial project scoping;
- use a simple dependencies matrix or diagram to clarify what the project relies on and what relies on it; and
- adding a section on sustainability, handover to business-as-usual, and plans for ongoing review / improvement.

Acknowledgments

We would like to take this opportunity to thank the staff at Glasgow Clyde College who helped us during our audit.

Main Findings and Action Plan

Objective 1: The College has established formal documented ICT project management standards and policies, which reflect best practice.

The ICT team has developed a suite of project management templates, which are aligned with the approach followed under recognised project management methodologies, such as PRINCE2. The documentation and approach have been streamlined in recent years to reduce the administrative burden on project teams, whilst still ensuring adequate governance, oversight, and control is maintained on all ICT development projects. Guidance has also been produced to support project teams and makes clear the College's requirements for how ICT projects should be undertaken and the documentation that needs to be completed. We reviewed a sample of ICT development projects of various sizes and complexity. For each project we found evidence that project management documentation had been maintained which demonstrated that a recognised project management methodology had been applied, and the formal recording of project documentation was found to be consistent. Information recorded for projects included:

- Business Case, which includes justification for project based on costs and anticipated benefits.
- Project checkpoint report for providing progress updates.
- Communication plan.
- End of project report (from project manager to project team at the end of the project) – includes a review of the original Business Case, review of project objectives, review of project team performance, review of outcomes and any follow up actions identified.
- PID (project initiation document): used to form the basis for the project management and the assessment of its overall success. Includes: background, approach; business case outline; project management team structure; role descriptions; quality management strategy; configuration management strategy; risk management strategy; communication strategy; initial project plan; project controls (e.g. stage boundaries, tolerances, monitoring, reporting).
- User Acceptance Testing (UAT) checklist

Based on the size and scale of internal ICT systems development projects undertaken by the College ICT team, we have formed the view that the College's ICT project management approach is proportionate and adequate, and aligns with key principles of ICT project management good practice.

Objective 2: The role and structure of the Project Board and Project Management Office (PMO) has been appropriately defined to support the College's strategic goals, ensuring project management consistency, optimising resources, and promoting accountability.

In recent years, the College has attempted to streamline its general approach to project management, including capital and wider transformational change projects, in an attempt to address challenges which previously resulted in a fragmented and inefficient approach to approval and delivery of projects. In 2024, the College revised its approach to its general project management governance arrangements which incorporates a Project Board and PMO within a new governance structure replacing the previous roles of the full Senior Leadership Team (SLT) and Business Improvement Group (BIG - now disbanded) in approving and monitoring projects.

As part of our review, we evaluated the revised project management structure noting a number of strengths and opportunities for further improvement.

Strengths	Opportunities / Risks
Clear governance and accountability	Risk of over-centralisation, limited perspectives
Strategic focus on transformation	Resource constraints, capacity issues
Lean, empowered structure	Change management challenges
Improved reporting and visibility	Ambiguity in project scope definition
Continuous improvement embedded	Sustainability of new approach
Alignment with sector good practice	Technical barriers (legacy systems)

Strengths

1. Clear Governance and Accountability

- **Project Board & PMO:** The separation of governance (Project Board) and delivery (PMO) aligns with good practice in tertiary education, ensuring strategic oversight while maintaining an operational focus.
- **Defined Terms of Reference:** Both bodies have explicit responsibilities, membership, and reporting lines, reducing ambiguity and supporting accountability.

2. Strategic Focus

- **Business-Critical Projects:** The proposal prioritises projects which have the potential for meaningful transformation, rather than routine process changes. This focus is consistent with sector guidance (e.g., Scottish Funding Council (SFC) expectations) to focus resources on strategic priorities.

Objective 2: The role and structure of the Project Board and Project Management Office (PMO) has been appropriately defined to support the College's strategic goals, ensuring project management consistency, optimising resources, and promoting accountability (continued).

Strengths (Continued)

3. Lean Structure

- **Smaller Membership:** The PMO is 40% leaner than its predecessor, promoting nimbler decision-making and reducing the risk of "committee fatigue" often seen in FE colleges.
- **Empowerment:** Clear authority for the PMO to "get things done" should help overcome previous inertia.

4. Improved Visibility and Reporting

- **Progress Metrics:** Moving from vague status labels ("Ongoing") to quantifiable measures ("% complete", "Expected Completion Date") supports transparency and enables better performance management.
- **Audit Trail:** Enhanced documentation and reporting create a clear audit trail, which is essential for compliance and external scrutiny (e.g., SFC TQEF reviews).

5. Continuous Improvement

- **Methodology Embedded:** The proposal retains continuous improvement principles and commits to training, aligning with the Scottish Government's emphasis on quality enhancement in FE.

6. Alignment with Sector Good Practice

- **Equality Impact Assessment (EIA):** Inclusion of EIA for projects is a sector expectation.
- **Stakeholder Updates:** Regular updates to SLT, Board, and committees reflect good governance in Scottish colleges.

Opportunities / Risks

1. Potential for Over-centralisation

- **Lean Membership:** Whilst it may be more nimble, a smaller PMO carries the risk of excluding key voices (e.g., curriculum leads, student reps and other key stakeholders), which could impact on buy-in and project relevance.
- **Project Board Composition:** Membership of only three members may limit diversity of perspective, especially for cross-College initiatives.

Objective 2: The role and structure of the Project Board and Project Management Office (PMO) has been appropriately defined to support the College's strategic goals, ensuring project management consistency, optimising resources, and promoting accountability (continued).

Opportunities / Risks (Continued)

2. Resource Constraints

- **Capacity:** The business case highlights risks around management time and system expertise. The College is experiencing significant resource pressures, and a leaner structure may struggle if workload is high or specialist knowledge is lacking.

3. Change Management

- **Cultural Shift:** Moving from a broad-based group (BIG) to a focused PMO requires careful change management. Staff may feel excluded or uncertain about new processes, risking disengagement.
- **Training Commitment:** The proposal relies on Organisational Development-led training to embed new ways of working. If not adequately resourced, this could undermine the continuous improvement aim.

4. Scope Definition

- **Business-Critical Projects:** The definition of "business-critical" may be contested. Without clear criteria, there's a risk of important projects being overlooked or mis-prioritised.

5. Sustainability

- **Rolling Portfolio:** The PMO is tasked with maintaining a pipeline of proposals. In practice, Scottish colleges sometimes struggle to sustain momentum beyond initial launches, especially if leadership changes or priorities shift.

6. Interoperability and Systems

- **Legacy Issues:** The coding structure project highlights ongoing challenges with legacy systems and data interoperability - a common issue in the sector. Success will depend on overcoming technical and organisational barriers.

Objective 2: The role and structure of the Project Board and Project Management Office (PMO) has been appropriately defined to support the College's strategic goals, ensuring project management consistency, optimising resources, and promoting accountability (continued).				
Observation	**Risks**	**Recommendation**	**Management Response**	
Based on our evaluation of the PMO structure, we have identified several potential opportunities for enhancement, which include: • **Broader Stakeholder Involvement:** Consider mechanisms for wider staff and student input, especially for projects impacting learning and teaching. • **Clarifying Project Criteria:** Develop transparent criteria for what constitutes "business-critical" to support fair and strategic prioritisation. • **Resource Planning:** Ensure adequate resourcing for PMO and training to avoid overloading key staff. • **Change Management:** Communicate the rationale and benefits of the new structure widely, and provide support for staff adapting to new roles / processes. • **Monitoring and Review:** Build in regular reviews of the structure's effectiveness, with feedback loops to SLT and the wider College community.	Poor stakeholder engagement, unclear project prioritisation, inadequate resourcing, and ineffective change management, all of which can lead to project delays, low staff morale, and resistance to new processes.	**R1** Consideration should be given to the adoption of the opportunities for enhancement to the project management structure highlighted in this report, which revolve around Broader Stakeholder Involvement: Clarifying Project Criteria; Resource Planning; Change Management; Monitoring and Review.	Agreed **To be actioned by:** Chief Operating Officer **No later than:** 31 December 2025	
			Grade	**3**

Objective 3: Project teams and managers receive adequate project management training.

The College does not have a dedicated in-house ICT project management resource. However, several members of the ICT team have undertaken PRINCE2 training. A project team is created for each ICT project, with the involvement of relevant College staff. External contractors may brought in to provide specialist input, where deemed necessary.

Objective 4: All requests for new projects are supported by a detailed business case and, where approved, a feasibility study, project initiation document and detailed project plan are established.

The project management approach adopted by the College considers the scale and risks associated with each project. Large scale projects which are conducted jointly with external agencies and suppliers are progressed through a formal process which is designed to ensure that a business case, feasibility study, project initiation and project plan are all considered and defined. Where significant work is tendered, the College will prepare a user and technical specification based on a project brief and this forms the basis for suppliers to bid on.

Smaller in-house projects which require no external agencies / suppliers (and where the costs are limited to internal developer time only) are progressed through an internal evaluation process which follows completion of a business case and assessment of project viability by the ICT team based on resource availability and capability, alignment with College and departmental objectives, and value for money. If assessed as viable, smaller development projects are approved by the Head of ICT and programmed, with larger projects which have wider cross-College implications or dependencies referred to the Project Board and / or SLT for consideration and approval.

For the sample of projects reviewed, we confirmed that business cases, PIDs and project plans were in place and completed consistently.

As part of the revision to the College's wider and more general approach to project management (assessed under Objective 2), a revised business case template was developed which is different to that used for ICT development projects. It is our view that the current format of the business case used for in-house ICT development projects is adequate and proportionate given that the majority of ICT projects are small in scale, whilst the revised business case template which forms part of the College's wider project management approach is better suited to larger transformational projects.

As part of our review, we evaluated the revised business case template noting a number of strengths and opportunities for further improvement.

Strengths	Opportunities / Risks
Clear, consistent structure	More detail on costs and ROI
Strategic alignment	Define measurable KPIs/success criteria
Honest risk appraisal and mitigation	Explicit EIA and inclusion considerations
Articulated, relevant benefits	Stakeholder engagement/communication plan
Evidence of early scoping and engagement	Map dependencies/interdependencies
Work plan and indicative timeline	Sustainability and handover planning

Objective 4: All requests for new projects are supported by a detailed business case and, where approved, a feasibility study, project initiation document and detailed project plan are established (continued).

Strengths

1. Clear Structure and Consistency

- Both business cases follow a consistent template:
- Project summary (problem / opportunity)
- History / current situation
- Strategic alignment
- Constraints / risks
- Benefits
- Scoping work to date
- Financials
- Timescales

2. Strategic Alignment

- Each case explicitly links the project to College strategic priorities (e.g., “Financial Resilience through Operational Excellence” and “Unrivalled Student Experience”).
- This is good practice and supports prioritisation and resource allocation at SLT / Board level.

3. Honest Appraisal of Risks and Constraints

- Both cases identify practical risks (e.g., lack of systems development capacity, legacy system issues, lack of in-house expertise).
- Mitigation strategies are outlined, showing a realistic approach to project delivery.

4. Benefits Clearly Articulated

- The anticipated benefits are specific and relevant (e.g., improved reporting, more efficient use of staff time, better student experience, easier key performance indicator (KPI) reporting).
- This helps build the case for investment and supports post-project evaluation.

5. Evidence of Early Scoping and Stakeholder Engagement

- Both cases reference initial scoping work, stakeholder meetings, and preliminary technical investigations.
- This demonstrates that the proposals are grounded in operational reality, not just theory.

6. Work Plan and Timeline

- Both cases include a step-by-step work plan and indicative timescales, which is essential for project management and monitoring.

Objective 4: All requests for new projects are supported by a detailed business case and, where approved, a feasibility study, project initiation document and detailed project plan are established (continued).

Potential Areas for Improvement

1. Financials and return on investment (ROI)

- Weakness: whilst details of costs are captured, there is limited detail on ROI.
- Good Practice Suggestion: Even at an early stage, provide indicative cost ranges and a qualitative assessment of ROI (e.g., time savings, risk reduction, improved compliance). This supports better decision-making and aligns with SFC / Board scrutiny expectations.

2. Success Measures and KPIs

- Weakness: There is little detail on how project success will be measured beyond general benefits.
- Good Practice Suggestion: Define clear, measurable KPIs for each project (e.g., reduction in manual interventions, % of students completing onboarding steps, time saved in reporting). This enables objective evaluation post-implementation.

3. Equality Impact and Inclusion

- Weakness: There is no explicit mention of EIA or how the projects will support inclusion.
- Good Practice Suggestion: Include a section on EIA and how the project will address the needs of diverse learners and staff, in line with Scottish sector requirements.

4. Stakeholder Engagement and Communication

- Weakness: While initial scoping is referenced, there is limited detail on ongoing stakeholder engagement, especially with end users (students, curriculum staff).
- Good Practice Suggestion: Outline a stakeholder engagement and communication plan to ensure buy-in, gather feedback, and support change management.

5. Dependencies and Interdependencies

- Weakness: Dependencies are mentioned but could be more systematically mapped (e.g., links to other digital projects, external partners, regulatory deadlines).
- Good Practice Suggestion: Use a simple dependencies matrix or diagram to clarify what the project relies on and what relies on it.

6. Sustainability and Handover

- Weakness: There is no mention of how the new systems / processes will be maintained or embedded after project completion.
- Good Practice Suggestion: Add a section on sustainability, handover to business-as-usual, and plans for ongoing review / improvement.

Objective 4: All requests for new projects are supported by a detailed business case and, where approved, a feasibility study, project initiation document and detailed project plan are established (continued).				
Observation	**Risks**	**Recommendation**	**Management Response**	
Based on our evaluation of the revised project management business case template, we have identified several potential opportunities for enhancement, as noted above.	The College risks unclear project objectives, insufficient financial and ROI analysis, weak success measurement, and inadequate consideration of equality and stakeholder engagement, which can lead to poorly justified projects, inefficient resource use, limited accountability, and reduced chances of achieving strategic goals or delivering lasting benefits—ultimately undermining the effectiveness and credibility of project proposals and delivery.	**R2** Consider the opportunities for enhancement to the project management business case template noted in this report, which are focused in the following areas (as listed above): • Financials and return on investment (ROI); • Success Measures and KPIs; • Equality Impact and Inclusion; • Stakeholder Engagement and Communication; • Dependencies and Interdependencies; and • Sustainability and Handover. .	Agreed **To be actioned by:** Chief Operating Officer **No later than:** 31 December 2025	
			Grade	**3**

Objective 5: A functional specification is prepared which sets out users' requirements and a technical specification prepared based on this.

For in-house development projects users' requirements are established through direct discussions between the ICT team and other College teams or staff groups. The ICT team then develops a technical specification, which is shared with users to obtain feedback and further input, with the technical specification then subject to further refinement. From our review of a sample of projects we identified that functional specifications are then reflected in business cases and PIDs.

For larger projects which require third party involvement, such as the procurement of a core business system from a vendor (e.g. finance or HR system) a high-level user specification and detailed technical specification is prepared by the relevant College department identified as the business system owner. This process is supported by the ICT team and both specifications are included within tender documents. The supplier then provides a system cost which best satisfies the prescribed criteria.

Objective 6: An outline testing plan with acceptance criteria is written at the functional specification stage and complied with during the implementation phase.

For larger ICT or systems projects, testing is incorporated throughout the project plan and is usually conducted at key milestones. Records of testing performed, including results, are formally documented. Results are then used to inform the next stage of development or are used to loop back to the previous stage and make technical adjustments before re-testing.

For smaller in-house development projects, which are the majority of projects undertaken by the ICT team, we noted evidence that testing activity was being undertaken with UAT checklists produced. Due to the scale and nature of the in-house development projects that are typically undertaken, precise details of the testing conducted is not always formally recorded as testing often involves on-screen reviews of system or process functionality, with users then confirming that testing is successful. Any issues encountered are then investigated and resolved, and if significant, are also captured in project progress and closure reports as lessons learned, which are used to inform future projects.

Systems testing is performed in a secure environment with a target group of stakeholders used to confirm that the system is achieving the desired benefits. Procedures are in place to ensure that users are notified in advance of any systems implementation. User guidance notes are made available to staff and, if required, workshops are run to provide further opportunities for training on the system or application.

Objective 7: Post-implementation reviews are carried out by project teams to compare the actual costs and benefits etc. with those originally expected.

The suite of project management documents developed by the ICT team includes both project progress and project closure reports. Our review of a sample of projects confirmed that these had been completed as part of the standardised approach to projects. Any lessons learnt are formally documented in the reports and used to inform future phases of the project or future projects.

The College's approach ensures that completion of business cases and PIDs is mandatory, which allows project teams to evaluate the interim project outcomes, through the stop and review process, or final realised project outcomes against those originally expected.

Our review noted that formal post-implementation reviews, or project closure reports, had been conducted for the sample of projects reviewed. We also noted that post-implementation reviews continue after project closure reports have been produced, which ensures that systems are monitored in a live environment to provide the project teams with the opportunity to identify any issues which users may be having with the systems or applications. This allows any issues to be flagged and addressed, as they arise.

Henderson Loggie

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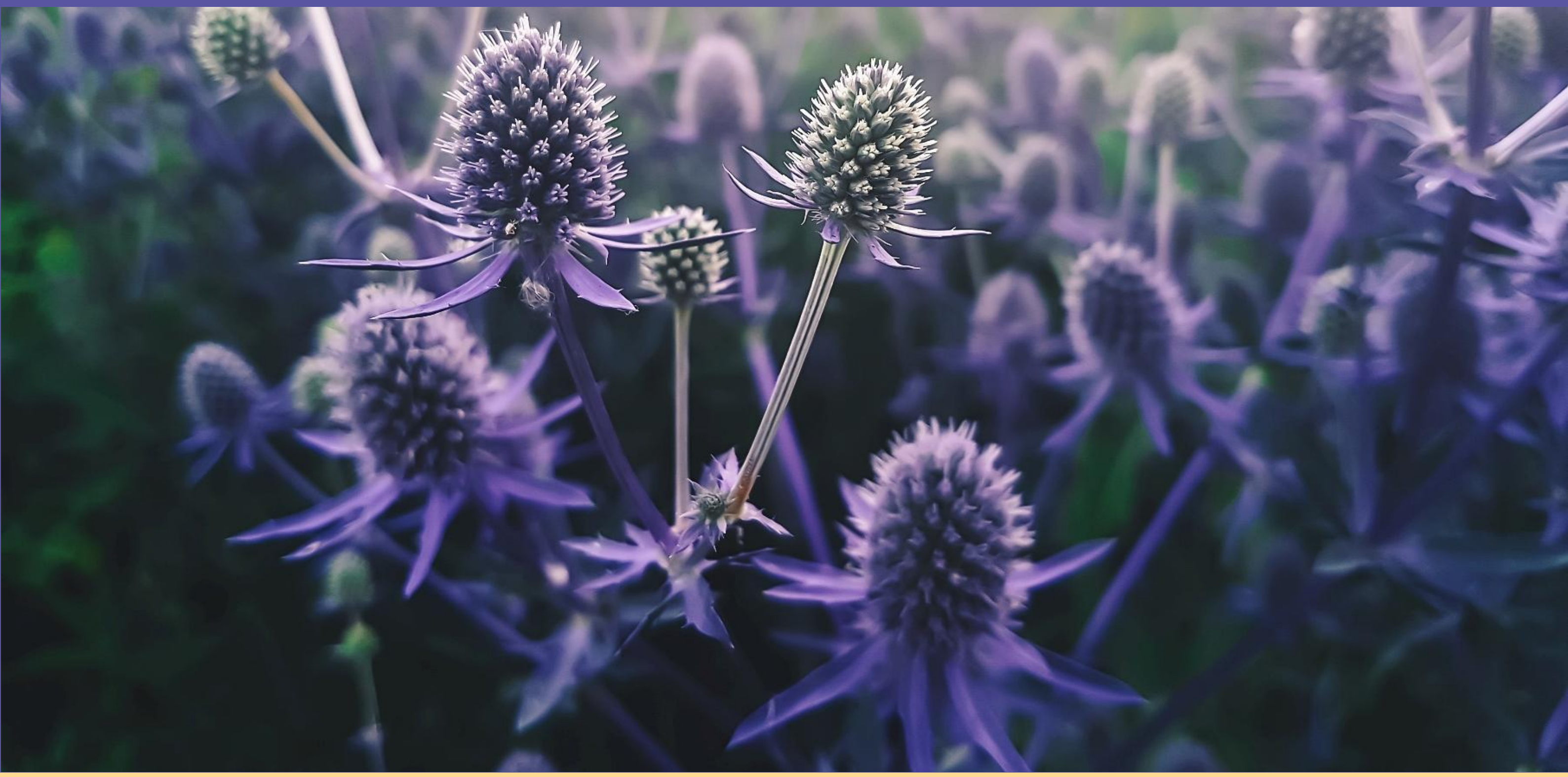
Glasgow Clyde College

2024/25 Student Activity Data

Internal Audit report No: 2025/10

Draft issued: 4 November 2025

Final issued: 13 November 2025



Henderson Loggie

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Management Summary

Introduction

The Guidance Notes issued by the Scottish Funding Council (SFC) on 13 August 2025, '*FES Return and Audit Guidance 2024-25'* requested submission by Glasgow Clyde College ('the College') of the FES return for session 2024/25, which includes the Credits data relating to College activity for the academic year 2024/25.

Guidance on completion of the 2024/25 return was issued by the SFC on 26 June 2024.

The Credits Audit Guidance requests that colleges obtain from their auditors their independent opinion on the accuracy of the FES return.

Scope of the Audit

In accordance with the Credits Audit Guidance, we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

Our testing was designed to cover the key risk areas identified at **Annex C** to Credits Audit Guidance.

Audit Staffing

An Audit Director with 32 years' experience in the further and higher education sectors had overall responsibility for the planning, control and conduct of the audit and supervised and reviewed work performed by a Senior Auditor with nine years' experience in the sector. A Senior Manager with 20 years' experience in the sector was also involved in the planning and supervision of the audit.

The quality of audit work undertaken by the firm is enhanced through continuous review of procedures and the implementation of individual training programmes designed to address the needs of each team member.

The total number of audit days was 7, split 1 day for the Audit Director, ½ day for the Senior Manager and 5½ days for the Senior Auditor.

Audit Findings

The points that we would like to bring to your attention have been grouped together under the following headings to aid your consideration of them:

- Introduction
- Systems and Procedures for Compilation of Returns
- Analytical Review

The action that we consider necessary on each issue is highlighted in the text for clarity and an action plan for implementation of these recommendations can be found in section 2.

Audit Findings (continued)

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

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

Conclusion

Our report was submitted to the SFC on 29 October 2025. We reported that, in our opinion:

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

A copy of our Audit Certificate is included at Appendix I to this report.

Acknowledgements

We would like to take this opportunity to thank the staff at the College who helped us during our audit review.

Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date
2.2.1 – 2.2.3	***Systems and Procedures for Compilation of Returns*** **Allocation of Credits to Courses** **R1** For all College rated units, the College should ensure that adequate supporting evidence is available for planned learning hours to verify the Credits claim. Where learning and support activity is not formally timetabled, all activity could be recorded on course set up forms which outline the activity, the number of hours involved in delivery of that activity, and the associated planned Credits.	**3**	This was discussed at the Curriculum APs Group (CDG) meeting on 13 November 2025 and the recommendation accepted, with the following actions agreed in response: 1. Develop a 'course set up form' to gather key information; 2. Introduce this form to be completed before any new course is added to the portfolio from now on; 3. Conduct a review of 2025-26 courses and identify any that would particularly benefit from this form being completed and available ahead of next audit; 4. Ask CMs to complete forms for those courses and work with them to review; and 5. Report to CDG on progress by Easter 2026.	Yes	Head of MIS	1 June 2026

Main Report

1. Introduction

1.1 SFC Guidance

1.1.1 The Credits Audit Guidance issued by the Scottish Funding Council (SFC) on 13 August 2025 sets out, at **Annex C**, the key risk areas in relation to the preparation of the FES return. These are:

- the average Credits claimed for full-time students exceeds levels indicated in the Credit guidance;
- incorrect Credit value is claimed for collaborative provision;
- claims for fee waivers and students with multiple enrolments;
- spanning courses;
- identification of non-fundable activity, both courses and students, including capturing of eligible enrolments and identification and recording of student withdrawals;
- recording of progress for students on open / distance learning programmes;
- identification and counting of infill students; and
- claims for non-accredited work experience / placement.

1.1.2 For academic year 2024/25 we established that there had been no significant changes to the systems and procedures used in the compilation of the returns. We then carried out detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily. Detailed analytical review was carried out, including a comparison with last year's data, and obtaining explanations for significant variations by Price Group.

1.1.3 As requested by the Credits Audit Guidance this report indicates: the scope of the audit; the approach taken; an indication of analytical review work performed; the extent of checking undertaken; and the main findings from our audit work. No errors were found during the course of the audit in the total Credits claimed and there were no prior year recommendations to be followed-up.

2. Systems and Procedures for Compilation of Returns

2.1 Introduction

2.1.1 Detailed testing at the year-end Credits audit included two main tests on courses and individual students.

2.1.2 The following tests were carried out for a sample of 15 courses selected from the UNIT-e system:

a) Ensured that the course met the criteria for fundable activity set out in the Credits guidance.
b) Where applicable, ensured that the course met the definition of further or higher education set out in the Credits guidance.
c) Ensured that courses recorded as full-time met the definition for full-time as set out in the Credits guidance.
d) Checked the student total for a programme against course / class lists or course / class register. Checked calculation of the required date and ensured that students who had withdrawn prior to this date had been excluded from the Credits count; and
e) Checked allocation of Credits to courses is in accordance with the Credits guidance and, where Credits were claimed beyond normal full-time levels, that the claims could be appropriately justified by the College.

2.1.3 For a total of 38 students selected from the above courses the following tests were carried out, where applicable:

a) Ensured that the student met the criteria for fundable activity set out in the Credits guidance.
b) Checked back to signed enrolment forms, or electronic equivalent, for the 2024/25 academic year.
c) For infill courses, ensured that Credits were allocated according to the modules attended by individual students rather than by the default value for the courses being infilled.
d) Checked to student attendance / engagement records and, for withdrawals, checked that the withdrawal date noted on the system was the last date of physical attendance or engagement;
e) For students following courses of open / distance learning vouched to study plan etc. and ensured that required criteria was met; and
f) For students undertaking non-accredited work experience / placement ensured that the Credits value had been calculated in line with the Credits guidance.

2.1.4 The following tests were carried out by reviewing records for all College courses:

a) Compared the overall average Credits per full-time student against the SFC expected average of 17 Credits for full-time Further Education students and 15 Credits for full-time Higher Education students. It was noted that the College was within these values for 2024/25 at 15.8 and 14.9 Credits respectively;
b) Confirmed that there were no claims for more than one full-time enrolment per student for 2024/25 and ensured that Credits had not been claimed in respect of courses that were related in respect of subject area, unless progression could be clearly established;
c) Confirmed that there were no claims for overseas students and students enrolled on full cost recovery commercial courses; and
d) Confirmed that Credits for spanning courses were claimed in the correct year.

2.1.5 We reviewed the systems for recording fee waiver entitlement and carried out an analytical review to ensure the accuracy of the fee waiver element of the FES return. For a random sample of 10 part-time students, we confirmed that College staff had verified the entitlement to benefit.

2. Systems and Procedures for Compilation of Returns (continued)

2.1 Introduction (continued)

2.1.6 It was confirmed by the Head of MIS that the College is not involved in any collaborative provision and no such courses were identified during our audit testing. No further work was therefore required in this area.

2.1.7 Before signing our audit certificate, we reviewed the final FES online report and the explanations for remaining errors.

2.1.8 From our review and testing of the systems and procedures used in the compilation of the returns, we concluded that overall, they were adequate to minimise risk in the areas identified in Annex C of the Credits Audit Guidance and were working satisfactorily as described to us.

2.1.9 The remainder of this section discusses issues identified during our review of the 2024/25 student activity data.

2.2 Allocation of Credits to Courses

2.2.1 The Credits guidance states that for programmes containing a mix of credits (Scottish Qualifications Authority (SQA) or other awarding body) and other activity, the Credits claim should be based on the total Credits plus the planned learning hours divided by 40 (1 credit = 40 learning hours) for the non-credited units. Planned learning hours should represent a realistic and sensible estimation of the number of hours that students will normally be required to undertake in their programme of learning. Examples of what may be counted as planned learning hours include: Class contact time; Supported study time; Supported learning; Tutorial time; and any additional time which the College requires for delivering the course and / or supporting the student (e.g. assessment time).

2.2.2 For one course in our sample, National 5 General Programme, timetable extracts provided to support the delivery of a Guidance and Progression Report module for 3 Credits, showed a total of 49.5 timetabled hours. No further evidence was available to verify the balance of the planned learning hours outwith timetabled classes. A second College-rated unit Application of Math Support for 1 Credit showed no timetabled hours although the Head of MIS advised that 33 timetabled hours should have been shown on the timetabling system for this module. The Head of MIS noted that there had been several complications with this course this year which had led to the planned 18 Credits being capped at 16. We concluded that there was no overall error in the Credits claim however supporting evidence could have been improved.

2.2.3 Similarly, for another course in our sample, NQ Skills for Life and Work Year 2, a College-rated unit Support for Learning for 3 Credits showed no timetabled hours. The Head of MIS advised that this Credit claim is for time spent looking after these ASN students before, during and after classes, which is covered by the Credits guidance under *'any additional time which the College requires for delivering the course and / or supporting the student'*. This includes marshalling to and from taxis, supervising them during lunch breaks, etc. Although all students on this course enrolled on modules with a Credits value of 21.5, the claim had been capped at 18. We again concluded that there was no overall error in the Credits claim however supporting evidence could have been improved.

2. Systems and Procedures for Compilation of Returns (continued)

2.2 Allocation of Credits to Courses (continued)

2.2.4 For the other courses in our sample with College-rated units, adequate supporting evidence was available for the Credits claimed.

Recommendation
R1 For all College rated units, the College should ensure that adequate supporting evidence is available for planned learning hours to verify the Credits claim. Where learning and support activity is not formally timetabled, all activity could be recorded on course set up forms which outline the activity, the number of hours involved in delivery of that activity, and the associated planned Credits.

3. Analytical Review

3.1 The analytical review by Price Group for the current year, included at Appendix II of this report, showed significant variances in Price Groups 2, 3 and 5. These were discussed with College management. The explanations we received provided us with additional assurance that the Credits claim does not contain material errors:

- Price Group 2 – decrease of 2,073 Credits due to a significant reduction in planned credits, mainly in the Early Years and Social Care and upper levels of the ESOL school, as part of the overall College reduction in Credits delivered;

- Price Group 3 – although planned activity was steady, there was a decrease of 1,102 Credits due to under-recruitment and some reduction in Credits due to a change in employer requirements in the Engineering school; and

- Price Group 5 – increase of 1,477 Credits due to an increase in planned Credits for ESOL, and to a lesser extent Access to Education, to cater for lower SCQF levels which mostly sit in this price group.

Appendix I – Copy of Audit Certificate

Glasgow Clyde College
690 Mosspark Drive
Glasgow
G52 3AY

29 October 2025

To Whom it May Concern

Auditor's Report to the Members of the Board of Management of Glasgow Clyde College

We have audited the FES return which has been prepared by Glasgow Clyde College under SFC's Credit Guidance for colleges issued 26 June 2024 and which has been confirmed as being free from material misstatement by the College's Principal in his Certificate dated 20 October 2025.

We conducted our audit in accordance with the 2024-25 audit guidance for colleges. The audit included an examination of the procedures and controls relevant to the collection and recording of student data. We evaluated the adequacy of these controls in ensuring the accuracy of the data. It also included examination of evidence relevant to the figures recorded in the student data returns. We obtained sufficient evidence to give us reasonable assurance that the returns are free from material misstatements.

In our opinion:

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

Stuart Inglis
Director
For and on behalf of Henderson Loggie LLP
Chartered Accountants
Dundee Office
stuart.inglis@hlca.co.uk

29 October 2025

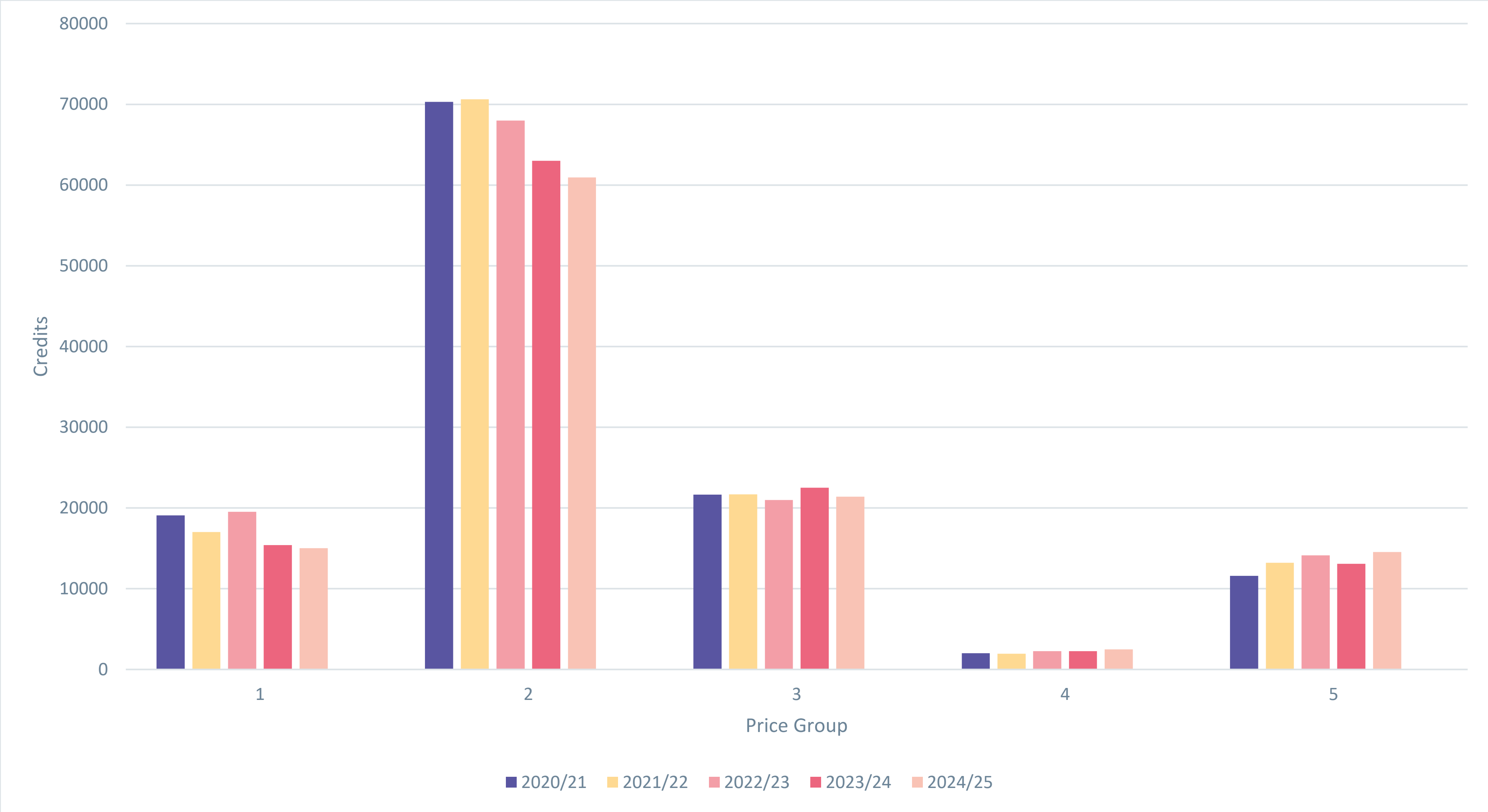
Date FES returned: 3 October 2025

Appendix II – Price Group Analytical Review 2023/24 and 2024/25 – Figures

Price Group	2023/2024 Credits		2024/2025 Credits		Variance Credits	Variance %
1	15,391		15,029		(362)	(2.4)
2	63,003		60,930		(2,073)	(3.3)
3	22,497		21,395		(1,102)	(4.9)
4	2,255		2,477		222	9.8
5	13,084		14,561		1,477	11.3
	116,230		**114,392**		**(1,838)**	**(1.6)**

College Funded Target 2024/25: 113,721 Credits

Appendix III – Price Group Analytical Review 2020/21 to 2024/25 – Graph



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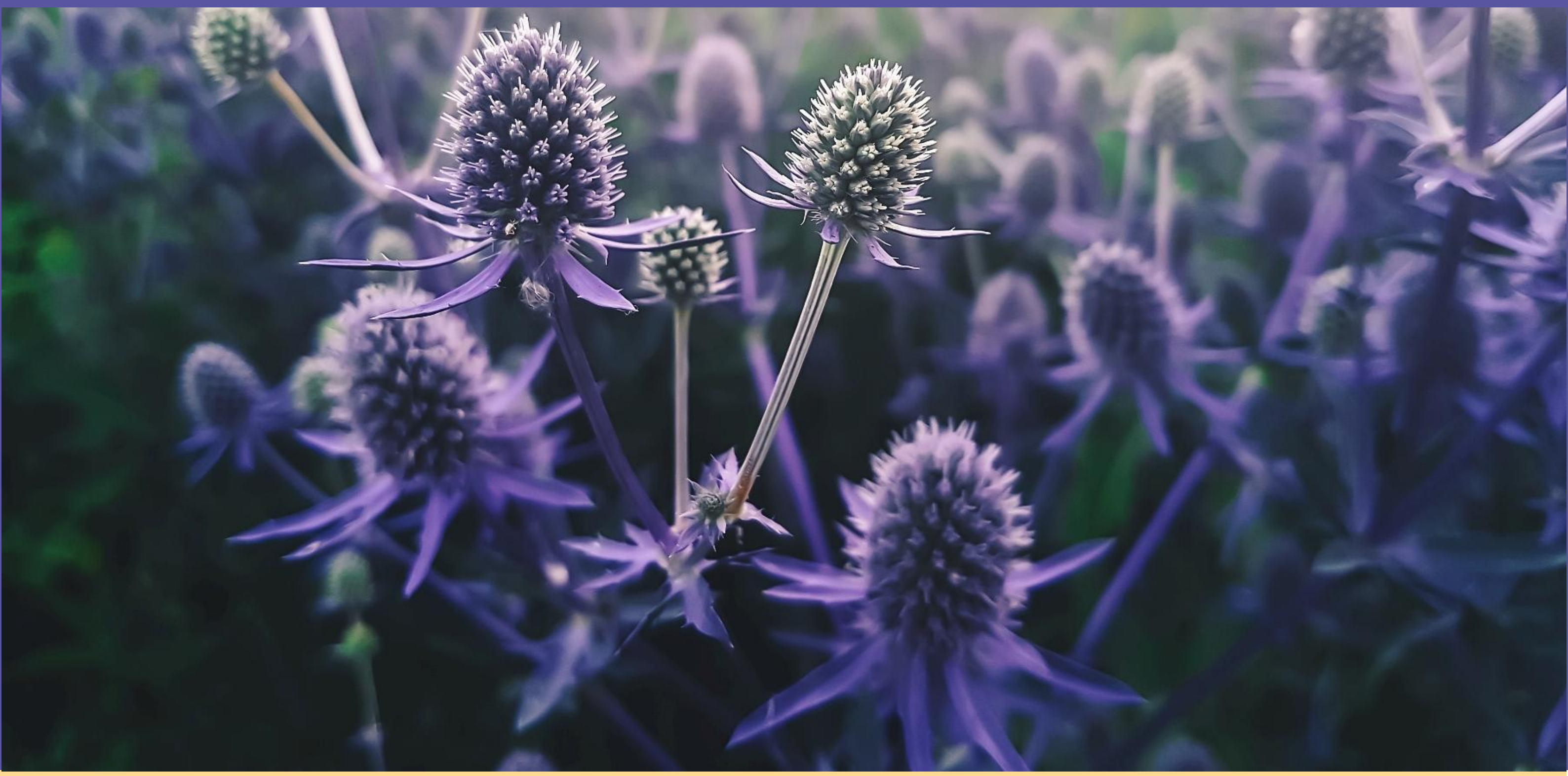
Glasgow Clyde College

2024/25 Student Support Funds

Internal Audit report No: **2025/11**

Draft Issued: **7 November 2025**

Final Issued: **11 November 2025**



Henderson Loggie

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Introduction

Colleges receive **Discretionary Funds** from the Scottish Funding Council (SFC) and the Student Awards Agency for Scotland (SAAS) to provide financial help for students, where access to or continuance in, further or higher education would otherwise be denied due to financial hardship. The maximum payable from the Further Education Discretionary Fund in 2024/25 was £5,000. The cap for the Higher Education Discretionary Fund was removed in 2024/25 with no maximum amount payable per student. Colleges could award sums above these limits in exceptional circumstances with prior approval from SFC and SAAS respectively.

Childcare Funds sit alongside the Discretionary Funds to provide assistance with the cost of formal childcare expenses. From academic year 2011/12, childcare funds for higher education students formerly allocated to colleges by SAAS, were transferred to the SFC who now allocates childcare funding direct to colleges for all eligible further and higher education students. No limit is placed on the amounts individuals can access and colleges have the flexibility to determine award levels themselves. Priority must however be given to certain groups, including lone parents and mature students, when allocating funds from the Further and Higher Education Childcare Fund.

The Discretionary and Childcare Funds must be administered, and payments made, in accordance with SFC and SAAS guidelines.

Bursary funds are given to students at the discretion of a college to help maintain that student in their education beyond their compulsory school leaving date. An award can include allowances that cover a student's maintenance, travel and study costs. Colleges can also use bursary funds for allowances to cover costs incurred by a student living in college-approved accommodation, or due to having dependants and / or special education needs.

Colleges must apply the terms of the National Policy for Further Education Bursaries, together with applicable legislation and supplementary letters issued by the SFC, when using the funds allocated to them for bursary purposes. The policy sets out the minimum criteria, maximum rates and minimum contribution scales that a college must apply in allocating bursary funds. In recognising that the bursary fund is cash-limited, colleges may have to exercise discretion to target support to meet local priorities and the needs of their students. SFC expects colleges to award students their full calculated bursary award. Where a college chooses to supplement bursary funds from its own resources it may use the additional resources as it sees fit.

Education Maintenance Allowances (EMAs) provide financial support for 16- to 19-year-olds from low-income households who are attending non-advanced full-time education at school, college or are home educated. Eligible students receive £30 per week, which is targeted at young people from the lowest income families.

EMAs must be administered, and payments made, in accordance with SFC and Scottish Government guidelines.

Audit Scope

For the 2024/25 academic year three specific fund statements were required for audit:

- Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return;
- Higher Education Discretionary and Childcare Fund Return; and
- Education Maintenance Allowance Return.

Audit Objectives

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- The information disclosed in each of the returns for the year ending 31 July 2025, is in agreement with underlying records.

Audit Approach

The audit approach included:

- Reviewing new guidance from SFC, SAAS and the Scottish Government and identifying internal procedures;
- Agreeing income to amounts awarded;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing College analysis spreadsheets for large or unusual items, obtaining explanations where necessary; and
- Carrying out detailed audit testing, on a sample basis, on expenditure from the funds.

Audit guidance issued by the SFC was utilised.

Action Plan

The action that we consider necessary on each issue is highlighted in the text for clarity and an action plan for implementation of these recommendations can be found in section 2.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

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

Findings and Conclusions

In our covering letter to SAAS enclosing the audited **Higher Education Discretionary and Childcare Fund Return** we noted one minor observation arising from our audit work. The College has a separate bank account into which the Higher Education Discretionary Funds received from SAAS are paid into however this account is not interest bearing. All payments to students are made from the College's main bank account and funds are transferred between the two accounts as required. The College uses the Government banking service for all of its financial transactions, on instruction from the Scottish Funding Council, and these accounts do not pay interest.

In our covering letter to SFC enclosing the Auditors' Report for the **Education Maintenance Allowance Return** we noted the following observations arising from our audit work as referred to in our audit report.

Total EMA maintenance payments of £250,740 were made by the College in the year ended 31 July 2025 compared with £251,340 included in the monthly returns and year-end statement. The difference of £600 relates to an overclaim by the College, which is to be adjusted in the monthly return for October 2025.

We noted in last year's covering letter that the College had underclaimed EMA maintenance by £600 in 2023/24, which was included as an adjustment by the College in the monthly return for September 2024. As confirmed in correspondence between the College and SFC this amount was not however paid to the College at that time, and it has been included again as an adjustment on the monthly return for August 2025

In addition, the following points were noted during the course of our audit:

Bursary

The FES Summary Report included an error message for three students that 'Mode of attendance must be 5, 6, 17 or 18 for a student with a maintenance award'. Through discussion with the College's Head of MIS we noted that three students had originally enrolled on a full-time course, before transferring to a part-time course. The three students had applied for and were awarded bursary when enrolled on the full-time course. The three students then transferred to a part-time course making them ineligible for bursary. However, bursary payments were made to the part-time students in error. Although the College has internal processes in place to identify such transfers, these students were missed on this occasion. Bursary payments totalling £2,470, which included maintenance payments of £1,951, relating to part-time students were incorrectly included in the final FES data.

Recommendation
R1 Ensure that details of all student changes to enrolment status are communicated to the student funding team in a timely manner to ensure that bursary maintenance payments are only made to eligible students.

Copies of the fund statements and audit certificates are provided at appendices I to III of this report.

Acknowledgments

We would like to take this opportunity to thank the staff at the College who helped us during our audit.

Action Plan

Page Ref.	Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
	Bursary **R1** Ensure that details of all student changes to enrolment status are communicated to the student funding team in a timely manner to ensure that bursary maintenance payments are only made to eligible students.	**3**	Additional attendance reports have been introduced for session 2025/26 which will also be used to monitor course transfers. From session 2026/27, the college will transition to the Capita Bursary database, enabling easier identification of these transfers through automated reporting.	Y	Student Funding Manager	June 2026

Appendix I – Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return and Audit Certificate

Appendix II – Higher Education Discretionary and Childcare Fund Return and Audit Certificate

Appendix III – Education Maintenance Allowance Return and Audit Certificate

Appendix IV – Updated Action Plan – 2023/24 Student Support Funds

Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at November 2025
Attendance Monitoring **R1** Although we appreciate the exceptional circumstances during 2023/24, the College should consider contingency arrangements so that attendance monitoring for student funding purposes can continue in the event of long-term staff absence.	**2**	The Department operates with 5.75 FTE and any absence significantly impacts on the workload across the team. In session 2024/25 we will increase training and knowledge of Attendance Reporting, in particular, to the Student Funding Officer Role should any unexpected absences re-occur. Longer term the College will investigate the possibility of automating attendance checks as we look to develop or purchase a new funding database to replace Tequios in the next couple of years.	Yes	Student Funding Manager	Initial training & knowledge – 31 March 2025 Further Development work potentially completed by start of session 2026/27	Audit testing in 2024/25 noted that attendance monitoring was operating throughout 2024/25 and no similar issues were identified this year. ***Fully Implemented***

2024/25 Student Support Funds

Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at November 2025
Bursary Return – Additional Support Needs (ASN) Costs **R2** Ensure that a check is made on the calculation of ASN costs recharged to Bursary to confirm accuracy.	3	Costs requested by Student Support will be verified with invoices before funds are transferred at the end of each block.	Yes	Student Funding Manager & Head of Student Inclusion, Information & Welfare	31 December 2024	No similar issues were identified during 2024/25 audit testing. ***Fully Implemented***
Bursary Return – Travel **R3** The Student Funding Team should retain a record of each calculation made to determine the travel award for Bursary-eligible students. This would be helpful for monitoring and audit purposes. A record of the calculation could be input directly on the student's record in TeQuios.	3	Staff have been directed to save screenshots from transport company websites if awards are assessed using any alternative method of travel than First Bus. This will be reviewed quarterly by Student Funding Manager.	Yes	Student Funding Manager	30 June 2025	No similar issues were identified during 2024/25 audit testing. ***Fully Implemented***

2024/25 Student Support Funds

Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at November 2025
Higher Education Discretionary Fund **R4** Award Letters should be issued covering all payments made from the Discretionary Funds.	3	All HE Discretionary Assessments including any *'top-ups'* will be issued with an award email to the student. Staff will be reminded of this when the Discretionary Fund opens in November 2024.	Yes	Student Funding Manager	30 June 2025	No similar issues were identified during 2024/25 audit testing. ***Fully Implemented***

Henderson Loggie

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AUDIT COMMITTEE MEETING	
Date of Meeting:	26 November 2025
Paper Title:	Audit Scotland Report: Scotland's Colleges 2024
Action:	Information
Prepared by:	Niall Macpherson, Chief Operating Officer
Agenda Item:	25.78
Status:	Disclosable

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to provide Audit Committee members with the key headline messages from the recently published Audit Scotland Report: 'Scotland's Colleges 2025'.

2. ACTION FOR THE COMMITTEE

2.1 Audit Committee members are requested to note the report.

3. BRIEF BACKGROUND INFORMATION:
Key Findings of Audit Scotland Briefing Report: 'Scotland's Colleges 2025'

3.1 The annual report was published on 2nd October.

3.2 Key messages contained in the Report are:

- Scotland's colleges continue to operate in an "*extremely difficult financial landscape*."
- A 20% real terms funding reduction between 2021/22 and 2025/26
- Without changes to baseline funding, colleges will have to deliver even less to remain sustainable at a time when demands from students and employers are not being met.
- The sector workforce shrank by over 7% in 2023/24
- Despite cutting costs, seven colleges reported a deficit n 2023/24 and 2 required liquidity support.
- Sector demographics: overall numbers are down; colleges can't meet student/employer demand for some courses and apprenticeship programmes; fewer older students enrolling; increased competitions form universities for students.

3.3 The themes highlighted in the Report are:

3.3.1 **Continued Financial Challenges**

- The sector has seen a 20% real terms funding reduction over the last 5 years.
- Despite this, a small £0.4m surplus was delivered (2022/23: £14.5m deficit)
- Largely delivered by redundancy schemes to reduce staff numbers
- Almost £10m paid out in voluntary and compulsory redundancy costs
- Significant range of financial performance within this consolidated figure
- Cash balances at 31/07/25 slightly down on PY at £118m
- SFC Financial Sustainability report states this cash will be exhausted by July 2026
- Colleges' ALF balances nearing exhaustion.

- Two colleges in receipt of liquidity support - UHI Moray and NCL who received £2.1m and £4.5m respectively. Report suggests these monies require to be repaid.
- Responsibility for Job Evaluation funding was transferred from SFC to Scottish Govt in 2023/24. CES estimate this cost at £86m
- That year, colleges were directed to remove the funding for Job Evaluation while retaining the associated provision for the cost. Some colleges cite this as a financial sustainability risk.
- Financial risk cited by colleges include inflationary increase in costs, self-funding exit packages, future pay settlements, increased NI costs
- £5.5m to cover increased NI costs represents < half of the increase
- Ongoing under-investment in capital maintenance now beginning to adversely impact colleges' long-term financial health.
- Current capital allocations are generally being used to address emergency repairs rather than preventative maintenance.
- Cost estimates to reinstate the estate to baseline condition range from £775m to £1billion.
- Curricula has been refined to reduce costs. Common tactics include reduced class times, larger classes, revising timetables to maximise space usage, reduced ESOL provision.

3.3.2 **Delivering Less Teaching to Fewer Students**

- Colleges collectively delivered fewer credits in 2023/24 thank the previous year
- Some colleges are delivering lower cost courses to ensure credit targets are met and to help subsidise the delivery of higher cost courses.
- The SFC funding allocation model was changed in 2025/26 from a core credit allocation plus separate premium funding to a single allocation per college with the premiums embedded.
- Over 30k fewer students were taught in 2023/24 than the previous year.
- This means fewer students are leaving college to go to university, employment, training or voluntary work.
- Student satisfaction rates remain high despite colleges having to make savings.

4. SUPPORTING DOCUMENTATION

4.1 Annex 1: Audit Scotland Briefing Report: Scotland's Colleges 2025.

5. RISKS

5.1 There are no risks associated with the publication of this report for Glasgow Clyde College.

6. ANY OTHER SIGNIFICANT IMPACT
eg STUDENT EXPERIENCE/LEGAL/FINANCIAL/EQUALITY & DIVERSITY

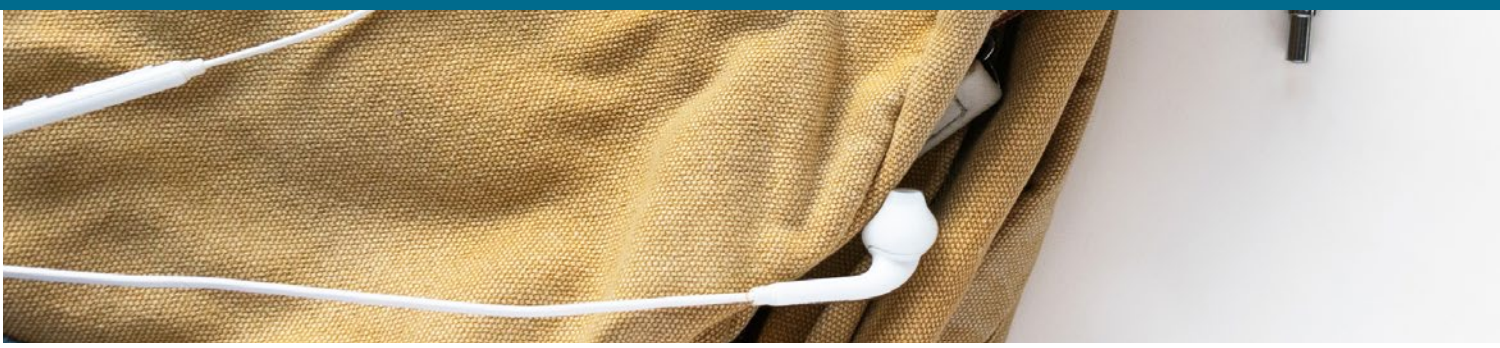
6.1 None.

Briefing

Scotland's colleges 2025

AUDITOR GENERAL

Prepared by Audit Scotland
October 2025



Contents

Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Audit team

The core audit team consisted of:
Derek Hoy, Ray Buist and Katy Wilson, under the direction of Mark MacPherson.

Key messages

1 Scotland's college sector continues to operate in an extremely difficult financial landscape. There was a 20 per cent real-terms reduction in funding for colleges between 2021/22 and 2025/26. Two targeted funding packages for colleges in 2023/24 were also withdrawn. Without changes to baseline funding, colleges will have to deliver even less to remain sustainable at a time when demands from students and employers are not being met. As college funding is also dependent on credit delivery, there is a risk that colleges prioritise courses that are less expensive to deliver over those that meet local need.

2 The sector reported a small surplus of £0.4 million in 2023/24, although there was significant variation between colleges. While the surplus is an improvement on the £14.5 million deficit reported in 2022/23, the finances of some colleges remain challenging and further deficits are anticipated. Savings have mostly been achieved through voluntary severance schemes, and the college workforce shrank by over seven per cent in 2023/24. Despite these cost-cutting exercises, seven colleges reported a deficit in 2023/24, and two colleges required liquidity support from the Scottish Funding Council (SFC).

3 The need to cut costs has impacted on college staff and students. Although student satisfaction rates are high and the proportion of students going on to positive destinations has increased, overall student numbers are down, and colleges are unable to meet student and employer demand for some courses and apprenticeship programmes.

4 The demands on the college sector are changing, with fewer older students enrolling, increasing competition from universities for students and the impact of digital technology on how teaching is delivered. Due to continuing financial pressures, colleges will have to align themselves with wider public service reform activity and plan for the demands of the future rather than try to deliver more of the same with decreasing resources.

Recommendations

The Scottish Government should:

- Within one year, issue clear guidance on its expectations of colleges in relation to its public sector reform ambitions to enable colleges to develop future-focused plans to attract and retain students that align with the wider public sector reform agenda (paragraph 87).
- Within six months, identify ways to analyse the economic impact of reducing funding to the college sector and carry out an analysis within the subsequent 12 months (paragraph 61).

Within 12 months the Scottish Funding Council should:

- Work with colleges to prepare a plan to collect views from college staff and collate these at a national level. This should identify the impacts on staff arising from college transformation, how this is being managed, and good practice that can be shared across the sector (paragraph 60).
- Prepare a plan to identify how it will measure unmet demand for college courses from students and carry out relevant analysis on an annual basis to help identify gaps in provision (paragraph 39).
- Where needed, provide support to colleges to submit updated infrastructure strategies that fully align with the college's strategic and curricula plans and are focused on future need to prevent delays to the publication of the Infrastructure Investment Plan in autumn 2026 (paragraphs 32–36).

The Tripartite Alignment Group should:

- Within six months, set out plans for colleges to diversify income streams, outline the associated risks, and set out what enabling support the Scottish Government and the SFC will provide to colleges (paragraphs 42–45).
- Within one year, review and begin to make changes to the funding model for delivery of higher education, further education and apprenticeships by colleges to ensure it reflects the current operating and funding environment, achieves

student equity, and creates the right incentives to deliver against the Scottish Government's strategic objectives for the college sector **(paragraphs 49 and 51, paragraphs 84–85)**.

Colleges should:

- Within the next academic year, identify new opportunities to collaborate through the sharing of assets, resources and systems, curricula design and sharing of good practice **(paragraph 87)**.

Introduction

1. Scotland's colleges play a significant role in the post-school skills and education sector. They provide learners with a wide range of academic and vocational courses that can provide pathways to employment, further or higher education, and apprenticeships. Scotland's colleges have an important role to play in supporting Scotland's sustainable economic development.

2. Scotland's colleges cover 13 regional areas as shown in Exhibit 1 (page 8). The Scottish Government provides funding for Scotland's colleges via the Scottish Funding Council (SFC).

3. This report provides an overview of the financial and operational performance of Scotland's colleges in 2023/24 and what this means for colleges in the future.

4. In previous years, we have reported on the financial challenges facing the college sector, and in our Scotland's colleges 2024 report we highlighted the slow pace of reform in the wider sector. Progress in implementing recommendations made are summarised at Appendix 1. We intend to report separately on education and skills reform in due course and do not cover this in detail in this report.

5. This report draws on analysis of the 2023/24 annual audit reports (AARs) and accounts for 18 of the 19 incorporated colleges in Scotland. The AAR and accounts for UHI North, West and Hebrides have been delayed and are not included in our analysis.

6. 2023/24 is the latest year for which audited accounts are available for Scotland's colleges. This means that some of the information available to us is historical, and we make clear that this is the case in the body of the report. Up-to-date information is used where available to us.

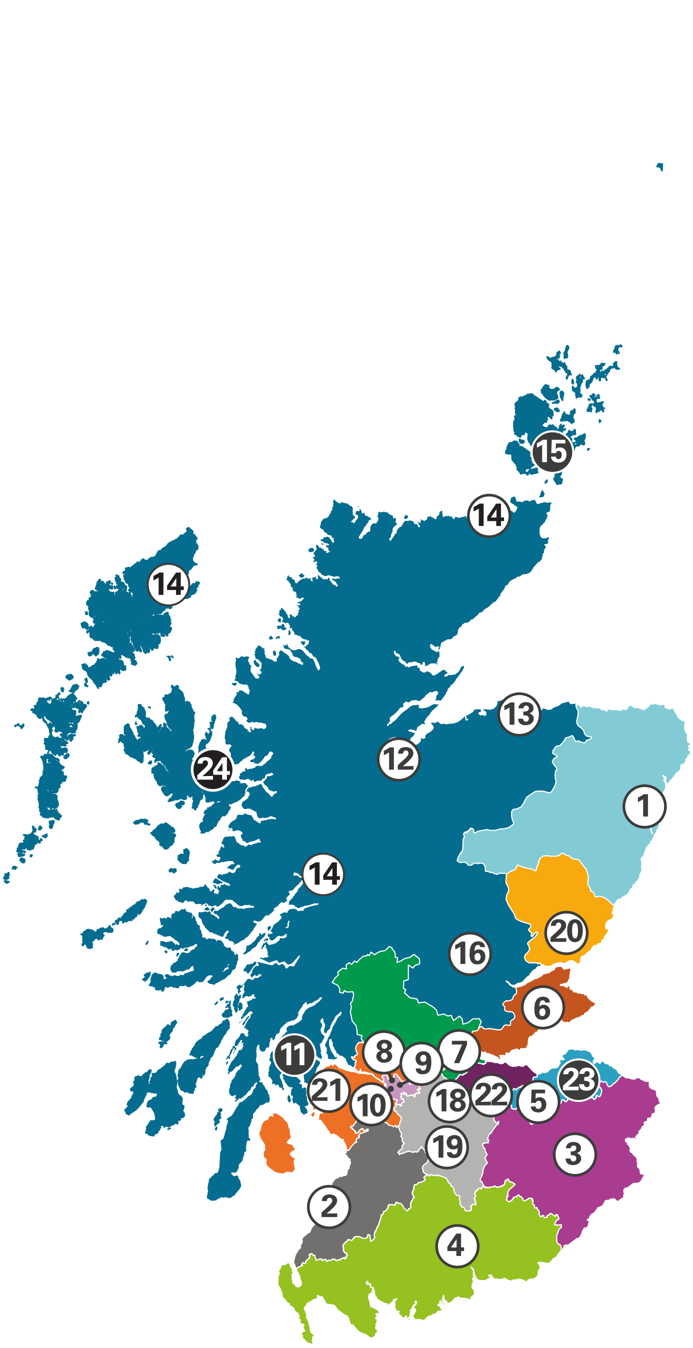
7. This report also draws upon evidence obtained from other sources including:

- interviews with the Scottish Government, the SFC, Colleges Scotland, College Employers Scotland (CES), trade unions (EIS-FELA and UNISON Scotland) and meetings with some college principals and senior leadership teams
- reports produced by the SFC, Scottish Government and Colleges Scotland
- evidence to Scottish parliamentary committees.

Exhibit 1.

Scotland's colleges as at 1 August 2025

The colleges listed in bold are subject to audit by the Auditor General for Scotland (AGS).



- **College – incorporated, audited by AGS**
- College – unincorporated, not audited by AGS

Region		College
Aberdeen and Aberdeenshire	**1**	**North East Scotland College**
Ayrshire	**2**	**Ayrshire College**
Borders	**3**	**Borders College**
Dumfries and Galloway	**4**	**Dumfries and Galloway College**
Edinburgh and Lothians	**5**	**Edinburgh College**
Fife	**6**	**Fife College**
Central	**7**	**Forth Valley College**
Glasgow	**8**	**City of Glasgow College**
	9	**Glasgow Clyde College**
	10	**Glasgow Kelvin College**
Highlands and Islands	11	UHI Argyll
	12	**UHI Inverness**
	13	**UHI Moray**
	14	**UHI North, West and Hebrides**
	15	UHI Orkney
	16	**UHI Perth**
	17	UHI Shetland
Lanarkshire	**18**	**New College Lanarkshire**
	19	**South Lanarkshire College**
Tayside	**20**	**Dundee and Angus College**
West	**21**	**West College Scotland**
West Lothian	**22**	**West Lothian College**
n/a	23	Newbattle Abbey College
n/a	24	Sabhal Mòr Ostaig

Note. On 1 August 2023, UHI North Highland, UHI Outer Hebrides (formerly Lews Castle College) and UHI West Highland merged to form UHI North, West and Hebrides. Data prior to this date reflects the legacy institutions.

Source: Audit Scotland

1. Colleges continue to face significant financial challenges

The college sector has seen a 20 per cent real-terms funding reduction over the last five years

College finances have come under increasing pressure in recent years

8. Scottish Government funding, distributed by the SFC, is the primary source of income available to colleges.

9. In our Scotland's colleges 2024 briefing we highlighted that colleges were operating in an increasingly challenging financial landscape, having seen a 17 per cent real-terms reduction in their funding between 2021/22 and 2024/25. Colleges reported a £14.5 million deficit in 2022/23, illustrating the urgent need for savings in 2023/24 and beyond.

The sector reported a small surplus in 2023/24 but performance between colleges varied significantly

10. In 2023/24, Scotland's colleges' net resource allocation from the Scottish Government was set at £675.7 million for the third consecutive year.[1] Colleges had expected to receive an additional £26 million of transition funding following an announcement made by the Scottish Government as part of the draft budget in December 2022. This was subsequently withdrawn in May 2023 when the Scottish Government redirected this money to fund the teachers' pay deal agreed in March 2023.[2]

11. Based on the audited accounts of 18 of the 19 incorporated colleges, the sector reported an adjusted operating surplus of £0.4 million in 2023/24 compared to a £14.5 million deficit reported in 2022/23. This is an improvement but represents a turnaround of only two per cent of colleges' net resource allocation. Much of this improvement resulted from colleges' use of redundancy schemes to reduce staff costs.

12. The financial outturns and health of colleges varies significantly. In 2023/24, Dundee and Angus College reported a surplus of £1.9 million (3.8 per cent of income) while UHI Perth reported a £1.7 million deficit in the same period (-7.0 per cent of income). Appendix 2 shows the **Adjusted Operating Position (AOP)** for each of Scotland's colleges in 2023/24. Despite the overall surplus reported above, seven colleges reported a deficit in 2023/24. These deficits can in part be attributed to voluntary severance costs. Colleges collectively reported £9.7 million of voluntary and compulsory severance costs in 2023/24, as set out in Appendix 2.

Adjusted Operating Position (AOP) removes the effects of volatile accounting entries required by the colleges reporting framework ,eg pension valuations that do not reflect performance within managements control.

Cash balances are decreasing, and arm's-length foundation balances are nearing exhaustion

13. Cash held by colleges at each year end provides a snapshot of the college's financial health and ability to continue to operate, and a measure of the overall liquidity across the sector. This is subject to fluctuation due to the timing of payments around year-end and the earmarked nature of cash balances to cover staff pay settlements and other commitments. For example, although Edinburgh College had a £4.2 million cash balance at the end of 2023/24, £3.7 million of this was earmarked to cover lecturers' pay awards for 2022 and 2023.

14. Colleges reported a small decrease in the cash held at 31 July 2024 (£118.4 million) compared with the prior year end (£119.5 million). The SFC's Financial Sustainability of Colleges in Scotland 2020/21 to 2025/26[3] report, published in January 2024, projects that colleges will be in a cash-deficit position by the end of July 2026. The SFC published its 'Financial Sustainability of Colleges in Scotland 2022/23 to 2027/28' report on 26 September 2025, too late for inclusion in this report. Colleges Scotland told us that it anticipates the reduction of college cash balances to accelerate in the next few years.

15. Colleges established **arm's-length foundations (ALFs)** as charitable bodies in 2014 when incorporated colleges were reclassified as public bodies. A combined £99 million was transferred from colleges to these foundations when they were set up. This balance had decreased to £8 million by the end of 2023/24 as colleges applied for and were granted ALF funding aligned with the foundation's charitable objectives. These have included voluntary severance schemes and student support services. The remaining balance equates to just over one per cent of the £784 million expenditure by colleges in 2023/24. As ALF balances near exhaustion, colleges will need to make difficult decisions about whether to fund these services.

Arm's-length foundations (ALFs) are independent, charitable bodies set up by colleges to hold cash reserves for use by the college in future years.

Two colleges required liquidity support from the SFC in 2023/24

16. The SFC uses a range of methods to support colleges facing financial challenges. These are set out in the SFC's Outcomes Framework and Assurance Model and include requesting recovery plans from colleges, and the provision of loans or advances in funding.

17. Two colleges reported receipt of liquidity support from the SFC in their 2023/24 financial statements:

- The SFC committed to providing £2.1 million liquidity support to UHI Moray during 2023/24, and the college received an initial £0.9 million (7.1 per cent of income) advance during 2023/24.
- New College Lanarkshire received an additional £4.5 million (8.7 per cent of income) in 2023/24. The college is in the process of agreeing repayment arrangements with the SFC.

18. The Outcomes Framework and Assurance model does not map out how the SFC will escalate its monitoring and supportive activity in line with colleges' need. There is a risk that an increasing number of colleges may request liquidity support from the SFC. It is unclear whether the SFC will be able to meet increased demand for support. As the SFC has not set repayment terms, it is unclear when loans and cash advances will be repaid.

Responsibility for funding the outcome of a non-teaching job evaluation was returned to the Scottish government in 2023/24

19. National bargaining was reintroduced in Scotland's colleges in 2015, leading to an agreement to undertake a national job evaluation exercise for in-scope support staff roles. The cost of funding back pay has been estimated by CES at over £86 million to date. Progress to complete the job evaluation has been very slow with current and former staff expected to be owed back pay to 2018.

20. In March 2023, the SFC returned £56.1 million to the Scottish Government that it had held in reserve to fund the outcome of the job evaluation. In November 2024, the Director General for Education and Justice agreed that responsibility for job evaluation funding commitments now rests with the Scottish Government.

21. Colleges updated their financial statements in 2023/24 to comply with accounting standards and reflect this change in funding responsibilities. This meant that each college included a provision in its accounts to reflect the possible cost of compensating staff affected by the evaluation. Colleges could no longer recognise their share of SFC monies to pay for this, leading to colleges reporting lower income in 2023/24 in their financial statements. Each college's AOP, as reported at Appendix 2, reverses the impact of accounting processes such as the job evaluation and provides a measure of financial performance that is within college management's control.

22. The Scottish Government has not yet set out the mechanism by which it will fund colleges and no provision for this has been included in Scottish Government accounts for 2023/24. Colleges have expressed concern at being required to include a provision in their accounts for the cost of the job evaluation without recognising associated income to meet that provision. Several colleges reference the job evaluation as a significant risk to their financial sustainability.

A 20 per cent real-terms funding reduction since 2021/22 is placing significant financial pressure on the college sector

23. Following the flat cash settlement for colleges (paragraph 10), the Scottish Government decreased the college resource budget for 2024/25 by £32.7 million. £12.3 million of this reduction arose from the Scottish

Government taking on liability for future costs associated with the support staff job evaluation. Funding was then increased by £13.2 million (2.1 per cent) to £656.2 million in 2025/26. This means that between 2021/22 and 2025/26, funding for colleges has decreased by almost £20 million (three per cent) in cash terms and by 20 per cent in **real-terms** (Exhibit 2).

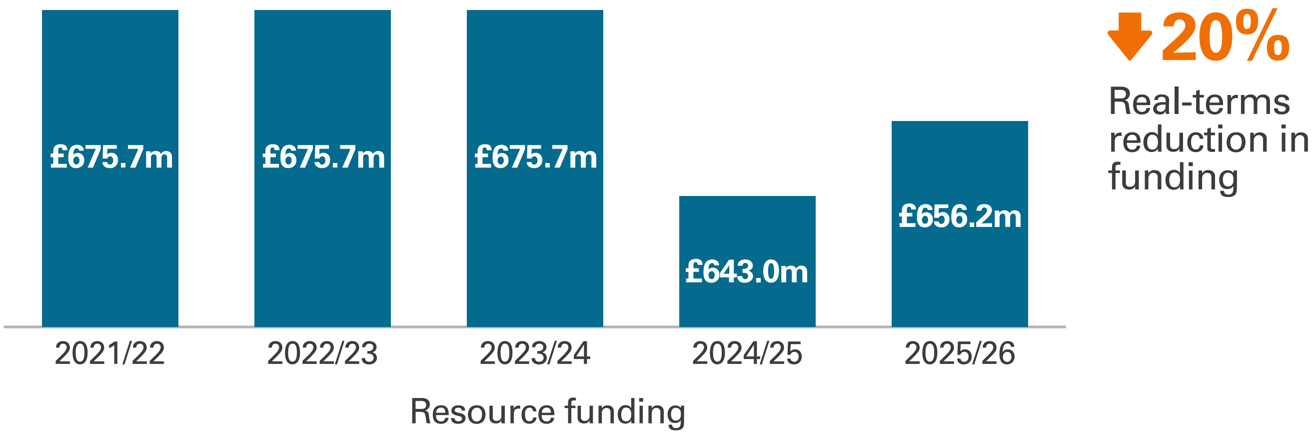
Real-terms adjusts the cash value of money for inflation to allow a more accurate comparison of funding over time.

24. Funding for 2025/26 includes a £13.2 million increase (2.6 per cent) to the teaching grant allocation to £522.5 million. This includes an additional £8.3 million to help colleges meet rising employer pension contribution costs, £4.5 million to support lecturer pay increases, and £0.4 million additional teaching funding. Colleges have not received a funding uplift to cover general inflationary pressures, meaning that colleges must find savings to match rising costs. The student support services grant awarded in 2025/26, distributed by colleges directly to students, remained at £123 million.

Exhibit 2.

Net resource allocation for the college sector since 2021/22

College funding has reduced by 20 per cent in real-terms between 2021/22 and 2025/26.



Source: Audit Scotland analysis of Scottish Government budgets

25. Financial risks reported by colleges continue to include inflationary increases in costs, the need to self-fund severance packages, and costs to maintain and modernise their estate. Colleges we spoke to also highlighted the risk to financial sustainability of future staff pay settlements and the outcome of the ongoing job evaluation (paragraphs 19–22). These may impact on the volume and range of courses they can afford to provide.

26. In addition to managing a real-terms reduction in funding, colleges have had to meet higher national insurance costs following a rise from 1 April 2025. There is ambiguity over the extent to which the Scottish

Government is supporting colleges to meet this additional cost. The Scottish Government has allocated colleges an additional £5.5 million to meet 60 per cent of the cost impact to the sector. Colleges say this covers less than half of the increased costs. For example, Ayrshire College was allocated £0.35 million but claims its need for the financial year 2025/26 is more than double the funding provided (£0.76 million). This cost increase presents an additional risk to colleges already experiencing real-terms cuts to their funding.

27. The SFC requires that each college sets a balanced budget each year that is approved by its board. As this becomes more challenging, colleges and their boards must explore all options open to them to prevent the prospect of budgets being presented to them with an underlying deficit. In 2023/24, UHI Perth did not have a budget approved by its board. The options open to college boards where college management are unable to set a balanced budget are unclear.

A clear plan for the future of college estates is vital as capital budgets become stretched

28. Each college receives a share of a capital maintenance fund distributed by the SFC. This fund is used by colleges to undertake building repairs, replace teaching equipment, and upgrade digital infrastructure. In 2023/24, £35.9 million of capital maintenance funding was available to colleges. Colleges shared £31.2 million of combined backlog and lifecycle maintenance funding and the SFC ringfenced £4.7 million. This was allocated throughout the year to colleges with the highest priority needs.

29. Capital maintenance funding allocations to colleges were reduced to £33.0 million in 2024/25, then increased to £34.5 million for 2025/26. In both years, the SFC retained £2.5 million for emergency capital works, with the remainder shared among colleges for maintenance works. Between 2021/22 and 2025/26, capital maintenance funding has increased by £5.1 million but funding in 2025/26 was £1.4 million lower than the £35.9 million allocated in 2023/24. The SFC told us that long-term under-investment in estates is now leading to major costs to colleges, which is adversely impacting their long-term financial health.

30. Colleges indicated to us that they can only address higher priorities, such as emergency repairs, with the funds at their disposal. City of Glasgow College told us that its four-year capital plan outlines a need for £3-4 million spending per annum that exceeds its £1.3 million allocation. Planned work includes a complete replacement of its digital network at a cost of £2 million. North East Scotland College estimated its capital maintenance allocation was around half of what it requires.

31. Colleges Scotland undertook a review of the college estate in 2022, which indicated that the cost to bring the college estate back up to baseline condition was £775 million. The chair of the College Principals' Group recently told MSPs that the cost to cover backlog maintenance costs and transform campuses to meet net zero emission targets is now estimated by colleges at close to £1 billion.[4]

32. Given the scale of the estimated costs to maintain college estates in their current form, colleges are widely considering physical and digital estate rationalisation to help achieve savings. It is increasingly important that colleges do so in line with wider public sector reform activity. Where needed, the SFC should provide support to colleges to prepare plans for the future of their estates considering changes affecting the sector, such as demographics, increased competition from universities for students, net zero targets and developments in digital technology.

33. The SFC published its College Infrastructure Strategy (CIS) in November 2022, setting out its approach to determining future investment in Scotland's college estate and other college infrastructure.[5] This was followed in December 2023 with the College Infrastructure Strategy Delivery Plan. The SFC published the College Infrastructure Investment Plan: Progress Report on 31 July 2025, delayed from February 2025. The SFC intends to publish the Infrastructure Investment Plan (IIP) in autumn 2026, almost four years after the strategy was first published. The SFC changed its approach to delivering the IIP following the identification of gaps in data not routinely collected by colleges. The SFC believes that delays in progress to support colleges to provide comprehensive data will improve the accuracy and integrity of the IIP.

34. Alongside this, the SFC published updated college disposals guidance. The disposals guidance provides additional flexibility to colleges by allowing them to keep the first £1 million of net proceeds and 70 per cent of the remainder (subject to ministerial consideration). Glasgow Kelvin College has closed one if its four campuses to cut costs and will retain proceeds from its sale to fund remedial works at its Springburn campus, subject to ministerial approval. Other colleges are also considering the sale of buildings or campus closures.

35. While estate rationalisation is an important consideration for colleges as they seek financial sustainability, colleges recognise that campus closures can remove a link to the communities they serve. Campus closures can disproportionately impact more deprived students who often travel further and rely on public transport to attend classes. Despite this, colleges say they increasingly must consider campus and building closures to maintain sustainability.

36. The Scottish Government told us that, although it believes colleges are already operating in a lean way, there are further opportunities for colleges to consider their estate, curriculum planning and digital capabilities. UHI colleges are looking at how they can deliver more courses digitally rather than on campus. Ayrshire College has achieved space and money savings by moving away from traditional desktop computer provision.

The college sector workforce contracted by eight per cent in 2023/24 as colleges reduced staff costs to ease financial pressures

37. Almost all colleges reduced employee numbers in 2023/24. Voluntary severance was the most common approach colleges used to reduce costs. Colleges also utilised compulsory severance, vacancy management, role development and senior management restructuring. Our analysis suggests that redundancies have been broadly consistent between teaching and non-teaching staff. A summary of the change in workforce and use of voluntary and compulsory severance is set out at Appendix 3.

38. The SFC's College Staffing Data 2023-24 report stated that 10,112 full-time equivalent (FTE) staff were employed at colleges in 2023–24 (including unincorporated colleges).[6] This is a decrease of 845 (7.7 per cent) from the previous year. Staff costs still accounted for 65 per cent of expenditure in 2023/24 (67 per cent in 2022/23) as pay rises offset savings achieved from reducing staff numbers.

Colleges have refined their curricula to make savings, but cost-cutting is impacting staff and students

39. Across the sector, colleges have introduced a range of curriculum changes to reduce their costs. These include reduced class times, larger classes and revised timetables to maximise the use of space. Some colleges have reduced their English for Speakers of Other Languages (ESOL) provision to make savings. This is despite high demand for these courses across the country. The principal of Glasgow Kelvin College told the Education, Children and Young People Committee in June 2025 that the college had received 700 applications within 24 hours for a 24-person ESOL class.

40. Across the sector, we heard that remaining staff have seen increased workloads and stress as college workforces have been reduced. Some staff have been redeployed or have taken on additional roles. EIS-FELA told us that the number of additional support needs (ASN) staff has been cut, leading to fewer bespoke courses, less support available to those students who require it, and additional pressure on lecturers.

41. City of Glasgow College told us that severance schemes had been difficult for staff, causing a loss of trust and goodwill, and increased job insecurity. The college undertook a staff survey at the end of their organisational change programme and used this data to produce an action plan to support staff. Some colleges have adopted innovative initiatives to help improve staff wellbeing (Case study 1, page 16).

Case study 1.
West Lothian College

West Lothian College commissioned a pilot scheme to explore how staff wellbeing could benefit from compressed hours working.

Participation was open to all non-lecturing staff and feedback from the first phase was positive. 92 per cent of survey respondents said they were satisfied or very satisfied with the experience of taking part, and 96 per cent wanted the scheme to continue. 96 per cent also reported an improvement to their work-life balance. A majority of staff said that quality had been maintained or increased in areas such as team delivery, collaboration and cross-college working. A second phase is under way. College Employers Scotland has shared the results with other colleges.

Source: Audit Scotland

Colleges are trying to find additional income sources to support sustainability

42. The Scottish Government is keen that colleges identify additional ways of generating income to help achieve financial sustainability. Some colleges have established subsidiaries to generate surpluses that can be used to cross-subsidise the college's core provision. But opportunities to generate income vary across the sector and some colleges will find it more difficult to generate significant additional income.

43. Colleges that have explored opportunities to set up a subsidiary identified the benefits as:

- ability to deliver year-round training for employers
- more flexible employment practices, working hours and terms of employment
- marketability of trading subsidiaries that differentiates them from the college
- lower cost bases leading to financial surpluses
- colleges can reclaim VAT on their subsidiaries' activities.

44. College subsidiaries, including those of Ayrshire College and North East Scotland College, faced barriers that could potentially prevent other colleges from setting up their own subsidiaries. These include lengthy set-up times, the need to accumulate sufficient set-up funds and secure staff with the required expertise, and years of relationship build-up with industry.

45. Our recent statutory reporting on Forth Valley College, Lews Castle College (now part of the merged UHI North, West and Hebrides) and UHI Perth provides some examples of colleges that have faced issues related to subsidiaries or commercial initiatives. Colleges should consider and manage the potential risks associated with any means of generating new sources of income. The Scottish Government should consider how it can support the college sector to identify new income sources and effectively manage the associated risks.

2. Colleges are delivering less teaching to fewer students

Colleges taught fewer students in 2023/24, but exceeded agreed targets and continued to support a high proportion of college leavers into positive destinations.

Colleges exceeded their credit target for 2023/24, but delivered fewer credits than in 2022/23

46. The SFC measures the volume of learning activity delivered by colleges using 'credits', with one credit typically equivalent to around 40 hours of learning. The SFC sets a price per credit that it pays to colleges for the delivery of teaching hours and uses credit delivery as a means of monitoring performance.

47. In May 2023, the SFC made changes to its funding approach to support colleges to meet their agreed objectives in the context of reductions in funding. The SFC:

- reduced the number of credits colleges were required to deliver by ten per cent and increased the credit price to ensure that total funding was unchanged from 2022–23
- allowed colleges to miss their credit target by up to two per cent without funding being recovered
- increased flexibility in how capital funding allocations could be used.

48. Colleges collectively delivered 1.565 million credits in 2023/24, exceeding the 1.553 million credit target set. But credit delivery in 2023/24 was almost ten per cent lower than the 1.731 million credits delivered in the previous year. The SFC attribute much of this decrease to updated guidance it issued to colleges, which led to fewer credits being claimed for each full-time student's learning. Despite the reduction, five colleges did not meet their credit target. Four of these were within the two per cent tolerance allowed by the SFC and funding was not recovered. West Highland College (now part of the merged UHI North, West and Hebrides) delivered 93 per cent of its credit target, but funding was not recovered because recovery is assessed at a regional level and the UHI colleges delivered 106 per cent of their combined target credits.

49. Colleges told us that a credit-based funding model is output driven. This means they must ensure they meet their credit target to avoid funding being recovered by the SFC. As the delivery cost of courses can vary significantly, colleges strike a balance between what may be in-demand but high-cost courses and those that they can afford to provide in order to maintain financial balance. This can lead to lower cost courses being offered to help ensure credit targets are met and to subsidise those that are more expensive for colleges to deliver.

50. New College Lanarkshire introduced a new Curriculum Delivery Planning model in 2022/23. This showed that courses that the college regarded as most efficient had an average class size of 27 and the least efficient an average below eight. The model estimated that the most efficient courses delivered an average of 625 credits per **full-time equivalent (FTE)** teaching staff member compared with just 179 credits per FTE teaching staff member for the least efficient. The college noted that the least efficient curriculum area is Supported Learning. While the college could achieve further efficiency savings by decreasing its offering in this area, the college believes that this would come at a significant social cost. There is a risk that the funding system distorts the courses that colleges provide. As colleges come under increasing financial pressure, some courses could become unaffordable, or colleges could prioritise the delivery of courses that are the most affordable or sustainable over those that meet local need.

Full-time equivalent is a way to measure how many full-time students or staff there are, even if some learners or staff members are only part-time.

Funding premiums were consolidated, and a transformation framework was launched in 2025/26

51. The funding changes implemented in 2023/24 (paragraph 47) have been retained. In addition, in 2025/26, the SFC made changes to its allocation model that were intended to improve transparency and funding comparability between learners on similar courses.

52. Prior to 2025/26, the teaching funding allocation model had developed from a core credit allocation plus separate **premium funding** (covering areas such as rurality, access and social inclusion) to a single allocation per college with the premiums embedded. From 2025/26, the SFC:

- calculated a core credit price for each college/region based on their actual split of activity across subject price groups
- grouped the colleges based primarily on size (in relation to student numbers) and taking into account geographical area
- removed the premiums from core funding and reallocated the associated funding resulting in a single premium rate applied to each group.

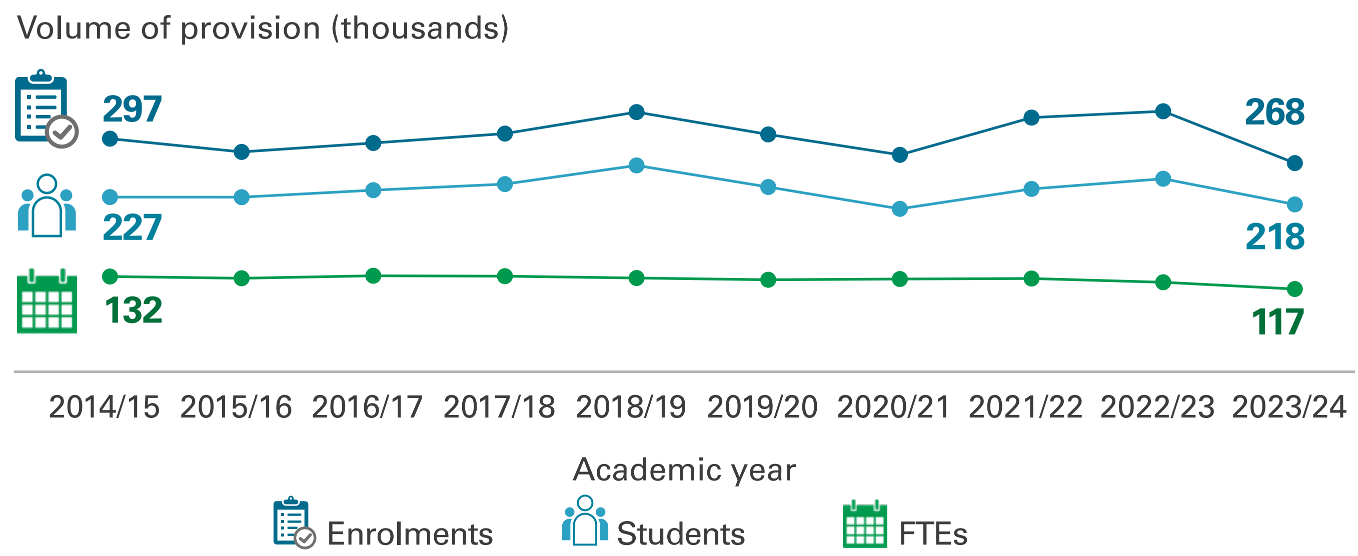
Premiums are additions to credit prices paid to colleges to support equity and inclusion of students, including those from deprived backgrounds. They also offset additional delivery costs for some courses.

53. In 2025/26, the SFC launched its College Transformation Framework. This aims to help colleges transition towards longer-term financial sustainability, within existing financial resources, by permitting colleges to under-achieve credits by up to ten per cent without penalty. This may create capacity for transformation but may also incentivise colleges to deliver fewer credits in order to invest in transformation and will likely be less suitable for colleges that already have unmet demand.

Over 30,000 fewer students were taught in 2023/24

54. College enrolments, student headcount and FTE student numbers all decreased in 2023/24; 30,762 fewer students attended college in 2023/24 than in 2022/23, a decrease of 12.4 per cent (Exhibit 3).

Exhibit 3.
Enrolments, headcount and FTEs 2014/15 to 2023/24 at Scotland's colleges



Source: SFC College Statistics 2023–24

55. Students can attend college on a full-time or part-time basis. The number of FTE students taught in 2023/24 was 116,602, a decrease of 8,052 (6.5 per cent) from the previous year and the fewest in the last ten academic years.

56. The number of students attending college fell in 2023/24, whether they were part-time, full-time or studying further or higher education courses. Part-time further education students saw the largest year-on-year decrease (11.9 per cent) following three years of increases. The SFC says that this reduction was to be expected and attributes reductions to reduced availability of funding, such as the Flexible Workforce Development Fund (FWDF).[7]

57. Fewer students are leaving college to take up a university place, employment, training or voluntary work. This is because of the lower overall numbers of students on college courses and an increasing number of school leavers now enrolling directly to a university rather than going to college first. The percentage of college leavers entering a positive destination increased from 86.0 per cent in 2021–22 to 86.7 per cent in 2022–23 (the latest year for which data is available). The remaining 13.3 per cent are categorised as unemployed or unavailable for work.

Enrolments: the number of registrations for courses at college. Some learners may sign up for more than one course.

Students: the number or headcount of students attending college.

Satisfaction rates among college students remain high, but data on the views of college staff is not collected at a national level

58. The 2023/24 SFC student satisfaction survey found that 92 per cent of students are satisfied with their college experience.[8] Satisfaction rates decreased slightly for part-time higher education students (-2.5 per cent), full-time higher education students (-0.9 per cent) and full-time further education students (-0.2 per cent). They increased for part-time further education students (+0.2 per cent).

59. Declines in satisfaction rates are small, suggesting that colleges largely continue to meet students' needs despite having to make savings. These figures only reflect the views of students currently enrolled. They do not capture the views of college applicants unable to access college or apprenticeship opportunities due to a reduction in courses offered.

60. Staff satisfaction is more difficult to assess at a national level. Currently, there is no standardised national survey for college staff. Individual colleges conduct their own surveys using different methodologies. The trade union, EIS-FELA, is developing a fair work toolkit that can be shared with colleges to be used by staff.

61. As colleges reduce the number of students they teach and the number of courses on offer, there is a risk that the longer-term impacts on students, staff, local employers, and on the wider economy are not fully captured and understood to enable the sector to respond appropriately.

Colleges supported fewer students from deprived backgrounds to access university in 2022/23

62. Colleges play an important role in supporting students to access university, despite more school leavers now enrolling to university directly. In 2022/23, the latest year for which data is available, 8,790 students (22.4 per cent) enrolling in a first degree university course had previously achieved an HNC or HND qualification at college. Around half (50.7 per cent) of college students entering university within three years of completing their college course progress directly into year two or three in recognition of their college qualification.

63. In 2016, the Scottish Government accepted a recommendation made by the Commission on Widening Access that by 2030, students from the 20 per cent most deprived backgrounds (SIMD20) should represent 20 per cent of entrants to higher education.[9] In 2022/23, just over a third (33.5 per cent) of Scottish domiciled full-time first degree entrants who entered via college were from SIMD20 areas. This highlights the important role of colleges in meeting this target. But this is the lowest contribution recorded by the SFC since 2015/16, with a high of 45.9 per cent reported in 2017/18. The SFC attributes this decrease to more school leavers from SIMD20 enrolling directly to university.

64. Colleges believe they are increasingly competing with universities for student enrolments. For example, Ayrshire College told us the number of higher education FTE students they have enrolled decreased by 19 per cent from 1,372 in 2022/23 to 1,113 in 2024/25. The college attributes this to students taking up places at university. Income to the college for teaching students decreased from £1.8 million to £1.5 million as a result.

65. Increasing competition from universities may, in part, explain the decrease in the proportion entering university via college routes noted above. Other external factors such as the cost-of-living crisis may also contribute to fewer SIMD20 college students moving on to university.

66. Colleges are concerned that as financial pressures on universities increase, competition for student enrolments will heighten. They must consider their role in the wider tertiary education sector and target what they can offer students accordingly.

Full-time 18–19-year-old students at college increased for the first time since 2016/17, but colleges are teaching fewer students in older age groups

67. In February 2025, the SFC reported an increase in the numbers of 18–19-year-olds attending college full-time in 2023/24.[10] From a high of 27,162 students by headcount in 2014/15, the numbers steadily declined to 20,234 in 2022/23 before rising to 21,291 in 2023/24.

68. Nineteen per cent of Scottish 18–19-year-olds participated in a full-time college course in 2023-24, up from 17.6 per cent in 2022–23.[11] This is due to an increase in the number of 18–19-year-olds in the student population and a decrease in the number of 18–19-year-olds in the general population.

69. Colleges are teaching fewer students in older age groups. Year-on-year comparisons are complicated by a change in methodology used by the SFC for 2023/24. But age group data for academic years 2019/20 to 2022/23, as published in SFC performance indicator reports, show that for courses of over 160 hours:

- 18–20-year-olds enrolling at college decreased by 4.7 per cent
- 21–24-year-olds enrolling at college decreased by 6.4 per cent
- 25–40-year-olds enrolling at college decreased by 10.9 per cent.

70. Colleges must align their provision with the changing demographic of their student population to meet the need of their students and support student retention. They should consider how they can attract more students that are seeking to skill or re-skill at a later age.

Course non-completion rates increased in 2023/24, and fewer full-time higher education students successfully completed their courses

71. In July 2025, the SFC published student outcomes data for academic year 2023/24.[12] The SFC reports student outcomes as ‘completed successful’, ‘partial success’ or ‘non-completion’. **Successful completion** rates improved for students on part-time courses but decreased for those on full-time courses. Around two-thirds (66.9 per cent) of students successfully completed full-time higher education courses in 2023/24, the lowest successful completion rate in the last five years. For comparison, over three-quarters (77.4 per cent) successfully completed their full-time higher education courses in 2019/20. We were told that colleges employed policies in this year to ensure students were not unfairly disadvantaged due to remote learning challenges, which may have led to higher successful completion rates for that year.

Successful completion requires course completion and gaining the target qualification while **partial success** applies to students who completed the course only.

72. Non-completion rates measure the proportion of students who withdrew from their course after a minimum of five weeks. They increased across all modes and levels of study. Students from more deprived communities (17.9 per cent), care experienced students (21.4 per cent) and those with a disability (17.8 per cent) were all more likely to drop out of a course than the general student population (14.6 per cent). Withdrawal rates measure the proportion of students leaving college within the first five weeks. Those for students from the ten per cent most deprived areas (5.9 per cent) and care experienced students (5.7 per cent) were higher than the 4.2 per cent reported for all enrolments (on courses lasting over 160 hours).

Colleges are taking action to reduce attrition rates, but funding for mental health support has been withdrawn

73. Colleges take steps to help students stay in college, including the use of systems to identify learners at risk of withdrawal and providing training to staff on mental health, first aid and trauma-informed response practice. All colleges have established designated quiet spaces to provide respite for learners. Support staff plan and deliver sessions for students on funding and finance, and how to access the range of supports available to them.

74. The Scottish Government provided £15.7 million of Programme for Government funding for colleges and universities between 2019/20 and 2022/23 to recruit 80 new mental health counsellors.[13] The number of college students accessing counselling during this time increased from 1,273 in 2018/19 to 2,786 in 2022/23. Average waiting times decreased from 21 days to 11.5 days over the same period.

75. When Programme for Government funding came to an end, a final £3.2 million of transition funding was provided for the academic year 2023/24. This was to provide financial support to colleges to transition from the previous arrangement to one that helps institutions diversify their support offering to students and explore delivery models that integrate with local services and meet students' needs. City of Glasgow College and West Lothian College told us that they have protected services as students are increasingly requesting mental health and other supports. This means colleges have to make savings from other services. UNISON Scotland told us that colleges are reviewing their mental health support staffing and the SFC has stated that the number of counsellors in the college sector is likely to decrease.[14]

76. The Scottish Government published its Student Mental Health Action Plan in 2024. The plan sets out five priority areas for action by stakeholders. It also outlines the framework for future action in this area, informed by Public Health Scotland's Three Levels of Prevention.[15] There is a risk that, as colleges make necessary savings, the provision of support services and support staff may decrease, placing delivery of the action plan at risk.

Colleges have a good understanding of the skills employers need, but withdrawal of key funding has contributed to colleges struggling to meet demand for apprenticeship places

77. The college sector has well-established links with local and national employers and industry representatives and use these to align college curricula with employers' skills needs. These include:

- forums such as Regional Economic Partnerships and regional skills groups
- regional investment groups and tertiary pathfinders
- colleges employing business engagement teams, curriculum managers and lecturers, who build relationships with local employers to identify skills gaps that curricula can address.

78. The Scottish Government say that some colleges are better than others at using conversations with employers and Regional Economic Partnerships to tailor courses to employer needs. Education Scotland's college sector overview report for 2023–24 noted that colleges proactively adjust their curriculum to align with the needs of both learners and employers.[16]

79. New College Lanarkshire expanded its undergraduate school in 2024 to deliver a further six undergraduate courses that are specifically aligned to local skills needs. City of Glasgow College has a business development team that works with faculties to ensure course provision meets employers needs and has a range of apprenticeship contracts supporting over 1,000 apprentices.

80. The Scottish Government's Flexible Workforce Development Fund (FWDF) was launched in 2017 and ran until 2023. The annual budget changed throughout its lifespan, but it provided no less than £10 million per annum to employers to procure workforce training and skills development.[17] Employers who paid the UK Government Apprenticeship Levy could apply for up to £15,000 to create bespoke and tailored training opportunities delivered predominantly by Scotland's college sector. From 2020, the programme eligibility changed, and small- and medium-sized enterprises could apply for up to £5,000.

81. Colleges welcomed the additional opportunities the FWDF presented to them to work with local employers and provide courses that would otherwise not be possible. Colleges told us that employers who benefitted from the FWDF scheme were increasingly open to working with the college again in the future but were less willing to do so once the FWDF was withdrawn.

82. The Scottish Government funded 25,365 modern apprentice places in 2023–24 and 25,507 in 2024/25, but demand exceeds funded placements.[18],[19] Learning providers requested around 34,000 places in 2024/25.[20] Colleges Scotland believe annual demand for apprenticeships from industry may be higher in future years. Demand is highest in sectors such as engineering, construction, digital, healthcare and renewable energies, such as off-shore and on-shore wind energy.[21]

83. Colleges believe that increased flexibility within the funding system, as recommended by the Skills Delivery Landscape Report (also known as the Withers Review) in 2023, would allow them to provide further education, higher education and apprenticeships to meet local demand and provide a skilled workforce that meets industry's needs and supports net-zero ambitions.

84. The college sector has raised concerns over the proportion of apprenticeship funding reaching colleges. In May 2025, the Scottish Parliament's Education, Children and Young People Committee heard that in some frameworks where colleges are sub-contracted to deliver training, only 40 per cent of Scottish Government funding reaches the college that delivers the training.[22] Skills Development Scotland (SDS) advised the Committee that funding retained by management agents was for qualification and certification, employer support and apprentice support costs.[23]

85. The Tertiary Education and Training (Funding and Governance) (Scotland) Bill proposes transferring responsibility for funding apprenticeships from SDS to the SFC. The Scottish Government believe the bill will simplify and strengthen the funding and governance system for post-school education and training.

The college sector must adapt to a changing landscape and plan for the future

86. The college sector is strongly linked to the wider tertiary education sector and public sector, the economy and to the communities it serves. All of these, and the financial position of colleges, are changing, and the college sector must adapt accordingly.

87. In June 2025, the Scottish Government published Scotland's Public Service Reform Strategy: Delivering for Scotland. It calls for public services to be efficient, fiscally sustainable, good quality and effective. It states that public service providers should collaborate, prioritise prevention and empower people and communities to shape services. Colleges must follow these principles.

88. Our report has shown that colleges are generally providing good-quality services and are effective at delivering for their current students. It is less clear that they are effective in meeting the needs of their communities and industry, as financial pressures restrict what colleges can offer.

89. For colleges to plan effectively they must consider the changing needs of their communities and industry. They must be aware of changing demographics and the changing skills needs of industry and consider what that means for the balance of teaching they provide. They must also consider the changing structure of the tertiary education sector and their role within that as universities adapt to changes in their own student profile.

90. For colleges to remain financially sustainable they must recognise how best they can meet the needs of their communities and industry within the finances available to them. They should plan for a range of medium-term funding scenarios and tailor their workforce and estates in a way that maximises their offering to students and is aligned with industry's skills needs and Scotland's economic objectives.

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Appendix 1

Scotland's colleges 2024 recommendations follow up

Recommendation	Progress
By the time it issues the 2025/26 Letter of Guidance to the Scottish Funding Council (SFC), the Scottish Government should set out the priorities that colleges are expected to deliver, so that the SFC and colleges can manage their funding to meet those priorities.	The SFC has developed a new Outcomes Framework and Assurance Model for 2025/26 setting expectations of colleges that align with the Scottish Government's Purposes and Principles for Post-School Education, Research and Skills. Views of the college sector on the need for further strategic direction are mixed. While some colleges are clear on their priorities, others felt the Scottish Government needs to be more transparent about what colleges should de-prioritise in light of real-terms funding cuts.
The Scottish Government should have early engagement with colleges and the SFC about these priorities so that they have as much time as possible to plan.	The Scottish Government, the SFC and Colleges Scotland consider funding, reform and strategic alignment through the Tripartite Alignment Group, established in 2023. The Scottish Government has offered further engagement with college principals, either individually or via Colleges Scotland.
The Scottish Government should increase the pace of reform that impacts on the college sector, by ensuring all groups involved are clear on what is expected of them and by when. By the end of 2024, the Scottish Government should set out detailed and timely milestones to deliver the programmes of work to reform the post-school skills sector.	Following the publication of the Skills Delivery Landscape Report in 2023, the Scottish Government introduced the Tertiary Education and Training (Funding and Governance) (Scotland) Bill in February 2025. This will consolidate funding provision through SFC and student support funding through SAAS. The Programme for Government 2025-26 includes a commitment to implement a new Scottish Government-led approach to national skills planning.

Cont.

Recommendation	Progress
The SFC, working with Colleges Scotland and colleges, should highlight good practice and share learning on how colleges are innovating and finding opportunities to do things differently to address the financial challenges. This should happen on an ongoing basis.	The SFC has shared a Working Together resource and released findings from the Regional Tertiary Pathfinders programme. College Development Network's STEP Programme, part of the SFC's new Tertiary Quality and Enhancement Framework (TQEF), has encouraged collaboration between tertiary education institutions, and the SFC plans to conduct thematic reviews as part of the Outcomes Framework and Assurance Model, with findings to be shared with the sector once the format is agreed.

Source: Accounts and AARs 2023/24

Appendix 2

Adjusted operating position and cash balances by college 2023/24

College	2023/24 Adjusted operating position		Compared to 2022/23	Cash balance at 31 July 2024 £m
	Total surplus or (deficit) £m	Surplus or deficit as % of income		
Ayrshire College	(0.336)	-0.6%	Better	11.048
Borders College	0.065	0.4%	Better	3.554
City of Glasgow College	0.130	0.1%	Better	12.363
Dumfries & Galloway College	0.007	0.0%	Same	1.120
Dundee & Angus College	1.869	3.8%	Better	6.777
Edinburgh College	(0.495)	-0.7%	Worse	4.185
Fife College	0.920	1.6%	Better	19.878
Forth Valley College	0.985	2.2%	Better	4.446
Glasgow Clyde College	0.192	0.4%	Better	11.617
Glasgow Kelvin College	0.199	0.6%	Better	3.493
UHI Inverness	(0.621)	-2.0%	Worse	8.619
UHI Moray	(1.050)	-6.9%	Worse	1.460
New College Lanarkshire	(0.243)	-0.4%	Better	1.726
North-East Scotland College	0.515	0.9%	Better	7.961
UHI Perth	(1.700)	6.5%	Worse	1.460
South Lanarkshire College	0.378	2.0%	Better	4.691
UHI North, West & Hebrides				
West College Scotland	0.100	0.2%	Worse	13.801
West Lothian College	(0.532)	-2.3%	Better	0.185

Notes:

1. To allow consistency, the figures used are for the college only and do not include balances related to group entities. This means figures may differ from SFC data or colleges' internal reporting.
2. Data does not include one college for which we did not have a completed set of accounts and AAR at the time of reporting: UHI North, West and Hebrides.

Source: Accounts and AARs 2023/24

Appendix 3

Severance numbers and cost by college 2023/24

College	FTE staff in July 2024	Difference in FTE July 2023 to July 2024	VS/CS take-up (staff) 2023/24	VS/CS cost 2023/24 £m
Ayrshire College	650	-17	20	0.638
Borders College	202	-13	5	0.076
City of Glasgow College	963	-164	73	1.569
Dumfries & Galloway College	191	-11	7	0.153
Dundee & Angus College	617	-16	10	0.231
Edinburgh College	907	-50	31	0.590
Fife College	801	-42	22	0.939
Forth Valley College	499	-57	22	0.640
Glasgow Clyde College	720	+11	47	1.024
Glasgow Kelvin College	389	-35	20	0.629
UHI Inverness	348	-2	0	0
UHI Moray	212	-27	0	0
New College Lanarkshire	706	-64	53	1.171
North-East Scotland College	484	-7	14	0.473
UHI Perth	343	-11	50	0.965
South Lanarkshire College	286	+1	0	0
UHI North, West & Hebrides				
West College Scotland	780	-12	21	0.387
West Lothian College	300	-1	10	0.201
Total	**9,398**	**-517**	**405**	**9.686**

Notes:
1. To allow consistency, the figures used are for the college only and do not include balances related to group entities. This means figures may differ from SFC data or colleges' internal reporting. Figures include direct employees as well as seconded and agency staff where applicable.
2. Data does not include one college for which we did not have a completed set of accounts and AAR at the time of reporting: UHI North, West and Hebrides.

Source: Accounts and AARs 2023/24

Briefing

Scotland's colleges 2025

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Glasgow Clyde College Audit Committee Schedule of Work 2025/26

Four meetings in each annual academic session

Note: College staff to update matters arising action grid as prepared by Board Clerk

17 September 2025
For Discussion / Decision
Systems of Internal Control
Internal Audit Reports • 2024/25 Follow Up Reviews • 2024/25 Progress Report
Internal Audit Plan for 2025/26 and beyond
Governance and Risk Management
International Audit Standards
College Strategic Risk Register
Data Protection Update
Annual Review of Policy 2.4 Anti Bribery Fraud and Corruption (Reviewed at Committee, Approved at Board)
Audit Committee Remit Update (as required)
Financial Reporting
External Auditor Update Verbal / Paper (Optional)
For Information/ Noting
Internal & External Audit Rolling Action Plan
External Audit Progress Report 2024/25
Updates from Scottish Funding Council
Diversity / Tenure
Audit Committee Schedule of Work

26 November 2025
For Discussion / Decision
Systems of Internal Control

Final Internal Audit Annual Report 2024/25
Financial Reporting
Draft Annual Financial Statements for year ending 31 July 2025
External Audit Annual Report for year ending 31 July 2025
External Auditor Update Verbal / Paper (Optional)
Key Accounting Judgements (incl report on going concern)
Student Activity Data Audit Annual Report 2024/25
Student Support Funds Audit Annual Report 2024/25
Governance and Risk Management
Draft Annual Report from Audit Committee to Board of Management • Producing an annual report for the Board of Management on compliance with the Code of Good Governance for Scotland's Colleges. • Review the Statement of Corporate Governance
College Strategic Risk Register & Risk Appetite Levels
Cyber Security Update
For Information/ Noting
Internal and External Audit Rolling Action Plan
Strathclyde Pension Fund Actuarial Valuation Report – Accounting Assumptions
National Fraud Initiative 2024/25 Exercise Report
Updates from SFC (if available)
Audit Scotland Report: Scotland's Colleges (Annual Report)
Diversity / Tenure
Audit Committee Schedule of Work

11 March 2026
For Discussion/ Decision
Systems of Internal Control
Internal Audit Reports as per Plan
Internal Audit 2025/26 Plan Progress
Governance and Risk Management

College Strategic Risk Register
Board Policy Risk Management Review (next review after 2026 is 2029)
Data Protection Update • Include Record of Processing Activity (RoPa) Accountability Framework
Financial Reporting
External Auditor Update Verbal / Paper (Optional)
Review External Auditor Annual Management Letter
For Information/Noting
College Assurance Framework Update
Internal & External Audit Rolling Action Plan
Audit Scotland Fees
Updates from SFC (if available)
Diversity / Tenure
Audit Committee Schedule of Work
Private meeting with internal and external auditors
27 May 2026 (Langside Campus)
For Discussion/Decision
Systems of Internal Control
Internal Audit Reports as per Plan
Internal Audit Plan 2025/26 Progress
Draft Internal Audit Plan for 2026/27
College Assurance Framework/Certificate of Assurance
Financial Reporting
External Audit Planning Memorandum for 2026/27
External Auditor Verbal / Paper (Optional)
Approval of Accounting Policies
Governance and Risk Management
College Strategic Risk Register
Climate Change Action Plan (F&R update report to Audit Committee)
Fraud Response Plan
Cyber Security Update
Annual Committee Effectiveness Evaluation (including GIAS)
For Information/Noting
Internal & External Audit Rolling Action Plan

Updates from SFC (if available)
Diversity / Tenure
Audit Committee Schedule of Work
Appointment of Internal Auditor
Appointment of Internal Auditor (If applicable) (Committee members and staff only)