BOARD OF MANAGEMENT
Audit and Risk Committee

Tuesday 2 June 2026 at 5.00pm **Room K-TO-624, Kingsway Campus** (MS Teams option available)

AGENDA

1.	**WELCOME**		
2.	**APOLOGIES**		
3.	**DECLARATIONS OF CONNECTION & INTEREST**		
4.	**MINUTE OF THE PREVIOUS MEETING**	Paper A for approval	
5.	**MATTERS ARISING**	Paper B for noting	
6.	**INTERNAL AUDIT**		
	6.1 Internal Audit Report: Budgetary Control	Paper C for approval	HL
	6.2 2025/26 Progress Report	Paper D for information	HL
	6.3 Follow Up Summary	Paper E for information	NA
7.	**SFC OUTCOME FRAMEWORK & ASSURANCE MONITORING (OFAM) SIGN-OFF SUMMARY**	Paper F for information	ST
8.	**STRATEGIC RISK REGISTER**		
	(i) Risk Register Update	Paper G for approval	ST
	(ii) Strategic Risk Register		
9.	**DATA REPORTING**	Verbal update	ST
10.	**EXTERNAL AUDIT – 2025/26 AUDIT PLAN**	Paper H for approval	MS

11. **DATE OF NEXT MEETING** – Tuesday 15 September 2026 at 5.00pm in Room K-TO-624, Kingsway Campus.

Agenda Item 4.0

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 2 June 2026

MINUTE OF THE PREVIOUS MEETING — PAPER A

BOARD OF MANAGEMENT

Audit and Risk Committee

Tuesday 3 March 2026 at 5pm in room K-TO-624 and via MS Teams

Minute of the Audit & Risk Committee meeting held on Tuesday 3 March 2026 at 5pm in Room K-TO-624 Kingsway Campus and via Microsoft Teams.

PRESENT: Helen Honeyman (Chair Audit), Ronnie Donegan, Brian Mooney, Kelly McIntosh, Richard Gordon, Carri Cussick, Jenna Lawrence

IN ATTENDANCE: S McNaught (Henderson Loggie), Michael Speight (Forvis Mazars), David Robertson (HEFESTIS), Steve Taylor (Vice Principal Support and Organisation), Andy Ross (Director of Infrastructure), Nicky Anderson (Director of Finance), Megan MacQueen (Executive Coordinator), Holly Farningham (Finance Manager)

1. WELCOME

H Honeyman welcomed members of the Audit & Risk Committee and R Donegan to her first Audit and Risk committee.

2. APOLOGIES

Apologies were noted from D Smith and D Archibald

3. DECLARATIONS OF INTEREST OR CONNECTION

No declarations of interest or connection were noted.

4. MINUTE OF THE PREVIOUS MEETING

The minutes of the Audit & Risk Committee and Joint Audit & Risk and Finance & Infrastructure meetings held on 2 December 2025 were approved as an accurate record.

5. MATTERS ARISING

One matter arising was still to be progressed as part of a future Chairs Committee meeting with the date to be confirmed.

6. HEFESTIS CYBER SECURITY & MATURITY REPORT

D Robertson joined the audit and risk committee from HEFESTIS and delivered an overview of the College's cyber security maturity review. The College achieved an overall rating of 95.5%, reflecting strong cyber resilience. AI-related risks are not yet covered in the formal report due to the evolving nature of the technology, but the recommendation is to treat AI systems with the same governance and security controls applied to any other software.

Several attempted attacks during the previous year were successfully blocked through staff vigilance and system safeguards. The College's risk posture is considered stable and well within acceptable tolerance.

Committee members discussed AI governance, software visibility across the organisation, and web application vulnerabilities. R. Gordon also reported the recent phishing exercise conducted across staff and students, with positive engagement noted.

The Committee agreed that AI presents opportunities for efficiency savings, and C. Cussick offered support drawing on experience with Scottish Enterprise. Training on responsible AI use was noted as a priority.

H. Honeyman thanked D. Robertson for the detailed and informative report.

7. INTERNAL AUDIT

7.1 DIGITAL STRATEGY AUDIT REPORT

S McNaught summarised his report, highlighting the scope and areas of strength and weaknesses. delivered the report. C Cussick praised the report and noted the recommendations seem sensible. H Honeyman asked if the implementation roadmap would be extended longer than a year. A Ross confirmed that the recommendations had been accepted and work was progressing on a 3-year roadmap and investment plan that would align with the Finance Strategy.

The report was approved.

7.2 2025/26 PROGRESS REPORT

S. McNaught confirmed that audit work is progressing as scheduled.

7.3 FOLLOW UP SUMMARY

S. Taylor reported that all follow-up actions were up to date. Henderson Loggie will undertake their annual summer review. The Committee noted the positive position.

H Honeyman thanked S McNaught for the updated reports, presented to the Committee.

8. D&A RESPONSE TO SFC GOOD GOVERNANCE REPORT

S Taylor summarised the College's response to the SFC Good Governance Review, undertaken following issues raised in Parliament, regarding Dundee University.

S Taylor noted that following on from the College's own evaluation based on the available information in respect of the university it had then looked at the Gillies Report checklist and the SFC governance expectations document. All of these had now been pulled together into a single document and the various action points RAG rated in respect of progress. This provided a single document for all of these points and steps.

S Taylor noted that the Financial Strategy, originally planned for December, has moved to March and would come to the Board meeting for final approval.

R Donegan looked at issues with international students and asked, with conflict happening in the middle east, if this was a growing risk. S Taylor noted that the number of international students was very low (c.15 students) and very few of these actually travelled specifically to study at the College. Given this, the financial risk was minimal.
There were, however, needs that were being supported for students with families in the areas

impacted by the war.

B Mooney asked how much longer it will take for the Board Secretary role to be appointed. S Taylor advised that he was not directly involved as this was sitting with the Board Chair , but that he knew that arrangements were being discussed.

S Taylor advised that the report would go to the Board meeting for discussion, with any update to be noted from a meeting with SFC on 12 March 2026.

The Committee welcomed the report and clear progress against the action points.

9. STRATEGIC RISK REGISTER

S. Taylor presented the Strategic Risk Register, confirming no changes to risk scoring were proposed. Financial sustainability remains a key risk, with the 2025/26 forecast out-turn improving from -£2.5m to -£800k, largely due to staff reductions and course changes.

The RAAC risk remains unchanged and is reviewed quarterly, with the issues and impacts of this shared regularly with SFC.

The credit risk remain low, with overall student activity levels expected to remain within the 2% tolerance threshold.

Committee members discussed whether an AI related risk should be adopted at a strategic level and noted the pros and cons of this. This would be reviewed by the Senior Leadership Team and reported back at the next meeting. **S Taylor to progress.**

H Honeyman thanked S Taylor for the update and confirmed approval of the Strategic Risk Register.

10. DATA REPORTING

S Taylor noted there had been no reportable data breaches.

11. EXTERNAL AUDIT

M. Speight (Mazars) delivered a verbal update recognising the progress made on audit arrangements between 2024 and 2025. Mazars will host a Public Sector Forum on 26 March in Glasgow, and Audit & Risk Committee members are invited to attend.

H. Honeyman thanked M Speight for his update and commended N. Anderson for achieving a 40% reduction in audit completion time.

12. DATE OF NEXT MEETING

Tuesday 2 June 2026 at 5.00pm in room K-TO-624, Kingsway Campus.

Action Point Summary

Action	Responsibility	Date
Potential Strategic AI Risk to be considered by SLT and reported back .	S Taylor	2 June 2026

Agenda Item 5.0

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 2 June 2026

MATTERS ARISING PAPER B

BOARD OF MANAGEMENT
Audit & Risk Committee
Tuesday 2 June 2026

Matters Arising

Paper B for information

The following actions were noted from the Tuesday 3 March 2026 Audit & Risk Committee meeting.

Agenda Item No	Action	Current status	Open / Closed
9.0	Potential Strategic AI Risk to be considered by SLT and reported back **S Taylor**	On agenda	Closed

The following actions were noted from the Tuesday 2 December 2026 Audit & Risk Committee meeting.

Agenda Item No	Action	Current status	Open / Closed
9.0	Chairs Committee to consider potential risk on governance practice / failures **S Taylor**	Awaiting Chairs Committee meeting	Open

Author & Executive Sponsor: Steven Taylor, Vice Principal Support Services and Operations

Agenda Item 6.1

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 2 June 2026

INTERNAL AUDIT

6.1 – INTERNAL AUDIT REPORT: BUDGETARY CONTROL

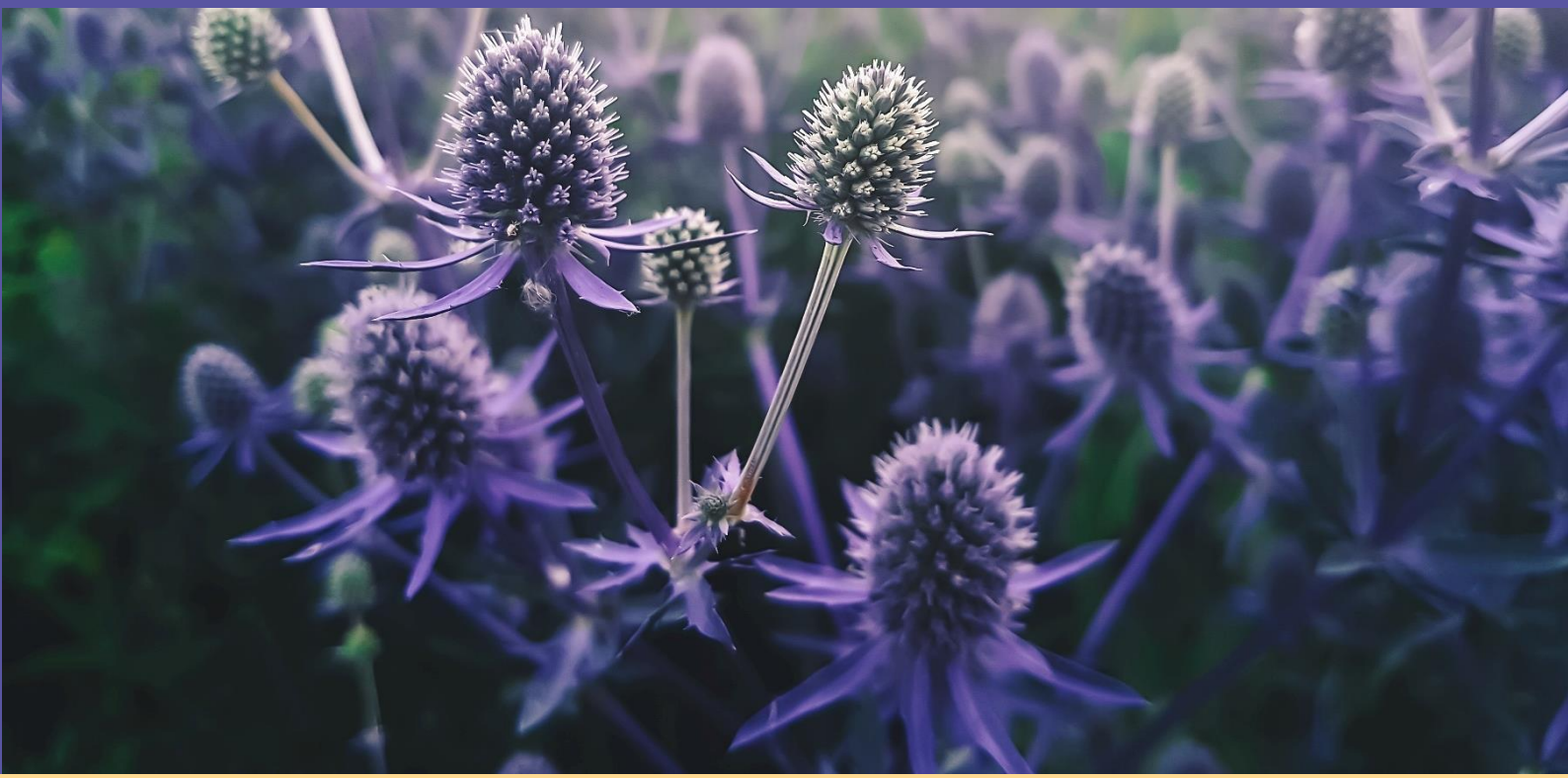
PAPER C

LEVEL OF ASSURANCE
Good

Dundee and Angus College

Budgetary Control

Internal Audit report No:	**2026/03**
Draft issued:	**22 May 2026**
Final issued:	**26 May 2026**



Henderson Loggie

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Level of Assurance

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

Gradings are defined as follows:

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

Action Grades

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

Management Summary

Overall Level of Assurance

Good	System meets control objectives.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Dundee and Angus College ('the College') Risk Register as at March 2026:

- Risk 2.1: Change in funding body and/or funding methodology and allocation – reduction or restriction in funding. (Residual Risk Score: 8, Significant);
- Risk 2.2: Failure to achieve institutional sustainability Residual Risk Score: 16, Major).

Background

As part of the Internal Audit programme at the College for 2025/26, we carried out a review of the systems in place for Budgetary Control. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Audit and Risk Committee and management that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

In common with all other Scottish Colleges, Dundee and Angus College has faced unprecedented financial challenges in recent years. These challenges have largely arisen due to flat cash settlements from the Scottish Funding Council (SFC), coupled with additional cost pressures which have not been fully funded. Although the SFC have encouraged Colleges to reduce their dependency on grant funding, it is our view that even the most innovative and enterprising Colleges could not generate sufficient surplus from their commercial operations to fill the financial gap created by the funding settlements announced year on year. This has resulted in the need for the delivery of significant cash releasing savings. Given the proportion of the College's revenue budget which relates to staffing costs, this has resulted in unavoidable reduction in headcount for both academic and support staff across the College in recent years in order to manage the College's financial position, and avoid the scenario which many other Scottish Colleges have found themselves in, whereby they have required liquidity support from the SFC.

Although the College Indicative Funding Allocations for accounting year (AY) 2026/27, which was issued by the SFC on 25 March 2026, did provide some additional funding for Scottish Colleges there continues to be a lack of clarity in Colleges around future funding, which clearly hampers efforts to develop a realistic and coherent financial plan beyond 2026/27.

In addition, the Finance function within the College has seen significant change in the last few years, with the appointment of a new Director of Finance and the departure of the long-standing Head of Finance. The Head of finance previously took the lead on the preparation of the budget and annual account under the stewardship of the previous Vice Principal Corporate Services, prior to the appointment of the current Director of Finance.

Background (Continued)

In their report on the 2024/25 financial statements, the College's appointed external auditors included the following finding:

"We are aware that the overall College Sector in Scotland is having to respond to the financial pressures of inflating costs in a period when core grant income is flat. The College has prepared a three year Financial Forecast Return (FFR) to the SFC, which shows positive projected cash balance to 2027, which turns negative during 2026/27. Through the June 2025 FFR process and other financial reporting throughout the year, the College and its Board have a clear view of the financial challenges and long-term risks faced. FFR planning assumptions, as advised by the SFC, have been considered fully before use. Looking ahead to the upcoming years, Management and the Board are fully committed to exploring all efficiency saving possibilities, new sources of commercial income and other cost saving measures such as voluntary severance. However, until such time as either additional funding is made available or the College is able to identify and implement additional cost efficiencies, we therefore consider there to be concerns over the financial sustainability of the College. We note that this conclusion is consistent with the findings of the sector-wide outlook set out in the 'Scotland's Colleges 2025' briefing and in the 'Financial Sustainability of Colleges in Scotland 2020-21 to 2025-26' issued by Audit Scotland and SFC".

Therefore, it is against this backdrop that our review has been conducted.

Scope, Objectives and Overall Findings

This audit reviewed the College's financial planning and budgetary control practices and protocols, to consider whether these were 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 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:	**Level of Assurance**	**1**	**2**	**3**
		No. of Agreed Actions		
1. The College has developed a long-term financial strategy, which includes long-term financial forecasts.	**Good**	0	0	0
2. Assumptions used in the financial forecasting returns submitted to the SFC are robust, realistic and are applied consistently. Any departure from the SFC guidance on common sector assumptions is justified to the Board and the SFC.	**Good**	0	0	0
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**	0	0	0
4. Information is available to management in academic and support functions which is up-to-date and in a format that can be easily understood by budget holders with the necessary skills for managing budgets.	**Good**	0	0	2
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**	0	0	0
Overall Level of Assurance	**Good**	**0**	**0**	**2**
		System meets control objectives .		

Audit Approach

Through discussions with the Director of Finance, the Finance Manager, the Director of Curriculum and Partnerships, the Director of Infrastructure and the Chair of the Finance and Infrastructure Committee, and review of financial plans, forecasts and reports, we mapped out current working practices in financial planning and budget monitoring. In addition, through discussion with the Director of Curriculum and Partnerships and the Director of Infrastructure we determined the information and training provided to budget holders.

The processes deployed to prepare financial reports for senior management, the Board, and the SFC was also determined through discussion with Finance staff and review of supporting working papers.

We also established and reviewed the budget monitoring information provided to the College's Senior Leadership Team and to the Board.

Summary of Main Findings

Strengths

- An update report on the 2025/26 Budget and Indicative Budgets for 2026/27 and 2027/28 was presented to the 2 December 2025 meeting of the Finance and Infrastructure Committee (and subsequently to the Board of Management meeting on 9 December 2025). This report to the Finance and Infrastructure Committee also highlighted the progress which had been made in developing a Financial Sustainability Plan.
- It is clear that following the discussions at the 9 September 2025 meeting of the Finance and Infrastructure Committee, that the Senior Leadership Team have made a concerted effort to identify in-year cash releasing savings, following consultation with trade unions and the wider staffing complement, in order to deliver a managed deficit position in 2025/26, 2026/27 and 2027/28.
- The medium-term financial forecast return (FFR) for the period 2024/25 to 2026/27 was submitted to the SFC in advance of the 30 June 2025 submission deadline. The report which accompanied the FFR also set out a number of assumptions around staff and no-staff costs and also described a number of "contingency planning" statements which clearly describe the diminishing range of levers which are available to the College to manage the financial position.
- The Financial Strategy 2026 – 2030 clearly sets out a range of assumptions for both income and expenditure, to ensure that there is absolute transparency regarding the assumptions underpinning the figures in the strategy.
- We received a copy of the budget timetable, which clearly sets out the milestones in creating this budget. This includes milestones which will be completed by the Finance department and also milestones which must be adhered to by budget holders.
- It was evident from our review of the papers which accompanied the draft 2025/26 that the budget has been aligned with the priorities set out in the College Strategy 2030. The Financial Strategy 2026 to 2030 also demonstrates clear alignment with the College's strategic priorities, as well as national priorities.
- Our discussions with budget holders confirmed that the budget process is now much more inclusive and required further greater engagement than in previous years. This has involved discussion around the "core" budget requirements, any enhancements required (for investment in equipment or in developing new delivery) and also around any savings which require to be delivered.
- Budget holders praised the quality and the timing of distribution of monthly monitoring reports. They also highlighted the enhanced access to Finance staff to conduct ad-hoc financial analysis to support budget holders in making decisions.
- We were advised that a scenario planning exercise has been completed, which sets out the financial position for the next 11 years. This document has been shared with both the Executive Team and the Senior Leadership Team (SLT) to ensure buy-in and to raise awareness of the scale of the financial challenges still facing the College (and the wider FE sector in Scotland).
- regular meetings are held with the Director of Finance in advance of each meeting of the committee, which provide the opportunity to highlight areas where further detail or clarification is required, or to highlight areas where further work is required. these meetings were described as collaborative and extremely useful.

Summary of Main Findings (Continued)

Opportunities for Enhancement

- During our discussions with budget holders it was identified that although the interaction between budget holders and the Finance department has improved significantly in recent years, there is perceived inconsistency in the way in which Finance staff interact with budget holders around the monthly discussions on the management accounts. As a result, it is proposed that a standard agenda is developed for these meeting and a template introduced to improve consistency and to drive accountability in delivering on actions agreed in the monthly meetings.
- It was highlighted by the Chair of the Finance and Infrastructure Committee that the frequency of meetings means that quarterly reports are produced, and a lot can happen in three months. Therefore, it was suggested that the monthly management accounts could be distributed offline once they were available, to the members of the Finance and Infrastructure Committee, without the need for any supporting report or narrative, which would create additional work for Finance. This could also act as a progress update on the delivery of planned savings.

Acknowledgments

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

Main Findings and Action Plan

Objective 1 - The College has developed a long-term financial strategy, which includes long-term financial forecasts.

An update report on the 2025/26 Budget and Indicative Budgets for 2026/27 and 2027/28 was presented to the 2 December 2025 meeting of the Finance and Infrastructure Committee (and subsequently to the Board of Management meeting on 9 December 2025), which highlighted that:

"*At its meeting on 9 September 2025 the Finance and Infrastructure Committee considered the 2025/26 budget. This was considered for approval by the Board on 30th September 2025, when B Lawrie [Chair of the Finance and Infrastructure Committee] expressed concern at a personal and professional level in terms of approving a deficit budget. He accepted and acknowledged the detail provided as the base position and recommended approval of necessary actions to bring the budget into balance as soon as feasible, acknowledging that the full level of savings may not be achieved within the 2025/26 financial year. The Board recognised this and approved the 2025/26 budget process as outlined, which would deliver financial sustainability within the three-year budget period. This report updates the Committee on the action taken to date to balance the budget within the three-year period to 2027/28 and the current budget position*".

This report to the Finance and Infrastructure Committee also highlighted the progress which had been made in developing a Financial Sustainability Plan, and advised the committee that "*The College is required to make savings of at least £2.5m in 2025/26. At the time of writing this report, (after consultation 1, but before final decisions from consultation 2 have been made), savings of c£1.3m have been identified. This is expected to reduce the 2026/27 deficit to £4.4m and 2027/28 deficit to £4.0m*". Therefore, it is clear that following the discussions at the 9 September 2025 meeting of the Finance and Infrastructure Committee, the Senior Leadership Team have made a concerted effort to identify in-year cash releasing savings, following consultation with trade unions and the wider staffing complement, in order to deliver a managed deficit position in 2025/26, 2026/27 and 2027/28. This work underpins the Financial Strategy 2026 to 2030, which was presented for our review

The Financial Strategy 2026 to 2030 was drafted in February 2026 and sets out clearly the purpose and objectives as follows:

- To ensure financial stability (a condition of the College's funding);
- To provide a framework to prioritise and manage resources by monitoring multi-year financial plans;
- To maintain strong governance and financial accountability;
- To quantify future needs and wants, using strategic scenario planning;
- To identify and mitigate known or emerging risks; and
- To align the strategy with Scottish Government national objectives, the College's Strategy 2030 and other college strategies.

The Financial Strategy 2026 to 2030 set out the financial landscape which the College is operating within, as referred to above within the Background section. This confirmed that funding for Scottish Colleges has reduced by 2025 in real terms between 2021/22 and 2025/26. This document has been submitted to both the Finance and Infrastructure Committee and the Board for scrutiny and approval.

Budgetary Control

Objective 2 - Assumptions used in the financial forecasting returns submitted to the SFC are robust, realistic and are applied consistently. Any departure from the SFC guidance on common sector assumptions is justified to the Board and the SFC.

Following a twice annual 'call for information' from the SFC to colleges, the College produces a detailed Financial Forecast Return (FFR). The FFR is a medium-term financial forecast and this supports the SFC's financial health monitoring and must demonstrate that the College remain financially sustainable and viable. All colleges must submit a FFR to the SFC, and the SFC issues detailed Excel workbooks that include locked formulae and the requirement to provide commentary should defined tolerances be exceeded. Where a deficit is forecast in any year, institutions must work towards bringing income and expenditure back into balance over the forecast period. SFC consider the adjusted operating position and the cash generating capacity of institutions when monitoring financial health.

We noted that the Mid-Year Return, submitted in March 2025, which was on the College's budget monitoring projections at February 2025. This Mid-Year Return predicted an Adjusted Operating Result of £24k surplus. The return set out the significant positive movement from the revised operating budget of £1,117k deficit.

It was identified from our review of the papers submitted to the Finance and Infrastructure Committee meeting on 9 September 2025, that the medium-term financial forecast return (FFR) for the period 2024/25 to 2026/27 was submitted to the SFC in advance of the 30 June 2025 submission deadline. The covering report, which accompanied the FFR stated that "*To meet the SFC's deadline for submitting the FFR, our Board Chair along with our Finance and Infrastructure Committee Chair (Brian Lawrie) reviewed and approved the FFR on behalf of the Committee in June 2025. The Finance and Infrastructure Committee is asked to confirm retrospective approval of the Financial Forecast Return (Appendix A) for submission to the Scottish Funding Council*. This report also set out a number of assumptions around staff and no-staff costs and also described a number of "contingency planning" statements which clearly describe the diminishing range of levers which are available to the College to manage the financial position. These include clear information around the future challenges of developing and delivering commercial income streams, the viability of delivering further savings through voluntary severance, and limitations on the assistance available from the Arm's Length Foundation.

The Financial Strategy 2026 – 2030 clearly sets out a range of assumptions for both income and expenditure, to ensure that there is absolute transparency regarding the assumptions underpinning the figures in the strategy. This is critical in allowing effective monitoring of any movements in these underlying assumptions going forward. This is explored further under Objective 4 below.

Objective 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.

As part of our fieldwork we received a copy of the budget timetable, which clearly sets out the milestones in creating this budget. This includes milestones which will be completed by the Finance department and also milestones which must be adhered to by budget holders.

We were advised that the approach taken in previous years was for Finance to develop a high level budget, based on the budget for the previous year. In reality this meant taking the Quarter 3 forecast and applying an uplift to arrive at the budget for the following year. It was evident from our review of the papers which accompanied the draft 2025/26 that the budget has been aligned with the priorities set out in the College Strategy 2030. The Financial Strategy 2026 to 2030 also demonstrates clear alignment with the College's strategic priorities, as well as national priorities.

However, the approach taken now means that there is a separate operating budget, which is subdivided into grant funded expenditure, project expenditure and capital spend. Our discussions with budget holders confirmed that the budget process is now much more inclusive and required further greater engagement than in previous years. This has involved discussion around the "core" budget requirements, any enhancements required (for investment in equipment or in developing new delivery) and also around any savings which require to be delivered. This has meant that budget holders have had much more involvement in going through the budget line by line, and therefore have much greater ownership of the final budget. We were advised that this has included detailed discussion around alignment with curriculum delivery/timetabling to ensure that there is absolute clarity around variable staff cover.

In terms of in-year revisions to spending plan or income targets, a Quarter 1 review of staff utilisation is conducted in September each year to examine delivery versus hours used. This allows any variation between budgeted staff provision and actual staff usage to be identified. This continues to be tracked through the monthly monitoring reports in Quarters 2 and 3, so that the budget can be revised to align with actual staffing requirements. It was also evident from our discussion with the Director of Infrastructure that flexibility is built into the budget around investment in technology for example. The data gathered on laptop usage for example, means that the purchase of new laptops can be deferred if need be, and laptops reallocated from high usage areas to low usage areas, should the financial circumstances dictate the need for a change in the timing of phased investment.

Therefore, based on the evidence presented around the budget setting process, and our subsequent discussions with budget holders, we are comfortable that the budget process is suitably aligned with the financial regulations and is linked to corporate and operational planning processes. In particular, we were reassured by the discussion with budget holders which confirmed alignment with operational planning in terms of curriculum delivery, as well as delivery of the digital strategy and the estates strategy. We also noted the all staff briefings delivered by the Principal, which set out clear the national context and the impact on service delivery in the College, in a way which was both realistic and pragmatic.

Objective 4 - Information is available to management in academic and support functions which is up-to-date and in a format that can be easily understood by budget holders with the necessary skills for managing budgets.

Budget holders praised the quality and the timing of distribution of monthly monitoring reports. Budget holders confirmed that they had received clear instructions in terms of their responsibilities for managing their own budgets. They also highlighted the enhanced access to Finance staff to conduct ad-hoc financial analysis to support budget holders in making decisions.

Observation	Risk	Recommendation	Management Response	
During our discussions with budget holders it was identified that although the interaction between budget holders and the Finance department has improved significantly in recent years, there is still inconsistency in the way in which Finance staff interact with budget holders around the monthly discussions on the management accounts. As a result, it is proposed that a standard agenda is developed for these meeting and a template introduced to improve consistency and to drive accountability in delivering on actions agreed in the monthly meetings.	There may be inconsistency in the level of support provided to budget holders in managing their budgets.	**R1** It is proposed that a standard agenda is developed for the monthly meetings between Finance business partners and budget holders and a template is introduced to capture any actions agreed at these meetings. This should improve consistency and drive accountability in delivering on actions agreed in the monthly meetings.	This recommendation is accepted. We have developed a standard budget monitoring meeting agenda and this will be used in budget monitoring meetings with immediate effect. **To be actioned by:** Director of Finance **No later than:** 30 June 2026	
			Grade	**3**

Objective 4 - Information is available to management in academic and support functions which is up-to-date and in a format that can be easily understood by budget holders with the necessary skills for managing budgets. (Continued)

Observation	Risk	Recommendation	Management Response
Given the challenging financial position of the College, it was highlighted by the Chair of the Finance and Infrastructure Committee that the frequency of meetings means that quarterly reports are produced, and a lot can happen in three months. Therefore, it was suggested that the monthly management accounts could be distributed offline once they were available, to the members of the Finance and Infrastructure Committee, without the need for any supporting report or narrative, which would create additional work for Finance. This could also act as a progress update on the delivery of planned savings.	Without regular monthly reporting, members of the Finance and Infrastructure Committee may not be sighted on emerging financial issues in between scheduled meetings of the committee.	**R2** Consideration should be given to the distribution of monthly management accounts to members of the Finance and Infrastructure Committee, in the intervening months between formal reporting to the Committee.	This recommendation is accepted. The Chair of Finance and Infrastructure Committee is keen to receive a short summary of the overall financial position each month, rather than the full SLT budget monitoring report. The DoF will liaise with the Chair to agree the content of the summary report. **To be actioned by:** Director of Finance **No later than:** 30 June 2026
			Grade **3**

Objective 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.

The Executive Team regularly review the College financial position and triangulate this position with the underlying student data. It was evident from our discussions with the Director of Finance and the budget holders that there is a clear understanding within the Executive Team of the College financial position and a depth of understanding regarding the impact which any savings delivery will have on the delivery of both academic and non-academic services. In particular, we noted the combined experience of the Principal, the Vice Principal Curriculum and Partnerships and the Vice Principal Support Services and Operations in understanding the cost base of the College and the way the funding model operates. This means that there has been detailed analysis of the curriculum offering to understand the cost of delivery versus the income which will be received and a detailed understanding of the strategic need for support services.

We were advised that a scenario planning exercise has been completed, which sets out the financial position for the next 11 years. This document has been shared with both the Executive Team and the Senior Leadership Team (SLT) to ensure buy-in and to raise awareness of the scale of the financial challenges still facing the College (and the wider FE sector in Scotland).

It was evident from our review of the papers presented to the Finance and Infrastructure Committee and the Board of Management that there is regular reporting on the overall position of the College with clear explanation provided on new or emerging issues which may be contributing to higher operating costs or may reduce anticipated income. In particular we noted the focus on explaining the position around both revenue and capital budgets. Given the ongoing national discussions with SFC around potential tightening of restrictions on the use of capital maintenance allocations (under the Capital Departmental Expenditure Limit – or CDEL) to fund day-to-day running costs and staff salaries under the Resource Departmental Expenditure Limit - or RDEL), it is vital that senior management and Boards have a clear understanding of the ways in which these funds can be deployed, recognising that a certain extent the College is current revenue "poor" and capital "rich". Therefore, any move to reduce the ability to spend capital funding will inevitably create further pressure on the revenue position.

The update report on the 2025/26 Budget and Indicative Budgets for 2026/27 and 2027/28 was presented to the 2 December 2025 meeting of the Finance and Infrastructure Committee (and subsequently to the Board of Management meeting on 9 December 2025) stated that "*We expect our opening 2025/26 cash position of £4.1m to fall to c£1.6m at the end of this financial year. If no action were to be taken (i.e. savings in 2025/26 and 2026/27) it is forecast that the College would run out of cash in Spring 2027. Cash, free of restrictions, could fall as low as £70k during this period, which continues to represent a significant risk. The SFC are aware of our cash forecasts and we are in discussion with them about how we can mitigate this risk*". This report, and our discussions with the Director of Finance, demonstrates that there is close scrutiny of the College's cash position and we would commend the College for their early engagement with SFC, recognising that there is the potential for a future requirement for liquidity funding.

Our discussions with the Chair of the Finance and Infrastructure Committee confirmed that although there are no specific concerns regarding the content or accuracy of the financial reporting, there is robust challenge of the financial reports submitted. This is demonstrated by our review of Committee papers which demonstrates that where further clarification is required then this is sought and provided. We were also advised by the Chair of the Finance and Infrastructure Committee that regular meetings are held with the Director of Finance in advance of each meeting of the committee, which provide the opportunity to highlight areas where further detail or clarification is required, or to highlight areas where further work is required. these meetings were described as collaborative and extremely useful. From our perspective the positive assurances provided by the Chair of the Finance and Infrastructure Committee carry significant weight, given his extensive experience as both a Finance Director and a Board Member.

Henderson Loggie

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Agenda Item 6.2

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 2 June 2026

INTERNAL AUDIT

6.2 – 2025/26 PROGRESS REPORT

PAPER D

Dundee & Angus College

Internal Audit Progress Report

Audit & Risk Committee – 2 June 2026

Issued: 26 May 2026



Henderson Loggie

Internal Audit Progress Report
May 2026

Progress with the annual plan for 2025/26 is shown below.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit Committee	Comments
Annual Plan 2025/26	September 2025	Draft: 03/08/25 2nd Draft: 15/08/25 Final: 16/09/25	2026/01	N/A	16/09/25	
Budgetary Control	June 2026	Draft: 22/05/26 Final: 26/05/26	2026/03	**Good**	02/06/26	
Procurement and Creditors / Purchasing – Sustainable Procurement	September 2026					Fieldwork due to commence on 01/06/26
Digital Strategy Implementation	March 2026	Draft: 04/02/25 2nd Draft: 20/04/26 Final: 24/02/26	2026/02	**Satisfactory**	03/03/26	The audit reviewed the processes for the development of the new strategy and reviewed and assessed progress and outcomes relative to the strategy in place up to 2025.
Credits	December 2026					Fieldwork due to commence on 17/08/26

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit Committee	Comments
Student Support Funds	December 2026					Fieldwork due to commence on 10/08/26
Follow Up Reviews	September 2026					Fieldwork due to commence on 06/07/26

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.

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Agenda Item 6.3

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 2 June 2026

INTERNAL AUDIT

6.3 – FOLLOW UP SUMMARY

PAPER E

BOARD OF MANAGEMENT

Audit & Risk Committee
Tuesday 2 June 2026

Audit Recommendations Follow-up Summary

Paper for information

1. Introduction

This report provides an update on outstanding internal and external audit recommendations. These include a combination of actions:

- that are not yet due to be completed or;
- where the originally anticipated deadline has passed or;
- that are partially completed.

2. Recommendations

Members are asked to note the progress below and are asked to approve the revised implementation deadlines detailed in section 5 of this report.

3. Background

The following provides a summary of current progress in respect of audit recommendations up to 22 May 2026.

Audit Area	Rec. priority	Considered, but not agreed	Number agreed	Number fully implemented/ complete	Number partially implemented	Behind original implementation date	On target
2024/25 Student Activity	1	-	1	1	-	-	-
Digital Strategy Implementation	2	-	2		-	-	2
Total		**0**	**3**	**1**	**0**	**0**	**2**

The recommendation priorities are detailed below. They denote the level of importance that should be given to each recommendation within the audit reports.

Priority 1	Material risk, requires attention of management and the Audit and Risk Committee
Priority 2	Significant risk, should be addressed by management
Priority 3	Minor risk or enhancement to efficiency and effectiveness

4. Progress to 22 May 2026

All outstanding recommendations are now fully implemented and were reported at the February 2026 meeting.

5. Link to Strategic Risk Register

Consideration of the outstanding actions is intended to provide Members with reassurance that actions for improvement are being progressed and addressed.

Progressing these Internal Audit and other outstanding actions will support the mitigation of the relevant risks identified within the Strategic Risk Register.

Authors: Steve Taylor, Vice Principal Support Services and Operations &
Nicky Anderson, Director of Finance
Executive Sponsor: Steve Taylor, Vice Principal Support Services and Operations

Appendix A

Outstanding Recommendations Update 22 May 2026

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at 20 February 2026
2025	2024/25 Student Activity Data	3	NA	**Systems and Procedures for Compilation of Returns Flexible / Work-Based Learning** **R1** The College should ensure evidence of progression and participation / engagement is retained to evidence eligibility of the Credits claimed for flexible / work-based learning students. Where curriculum staff identify that no evidence is available, or that students are no longer engaging, this should be notified to the Student Records team to ensure that the Credits are removed from the Credits claim.	Administration Project Manager, and Data Management Team Leader	31 July 2026	**Complete**
2026	Digital Strategy Implementation	3	Satisfactory	**R1** Steps should be taken to ensure that the timeframe for the Digital Services Roadmap is extended to align with the Digital Strategy's requirement for a rolling multi-year digital investment framework. Longer term projects should be programmed in the extended Roadmap and aligned with the commitments and outcomes identified within the new Digital Strategy.	Director of Infrastructure	30 June 2026	**On Target** **Roadmap and investment framework is informing the 2026/27 budget and will be presented to the September 2026 F&I Committee meeting**

Appendix A

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at 20 February 2026
2026	Digital Strategy Implementation	3	Satisfactory	**R2** To improve Board reporting on implementation and the effectiveness of the Digital Strategy, the College should introduce: • a formal reporting cycle with standing Board agenda items which includes Digital Strategy progress; • a performance dashboard or balanced scorecard with appropriate KPIs and targets; • AI-specific reports and academic governance updates; and • benefits realisation reporting demonstrating impact, not just project status updates.	Director of Infrastructure	30 June 2026	**On Target** **Reporting will commence from the September 2026 F&I Committee meeting inc relevant metrics and impacts**

Agenda Item 7.0

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 2 June 2026

SFC OUTCOME FRAMEWORK & ASSURANCE MONITORING (OFAM) SIGN-OFF SUMMARY

PAPER F

BOARD OF MANAGEMENT

Audit and Risk Committee

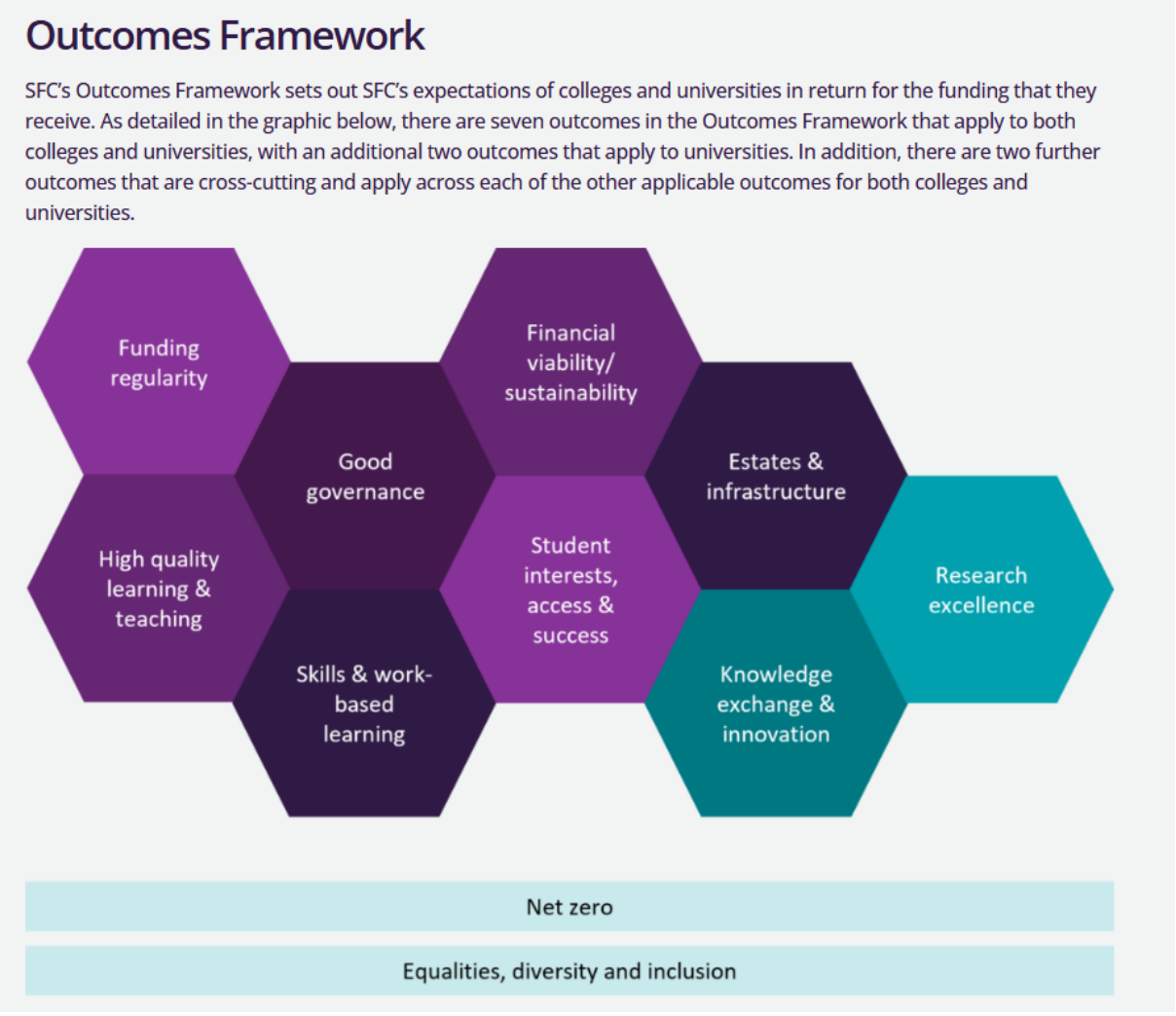
Tuesday 2 June 2026

Scottish Funding Council OFAM Sign-Off Summary AY 2024/2025

Paper for information

1. Introduction

Following changes made to the Outcome Agreement arrangements and framework by the Scottish Funding Council, the revised Outcome Framework and Assurance Model process was introduced in 2024.



This process sets out the approach to assurance and accountability for colleges and universities, combining an Outcomes Framework based on a range of data measured through the normal set of statistical and other returns provided to SFC alongside an Assurance Model based on review of the data and related discussion at quarterly meetings between the College Exec (and others depending on the meeting focus) and our SFC Outcome Manager.

This process builds up over the year, resulting in the creation of a short summary to be signed off by the Principal. This summary highlights any major factors impacting on the individual college / university alongside any areas on on-going concern or required action.
The areas covered by the OFAM process are naturally covered across a range of information and reports monitored by the College and shared at Board level through regular updates and reports.

2. 2024/25 Context

As noted above, the sign-off document is a short summary, with the following context also provided by SFC in respect of operations in 2024/2025.

- **Outcome: Funding Regularity:** Discussions nationally have centred around further flexibility in respect of changes to the lower threshold, from 2% to 5%. *This can be discussed as appropriate in upcoming OFAM meetings.*
- **Outcome: Estates and Infrastructure**: OBC work on phase one of this plan will be completed by summer 2026, with discussions ongoing with SFC and SG on funding requirements and models. *This can be discussed as appropriate in upcoming meetings.*
- **Outcome: Financial Sustainability & Viability:** Significant savings were achieved in year during 2025/26 (c£2.5m) to seek to maintain financial sustainability. Despite anticipated increases in funding for 2026/27 it is anticipated that further savings will be required of c£0.5-£1m to return a balanced budget. *This update will be recorded for Q1 2026.*

3. 2024/25 Sign-Off Summary

The Sign-Off Summary document is enclosed as a separate document below.

4. Link to Strategic Risk Register

Consideration of the topics included in this report will support the mitigation of a range of risks identified within the Strategic Risk Register namely;

1.1 Failure of College strategy to meet the needs of the D&A Region and/or national priorities (e.g. Employability, DYW, attainment, articulation)

2.2 Failure to achieve institutional sustainability

2.6 Demands of capital developments / maintenance impacts on financial sustainability or delivery of learning and/or services

3.1 Failure to reach aspirational standards in learning, teaching, and service delivery

4.5 Lack of investment in ageing / beyond serviceable life infrastructure (inc RAAC, Asbestos and M&E failure concerns) impacts on financial sustainability and/or delivery of learning and/or services

Author and Executive Sponsor: Steve Taylor, Vice Principal Support Services and Operations

Sign-off Summary Dundee & Angus College AY24-25

This is a summary of the sources of information that SFC has considered in assessing the institution's contribution to each outcome under the Outcomes Framework and Assurance Model (OFAM). It also provides a summary of the high-level context SFC has captured through quarterly OFAM engagement meetings. Should you wish to provide any further material context please use the Microsoft Form in the email from your Outcome Manager.

Outcome	Core sources of information taken into account by SFC	High-level context captured through quarterly engagement
Funding Regularity	Delivery against funding allocations (credit target) derived from FES	• The College reported that it will meet its credit target for 2025/26 (within the 2% threshold) but does remain concerned regarding the target for 2026/27 given the need to reduce staffing and activity levels to maintain financial sustainability. • Over the course of the year, the College has noted major changes that have impacted on them, especially financially. These include: the number of students at the lowest in 10 years; schools are covering some provision once provided by the College; the increasing competition from local universities has displaced activity and negatively impacted on the College's HNC offer, and the change in the number of Additional Funded Places (Associate Student) with local universities presents a large shortfall in income for the College. • The College has suggested a Dundee region approach is taken, where there is consultation with the College and local universities to look at a sustainability plan. (Q1 25/03/25 and Q3 30/09/25)
	External audit opinion on use of funds for the purposes given	• No concerns raised (Q1 17/03/25)

Outcome	Core sources of information taken into account by SFC	High-level context captured through quarterly engagement
	Project/ strategic funding reports (e.g., ROSI returns)	• Energy Skills Partnership - no concerns raised (Q1 25/03/25)
High Quality Learning and Teaching	TQEF Self Evaluation and Action Plan QAA Review Report (in years where the college is undergoing external review).	• College was receptive to feedback. • Student representatives felt involved in the process. An iterative drafting process was used where the SA felt supported to provide feedback. (Q1 25/03/25)
Financial Viability & Sustainability	Audited Annual Report and Accounts, Mid-year Financial Returns and Financial Forecasts and Monthly Cashflow returns.	• The College has consulted with staff and other stakeholders on potential savings and change proposals and provided an update on the progress of savings plans. • The College noted that savings made via VS will be largely neutralized by payments for VS. As a result, there may be a liquidity ask of SFC for AY26-27. • The College advised that a CTF bid would be submitted. (Q2 17/06/25 and Q4 25/11/25)
Student Interests, Access and Success	Data on recruitment of under-represented groups (SIMD & Care Experience)	• No concerns with trend data. • The College provides tailored support to its various student populations. The College's mainstream demographic requires wrap around care. This support is resource intensive and is not funded by SFC. The College is concerned about the short-term nature of the funding they find to provide the support that students require. • The College has acquired College of Sanctuary status for services to refugees and asylum seekers. • The wecare@d&a group works to ensure students with Care Experience and students who are Carers feel well supported.

Outcome	Core sources of information taken into account by SFC	High-level context captured through quarterly engagement
		(Q2 17/06/25)
	Student Satisfaction Survey results	• Satisfaction rate for AY23/24 is high at 97% and above the sector average. The response rate is below the sector average rate. • Satisfaction rate AY24/25 remains high at 98% and above the sector average. The response rate shows a big increase from the previous year though it is still below the sector average rate. • Increase in response rate is due to combined efforts of staff and the student association to encourage feedback and help students to understand the importance of the student voice. (Q2 25/11/25)
	Student Success	• Student Success rates are positive. FT FE success rates for AY23-24 are above the sector average for the ALL student population as well as Care Experienced and SIMD10 student groups. PT rates are slightly below the sector average but showing an improvement from the previous year for most groups. • Actions to enhance Student Success include work to understand the motivation behind withdrawals – use of a Stop and Reflect approach, develop transition arrangements – senior phase into college, develop institutional led quality review, expand the Stop and Reflect process to include curriculum and support teams, and review student engagement arrangements. (Q4 25/11/25)
Skills and Work Based Learning	Data on work-based learning activity being offered by the institution	• Between 2022-23 and 2024-25, the College had a high number of FA enrolments. 2025-26 shows a significant decrease due to discontinuation of Construction and Automotive at levels 4 & 5. The College reported that demand for L6 frameworks has declined due to

Outcome	Core sources of information taken into account by SFC	High-level context captured through quarterly engagement
		breadth of the senior phase offer and the local authority policy appearing to be to keep pupils in school. L6 frameworks were offered to all secondary schools in 2024-25 but they did not run due to low numbers. The College has planned to meet with Angus Council in January '26 to discuss senior phase pupils and the School/College Partnership. • The College advises that it is keen to be involved in the development of the Apprenticeship offer going forward. (Q3 30/09/25)
	Data on College Leaver Destinations	• No concerns with data. Most recent figures show a 2% increase in the numbers of students in positive destinations from the previous year. (Q3 30/09/25)
	Work-based activity delivered by institutions on apprenticeship activity/skills for the green economy/ health and social care subjects and participation in pathfinders and regional economic partnerships.	• The College is working in partnership with other organisations and initiatives to expand their offer and address regional skills needs across multiple disciplines in the key skills areas including engineering and construction. One challenge has been the lack of suitable qualifications in some areas, e.g. building decarbonisation and retrofitting. The College has been developing materials in-house/collaborating with other training providers to address this. • The College provides skills and work experience to students with disabilities and neuro-diversity needs. The Barista Academy is part of the new community Hub on Arbroath Campus and is a test of concept re infrastructure and employability. (Q3 30/09/25)
Estates and	College Baseline Survey	• College condition surveys identified backlog maintenance across all sites and the presence of RAAC which requires significant remedial/redevelopment.

Outcome	Core sources of information taken into account by SFC	High-level context captured through quarterly engagement
Infrastructure		• The College's Future Estates Vision estimates a new estates development plan will cost c.£265m and take around 10 years to complete. (Q3 30/09/25)
	Commentary on Estates and Infrastructure in Annual Reports or Estates Strategies	• Significant work is progressing on the College infrastructure vision and three stage investment plan. • The College is engaging closely with SG re delivery of 1st phase, the Gardyne Development, which is required to mitigate the most pressing RAAC risk. • Significant concerns remain regarding the RAAC issues at Kingsway and the impact on learning, services and costs associated with contingency plans for this. (Q3 30/09/25)
	Summary info on recent surveys undertaken (E.g., RAAC or Cladding etc.)	• RAAC is present in 3 buildings. The College is very concerned about the risk to health and safety as well as learning and teaching in key areas of Engineering, Construction, and Green Skills currently carried out in the Kingsway Tower and Gardyne campus. It may be necessary to decant to other premises to be able to continue teaching. (Q3 30/09/25 and Q4 25/11/25)
Good Governance	Corporate Governance Statements in Annual Report and Accounts.	• No concerns raised (Q3 30/09/25)
	Opinion in internal and external audit reports	• No concerns raised (Q3 30/09/25)

Outcome	Core sources of information taken into account by SFC	High-level context captured through quarterly engagement
	Notification of breaches of FM/CGG	• The College's Annual Report notes that a Vice-Principal holds the role of Board Secretary and the College confirmed they had considered the risk. To mitigate the risk the Secretary reports directly to the Chair of the Board on Secretary duties. The Board is working to appoint a Board Secretary who is not a member of the College Senior Management Team. (Q3 30/09/25)
	Analysis of Governance Effectiveness Reviews	• The last GER was carried out in November 2024. • The College highlighted its disagreement with the analysis provided on the GER. Additional information has been provided by the consultant that undertook the GER that confirms that aspects highlighted by SFC's external reviewer as being missing/not evidenced had been taken into account during the GER. • The OM advised that this was the start of a discussion about Governance, and that they wanted to build a relationship with the governance professionals going forward. (Q3 30/09/25)
Cross Cutting: Net Zero & Sustainability	Across various outcomes	• The College reports: excellent progress on the activities and targets within its Climate Emergency Action plan including on-going reduction in scope 1 and 2 emissions and work to embed sustainability and the sustainable development goals within its curriculum. Infrastructure development proposals for the Green Skills and Innovation Hub will meet the skills needs for green skills in the region for a generation to come. • The College is running courses in transport decarbonisation, heat pumps, and advanced manufacturing, with a focus on staff development.

Outcome	Core sources of information taken into account by SFC	High-level context captured through quarterly engagement
		• The College has secured funds to provide courses in offshore wind and sustainable construction.
Cross Cutting: Equality Diversity & Inclusion	Across various outcomes	• The College's PSED report includes an Equality Outcome Plan 2025 that details actions and progress against the College's equality outcomes. An Action Plan for 2025-29 was also submitted. SFC advised that we would be interested at this stage to hear whether they are considering how they will align to the NEOs in future and if there is any further support they need from SFC. • Example of College work to advance equality of opportunity and welcome diversity: The College has an action to 'Embed Equality & Diversity in all college planning'. E&D information, analysis and planning is presented to the Board. An equality and diversity group reflective of the College community was established to support this work.

Overall SFC Assessment: SFC is assured that, overall, Dundee & Angus College has contributed sufficiently to SFC's Outcomes Framework.

Challenges: The achievement of Financial Viability and Sustainability, and the associated outcome of Estates and Infrastructure, have been very challenging for the College over the course of the year.

Agreed by SFC:

Agreed by Institution Accountable Officer: Simon Hewitt, 12 May 2026

Agenda Item 8.0

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 2 June 2026

STRATEGIC RISK REGISTER **PAPER G**

(i) RISK REGISTER UPDATE
(ii) STRATEGIC RISK REGISTER

BOARD OF MANAGEMENT
Audit and Risk Committee
Tuesday 2 June 2026

Strategic Risk Register Update

Paper for approval

1. Strategic Risk Register

A copy of the June 2026 draft Strategic Risk Register is enclosed. This is noted for approval.

2. Financial Sustainability Risk

College Risk Management practice requires that any strategic risks that remain as Major or Fundamental post mitigation will be reported to the Committee at each meeting.

Following the decision of the Board of Management in March 2022 to recommend increasing the post mitigation risk in respect of future financial sustainability, the post mitigation likelihood was increased from 3 to 4 and the overall risk rating increased to 16. This moved this risk into the Major Risk (**Red**) category, and it is unlikely that this risk will be reduced in the near future.

The need to address the impact of 20% cuts in sector funding over the past 5 years, and the need to support areas of future opportunity and development, have been the subject of on-going discussion and review with the Board and has underpinned a range of savings plans and measures.

Details of the savings plan enacted to support future financial sustainability (including the impact of this on operations) have been discussed in detail at each Board Committee and the Board meetings throughout 2025/2026. With all targeted savings achieved and impacts carried forward to the 2026/27 draft annual budget the overall financial sustainability picture is improved for the year ahead but remains challenging for future years should flat cash or below inflation financial settlements continue/ Given this, the current red risk in this item will continue for the foreseeable future.

The activities developed to address the funding cuts and financial sustainability risk cut across a range of areas, and arrangements are in place to support arrangements and minimise adverse risk in areas such as HR practice and industrial relations (Risks 3.3 and 3.7) and PR / publicity (Risk 3.5). These will remain under review, with the overall risk rolled into the higher level Financial Sustainability risk measure.

3. Reinforced Autoclaved Aerated Concrete (RAAC) Risk

An update on the most up to date picture regarding the RAAC present within the Kingsway Campus was provided for the Board in December 2025, with the RAAC present within the Kingsway tower and Construction/Engineering facilities continuing to represent a concern. All required mitigations remain in place relative to the specialist structural engineering advice received and the structural survey completed in October 2025 has not highlighted any significant change in the condition of the RAAC present within campus accommodation.

Given the passage of time since the initial three to five year timeframe was given around the need to remove the risks associated with RAAC (with these now on a one to three year timeframe) further work has been progressed to develop an alternative plan should exit be required from one or more campus facilities.

This work would require decant into commercial facilities within the city and would require additional set up costs of c£2 million and recurrent funding of c£1.3 million to support the commissioning and operation of these alternative facilities.

The pressing timeline and indicative costs have been shared with the Scottish Funding Council and Scottish Government, who are aware that – should this risk crystalise- additional emergency funding support would be necessary to mitigate the impact.

Updates have also been shared with the Board on the future infrastructure vision for the whole College estate, including future developments to remove RAAC from our estate. As this work progresses further detailed updates will be provided via the Finance and Infrastructure Committee and full Board.

The next specialist survey is due to be completed in October 2026.

4. 2025/26 Credit Activity

Close management of 2025/26 credit activity levels has been a priority given the reductions in activity to support financial sustainability. The reductions progressed in-year in 2025/26 (predominantly reductions in the normal January start programme) have impacted on the overall activity levels for the College but have been balanced out to a significant extent by the increased full-time numbers in September 2025 and some improvement in student retention. Given this, the College expects to meet its overall credit target in 2026/27 (98,307 credits) without the need to rely on the 2% lower activity threshold available to the College (96,341 credits).

National discussions with the Scottish Funding Council over sector activity levels and thresholds for 2026/2027 have not resulted in any change to the lower threshold for the sector and the College will continue to actively manage student recruitment to ensure that this is not breached and that any risk of funding ‘clawback’ is minimised.

Arrangements for future years remain under discussion nationally, including a more significant review of the funding methodology and approach.

5. Artificial Intelligence Risks

As discussed at the March 2026 meeting, the Senior Leadership team have reviewed the potential inclusion of a risk around the impact of Artificial Intelligence across a range of College activities. From this discussion it was determined that a single AI risk would not encompass the variety of areas where changes as a result of AI could have an impact and instead a number of changes have been made to pre-existing risks to include reference to AI threats as part of the risk monitoring and mitigation. This approach is felt to provide a more comprehensive coverage of AI issues, embedding them within a range of activities rather than as a standalone element.

The updates arising from this approach are included within the June 2026 document.

6. Strategic Risk Register

In addition to the changes to the Strategic Risk register to incorporate reference to AI, a number of small changes have been made as follows to update some of the terminology and reflect changes in areas such as the move from Education Scotland to the Quality Assurance Agency Scotland at this time.

Risk	Change
1.4	Updated to reflect creation of Qualifications Scotland (replacing SQA) and the role of the Quality Assurance Agency (QAA) in sector quality arrangements
1.5	Updated to refer to new Taskforce on Climate Related Financial Disclosures (TCFD) monitoring and reporting requirements
2.2	Updated to refer to the College Financial Strategy and documented assumptions
3.1	Updated to reference the revised quality framework arrangements in place through SFC and QAA
3.12	Updated to include reference to the biennial Staff Engagement Survey
3.8	Updated to incorporate reference to potential AI threats and mitigations
4.1	
4.3	
4.4	

7. Approvals

In respect of the above information approval for the following actions is sought.

- Note the updates provided and approval of the Strategic Risk Register

Author and Executive Sponsor: Steve Taylor, Vice Principal Support Services and Operations

DUNDEE AND ANGUS COLLEGE



STRATEGIC RISK REGISTER

2025 - 2026

As at June 2026

Post Holders					Score	Impact	Likelihood
	ELT	Executive Leadership Team	Prin	Principal			
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
	Board	Board of Management	DirSE	Director of Student Experience	2	Minor	Unlikely
	VPSO	Vice Principal Support & Operations	DirFin	Director of Finance	3	Significant	Possible
	VPCP	Vice Principal Curriculum & Partnerships	HoE	Head of Estates	4	Major	Probable
	DirInf	Director of Infrastructure	Chair	Chair of the Board of Management	5	Critical	Very Likely

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS				TREATMENT	POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
1 Strategic and Structural										
1.1 LT&Q	Failure of College strategy to meet the needs of the D&A Region and/or national priorities (eg Employability, DYW, attainment, articulation)	4	4	16	• Robust strategic planning • Effective environmental scanning • Strong partnerships • Clear links between strategy and practice • Concerted demands for increased activity levels	4	1	4 ↔	• Robust monitoring via OF&AM Framework • Clear performance metrics • Amendment of strategic direction/ plans • Rolling curriculum review	Principal & Chair
1.2 Board	College may be disadvantaged by changes to either UK or Scottish Government policies	4	3	12	• Effective environmental scanning • Negotiation/influence at national level	4	2	8 ↔	• Review of changes and amendment of strategic direction/plans • Financial strategy sensitivities	Principal & Chair
1.3 Board	Difficulties or over commitment arising within large scale/national College led initiatives or projects impact negatively on: • Ability of the College to meet key regional strategies/objectives • Financial loss or unmanageable financial risk • Reputational loss	4	3	12	• Effective project/activity management in place • Clear governance structures • Project/initiative finances clearly incorporated within College financial strategy and plans • End of project and exit/contingency planning	3	2	6 ↔	• Regular project updates at Executive/Board level • Monitoring of project activities, plans and outcomes • Clear Project Management arrangements in place • Budget reporting and management	Principal, VPCP

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	ELT	Executive Leadership Team	Prin	Principal		1	Routine	Remote
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment		2	Minor	Unlikely
	Board	Board of Management	DirSE	Director of Student Experience		3	Significant	Possible
	VPSO	Vice Principal Support & Operations	DirFin	Director of Finance		4	Major	Probable
	VPCP	Vice Principal Curriculum & Partnerships	HoE	Head of Estates		5	Critical	Very Likely
	DirInf	Director of Infrastructure	Chair	Chair of the Board of Management				

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS: Risks	Impact	Likelihood	Score	TREATMENT: Mitigation Actions	POST MITIGATION EVALUATION: Impact	Likelihood	Score	Monitoring	Lead Responsibility
1 Strategic and Structural (cont)										
1.4 Board	College disadvantaged as a result of changes arising from major national educational body reviews: SFC, QAS, QAA, EdS **List of bodies updated to reflect recent changes**	3	3	9	• Negotiation/influence at national level • Review of activities/ projects and response to new opportunities	3	1	3 ↔	• Robust monitoring via OA • Amendment of strategic direction/ plans • Rolling curriculum review	Principal
1.5 Board	Failure of D&A plans and activities to deliver on required carbon reductions and sustainability actions necessary to meet national targets and achieve College climate emergency ambitions. **Monitoring updated to reflect new TCFD and Audit Scotland reporting requirements**	4	3	12	• Robust CEAP in place • Multiple strands of activity/action • Embedding sustainable practices in normal activity and ways of working • Clear links between strategy and practice • Planned investment in carbon reduction • Sustainable procurement	3	2	6 ↔	• Robust monitoring and reporting of CEAP at SLT and Board level • Clear performance metrics • Amendment of strategic direction/ plans • Monitoring of scope 3 emissions • Monitoring and Reporting on progress within annual accounts	VPSO, DirInf, HoE

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
2 Financial										
2.1 **F&I**	Change in Funding Body and/or Funding Methodology and Allocation – Reduction or restriction in Funding	3	4	12	• Negotiation/influence at national level • Contingency plans for amended funding levels or requirements	3	2	8 ↔	• Advance modelling of new funding requirements, methodologies, and allocations • Monitoring impact of changes • Amendment of strategic or operational direction / plans • Financial strategy sensitivities	VPSO
2.2 **F&I**	Failure to achieve institutional sustainability **Updated to reflect Financial Strategy & Assumptions**	5	4	20	• Protection of funding through dialogue with SFC and SG • Input to create sector 'flexibilities' • Robust annual budget-setting and multi-year financial strategic planning • Effective budgetary control • Where required, swift action to implement savings • Clear Financial Strategy in place with documented and monitored assumptions	4	4	16 ↔	• Monthly monitoring of budgets • Regular review of financial strategy and non-core income sensitivity • Effective use of sector 'flexibilities' to support sustainability • Amendment of strategic priorities and timing to align with funding levels • Review and amendment of activity and budget planning to address over/under performance against activity (credit) target • Detailed monitoring of savings programmes • Detailed monitoring & management of CDEL/RDEL risks	VPSO

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
2 Financial (cont)										
2.3 **F&I**	National outcomes on salaries and conditions of service outstrip ability to pay	4	4	16	• Influence within Employers Association • Management of staffing expenditures	4	3	12 ↔	• Expenditure modelling • On-going discussions with staff • Financial strategy sensitivities • Workforce planning	VPSO
2.4 **A&R**	Financial Fraud	3	3	9	• Strong financial controls: segregation of duties and review of transactions. • Review of impact of any changes in structure or duties • Whistleblowing arrangements	2	2	4 ↔	• Continuous review of financial controls • Internal Audit programme	VPSO
2.5 **F&I**	D&A Foundation refuses/withholds funding for key College priorities	5	3	15	• On-going dialogue with Foundation Trustees • Appropriate bid arrangements in place	3	2	6 ↔	• Monitor and advise Board of Management	Prin & VPSO
2.6 **F&I**	Demands of capital developments / maintenance impacts on financial sustainability or delivery of learning and/or services	4	4	16	• Multi-year estates strategy and capital planning • Lobbying of SFC on capital and backlog maintenance funding • Planning for D&A Foundation bids	4	3	12 ↔	• Monitoring of capital plans and expenditures • Regular review of capital plans/timescales relative to funds	VPSO

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Risk Number & Committee	**Risks**	**Impact**	**Likelihood**	**Score**	**Mitigation Actions**	**Impact**	**Likelihood**	**Score**	**Monitoring**	**Lead Responsibility**
2 Financial (cont)										
2.7 **F&I**	Failure to reach aspirational standards in financial strategy, budgeting, planning or audit	4	3	12	• Clear financial strategy aligning to College priorities and FFR • Appropriate zero based budgeting in place • Regular, timeous and accurate budget monitoring • Effective audit planning and completion	3	2	6 ↔	• Regular review of financial priorities to align / realign with available funds • Comprehensive monitoring and reporting of all finances • 'Real time' budget and data analysis underpins decision making • Effective audit planning and completion	VPSO DirFin

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Risk Number & Committee	**Risks**	**Impact**	**Likelihood**	**Score**	**Mitigation Actions**	**Impact**	**Likelihood**	**Score**	**Monitoring**	**Lead Responsibility**
3 People and Performance										
3.1 **LT&Q**	Failure to reach aspirational standards in learning, teaching, and service delivery **Updated to reflect additional quality review activities under new quality arrangements**	4	3	12	• Clear quality arrangements and priority actions • Continuous self-evaluation and action planning • Rigorous CPD arrangements in place • Regular classroom observation and learner feedback arrangements	2	2	4 ↔	• Comprehensive monitoring of key PIs and student/staff feedback • Regular Stop and Review events • External review and validation findings • Rolling programme of Institution Led Quality Reviews (ILQR)	VPCP, VPSO DirC&A
3.2 **LT&Q**	Failure to achieve/maintain compliance arrangements, e.g. contracts; awarding bodies; audit.	4	3	12	• Robust strategic planning and monitoring • Effective environmental scanning • Strong partnerships • Clear links between strategy and practice • Concerted demands for increased activity levels	2	2	4 ↔	• Effective internal monitoring/review/verification arrangements • External review findings	VPCP, VPSO
3.3 **A&R**	Legal actions; serious accident; incident or civil/criminal breach	4	4	16	• Adherence to legislative and good practice requirements • Positive Union relations and staff communication • Effective management development programmes	3	2	6 ↔	• Monitoring and reporting in key areas – eg H&S, equalities, employee engagement • Continuous professional development • Internal audit programme • Staff surveys	Prin, VPSO, HoE

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
3 People and Performance (cont.)										
3.4 P,C&W	Failure to meet the aspirational standards in respect of the health, safety, wellbeing and development of staff and students	4	4	16 12	• Clear and proactive approaches to managing and promoting health, safety, and wellbeing • Continuous self-evaluation and action planning • Rigorous CPD arrangements in place • Regular staff and learner feedback arrangements	3	2	6 ↔	• Regular employee engagement monitoring • Open communication with staff • Comprehensive monitoring of key PIs and student/staff feedback • Regular union/management dialogue	VPSO
3.5 Board	Reputational Risk – Loss of reputation with key stakeholders	4	2	8	• Marketing strategy • Reputation plan • Positive marketing approaches	3	2	6 ↔	• Stakeholder engagement • Social media monitoring arrangements	VPCP, DirC&A
3.6 P,C&W	National bargaining outcomes impact adversely on College operations, activity, and flexibility	4	4	16	• Influence within Employers Association • Management of bargaining outcomes and implementation	4	3	12 ↔	• Positive union relations and staff communication • On-going discussions with staff • Innovation in approaches	VPSO, VPC&A

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
3 People and Performance (cont.)										
3.7 **P,C&W**	Industrial Relations Problems (including industrial action)	4	5	20	• Adherence to legislative and good practice requirements • Positive Union relations and staff communication • Effective management development programmes • Industrial action continuity planning	4	2	8 ↔	• Regular union/management dialogue • Regular employee engagement monitoring • Open communication with staff • Industrial action continuity planning	VPSO
3.8 **A&R**	Significant Breach of data security / data protection **Mitigations updated to reflect AI risk elements**	5	4	20	• Effective management of GDPR compliance • Mandatory staff CPD and awareness raising on data protection (relative to role) • Awareness and monitoring of risks associated with Artificial Intelligence	4	2	8 ↔	• Active data protection monitoring and auditing • Effective information and data security policies in operation • Regular data security monitoring/testing • GDPR Action Plan • Staff CPD • AI awareness and CPD	VPCP, DirInf
3.9 **P,C&W**	Failure to meet Prevent and related obligations	5	3	15	• Prevent training • Staff awareness and contingency planning • Engagement/practice sharing with local agencies	5	1	5 ↔	• Business Continuity Plan including scenario testing • Information sharing with local agencies	VPCP, VPSO

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3 People and Performance (cont.)										
3.10 **P,C&W**	College arrangements do not minimise risk associated with Modern Slavery	4	2	8	• Clear and compliant procurement arrangements and procedures • Staff identity checking arrangements and use of PVG.	3	1	3 ↔	• Annual procurement monitoring/reporting • Regular employee engagement monitoring • Open communication with staff	VPCP, VPSO
3.11 **Board**	Failure to plan or respond adequately to future pandemic illness.	5	3	15	• Monitoring and rapid response to WHO and UK/Scottish Government information and alerts • Maintenance of COVID-19 good practice approaches to inform future use • Effective business continuity planning in place	4	2	8 ↔	• Pandemic readiness / response included in business continuity plan reviews and testing • COVID/Pandemic Response Group in place • Active monitoring and rapid adoption of pandemic guidance / control measures	Principal

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3 People and Performance (cont.)										
3.12 **P,C&W**	Failure to attract, engage, retain or develop appropriately qualified staff. **Update to note staff survey**	4	3	12	• Clear People Strategy and Workforce Planning in place • Positive Union relations and staff communication • Effective management development & CPD programmes • Positive recruitment approaches and monitoring • Regular staff engagement surveys & actions	4	1	4 ↔	• Absence & turnover monitoring • Exit interviews • Regular staff surveys & survey responding • Monitoring and responding to staff concerns, union issues and employee relations concerns • Regular staff engagement surveys & actions	VPSO

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
4 Infrastructure										
4.1 **A&R**	Major Disasters – eg Fire, MIS Failure, Failure of Emergency Procedures, RAAC or similar infrastructure failure **Mitigations updated to reflect AI risk elements**	5	3	15	• Sound systems of administration • Clear fire and disaster recovery arrangements • Staff CPD • Awareness and monitoring of risks associated with Artificial Intelligence	5	1	5 ↔	• Business Continuity Plan including scenario testing	Principal, VPSO, DirInf
4.2 **F&I**	Failure to achieve ambitions of Digital strategy; strategy and development is ineffective	4	3	12	• Planning, careful phasing of changes to processes and systems • Effective management of ICT arrangements • Clear investment plan	3	2	6 ↔	• Regular review/reporting on milestones, systems effectiveness etc • Regular CPD	VPSO, DirInf
4.3 **A&R**	Significant breach of ICT/Cyber security resulting in loss of service sufficient to impact College student / staff outcomes **Mitigations updated to reflect AI risk elements**	4	3	12	• Effective management of ICT arrangements • Active ICT/data security monitoring and cyber security policy • Awareness and monitoring of risks associated with Artificial Intelligence	4	2	8 ↔	• Staff CPD on cyber security issues • Regular security monitoring/testing • Cyber resilience plan • Awareness and monitoring of AI risks & risk sophistication	VPSO, DirInf

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
4 Infrastructure (cont)										
4.4 **A&R**	ICT infrastructure fails to support effective data security / data protection **Mitigations updated to reflect AI risk elements**	5	3	15	• Effective infrastructure and systems design and implementation • Effective management of ICT arrangements and GDPR compliance • Awareness and monitoring of risks associated with Artificial Intelligence	4	2	8 ↔	• Active data protection monitoring and auditing • Effective information and data security policies in operation • Regular data security monitoring/testing • Awareness and monitoring of AI risks & risk sophistication	VPSO, DirInf
4.5 **F&I**	Lack of investment in ageing / beyond serviceable life infrastructure (inc RAAC, Asbestos and M&E failure concerns) impacts on financial sustainability and/or delivery of learning and/or services	4	5	20	• Creation of long-term infrastructure principles and vision • Multi-year estates strategy and capital planning • Lobbying of SG and SFC on capital and backlog maintenance funding • Identification of alternative funding routes • Planning for D&A Foundation bids	4	4	16 ↔	• Lobbying of SG, SFC and UK Gov on campus vision and needs • Prioritisation of capital plans and expenditures • Regular review of capital plans/timescales relative to funds	Principal VPSO

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Agenda Item 10.0

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 2 June 2026

EXTERNAL AUDIT – 2025/26 AUDIT PLAN

PAPER H



Annual Audit Plan

Dundee and Angus College

Year ending 31 July 2025

21 May 2026

forvis mazars

The Board of Management
Dundee & Angus College
Old Glamis Road
Dundee
DD3 8LE

21 May 2026

Dear Members,

Annual Audit Plan – Year ending 31 July 2026

We are pleased to present our Annual Audit Plan for Dundee and Angus College for the year ending 31 July 2026. This report summarises our audit approach, including the significant audit risks and areas of key judgement we have identified, and provides details of our audit team. In addition, as it is a fundamental requirement that an auditor is, and is seen to be, independent of an audited entity, the section of the report titled '*Confirmation of our independence*' summarises our considerations and conclusions on our independence as auditors.

Two-way communication with you is key to a successful audit and is important in:

- Reaching a mutual understanding of the scope of the audit and our respective responsibilities;
- Sharing information to assist each of us to fulfil our respective responsibilities;
- Providing you with constructive observations arising during the audit process; and
- Ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance, and other risks facing Dundee and Angus College which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, this report, which has been prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach or role as auditor.

This report also contains appendices that outline our key communications with you during the audit, and forthcoming accounting issues and other issues that may be of interest to you.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me.

Annual Audit Plan – Year ending 31 July 2026 (continued)

This document will be presented at the Audit and Risk Committee meeting on 2 June 2026. If you would like to discuss any matters in more detail, please contact me on 07881283 571.

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's Code of Audit Practice ("the Code") and for the sole benefit of the Audit and Risk Committee. Except where required by law or regulation, it should not be used, quoted or made available to any other parties without our prior written consent.

Yours faithfully,

Michael Speight

Forvis Mazars

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02 Your audit engagement team

03 Audit scope, approach and timeline

04 Materiality and misstatements

05 Significant risks and other key judgement areas

06 Wider scope and Best Value

07 Audit fees and other services

08 Confirmation of our independence

Appendix A – Key communication points

Appendix B - Current year updates, forthcoming accounting and other issues

This document is to be regarded as confidential to Dundee and Angus College. It has been prepared for the sole use of the Audit and Risk Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

forvis mazars

01

Engagement and responsibilities summary

Engagement and responsibilities summary

We are appointed to perform the external audit of Dundee and Angus College for the year to 31 July 2026. The scope of our engagement is set out in the Code of Audit Practice, issued by the Auditor General and the Accounts Commission available from the Audit Scotland website: Code of audit practice | Audit Scotland (audit-scotland.gov.uk). Our responsibilities are principally derived from the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council and the Code of Audit Practice, as outlined below and overleaf.

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Our audit does not relieve management or Those Charged With Governance, as Those Charged With Governance, of their responsibilities.

The Board of Management is responsible for the assessment of Dundee and Angus College's ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

a) whether a material uncertainty related to going concern exists, and

b) the appropriateness of the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements.

Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud, we are required to inquire of you and key management personnel, on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Internal control

Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dundee and Angus College's internal control.

Wider scope and Best Value

We are also responsible for reviewing and reporting on the wider scope arrangements that the Dundee and Angus College has in place and its arrangements to secure Best Value. We discuss our approach to wider scope and Best Value work further in the *'Wider scope and Best Value'* section of this report.

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Engagement and responsibilities summary

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Our audit does not relieve management or the Audit and Risk Committee, as Those Charged With Governance, of their responsibilities.

The Board of Management is responsible for the assessment of Dundee and Angus College's ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

a) whether a material uncertainty related to going concern exists, and

b) the appropriateness of the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements.



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As part of our audit procedures in relation to fraud, we are required to inquire of you and key management personnel, the internal auditors and other key individuals, where relevant on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Engagement and responsibilities summary (continued)



Internal control

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We are responsible for obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dundee and Angus College's internal control.



Wider scope and Best Value

We are also responsible for reviewing and reporting on the wider scope arrangements that the Dundee and Angus College has in place and its arrangements to secure Best Value.
We discuss our approach to wider scope and Best Value work further in the *'Wider scope and Best Value'* section of this report.

02

Your audit engagement team

Your audit team



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We will utilise internal experts on this engagement in the following areas: Pension Assumption Valuation

03

Audit scope, approach, and timeline

Audit scope, approach, and timeline

Risk-based approach



Understand Dundee and Angus College, its business, and the environment in which it operates (including IT environment)

Plan our audit, including determining materiality and identifying significant components

Perform our risk assessment to identify risks of material misstatement, including significant risks

Respond to our identified risks by designing appropriate and sufficient audit procedures

Perform planned procedures and evaluate findings and, where necessary, review the appropriateness and sufficiency of the scope of our audit

Form our audit conclusion based on our audit findings

Audit scope, approach, and timeline (continued)

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess the inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud) to aid in our risk assessment, we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude that appropriately designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit has been planned and will be performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in the *'Materiality and misstatements'* section of this report.

The diagram on the next page outlines the procedures we perform at the different stages of our audit. We have also provided, later in this report, a table setting out the procedures we perform for the significant financial statement areas.

Audit scope, approach, and timeline (continued)

Management's and our experts

Management makes use of experts in specific areas when preparing Dundee and Angus College's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Our expert
Defined benefit pension liability and associated accounting entries and disclosures required by FRS 102.	Actuary - Barnett Waddingham	We will consider the reasonableness of the actuarial assumptions made, referring to our in-house pension scheme experts.
Valuation of land and buildings required under SFC Accounts Direction.	Valuer - Graham and Sibbald	We will consider the reasonableness of their valuation method and the assumptions made during this valuation.

Reporting to Audit Scotland

During the year we will continue to make returns to Audit Scotland as they collect data to establish the impact on the further education sector and feed into any national reporting as required.

Audit scope, approach, and timeline

Planning and risk assessment
July 2026

- Planning our visit and developing our understanding of the group
- Documenting systems and control and performing walkthroughs
- Risk identification and assessment
- Considering proposed accounting policies and accounting treatments
- Developing our audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review
- Determination of materiality

Interim
August 2026

- Documenting systems and controls
- Performing walkthroughs
- IT general controls testing
- Reassessment of our audit strategy (and revising if necessary)

Fieldwork
September and October

- Executing our strategy, starting with significant risks and other higher-risk areas
- Receiving and reviewing the draft financial statements

Communication
November 2026

- Communicating progress and any issues arising
- Clearance meeting(s)

Completion
November/December 2026

- Final review of financial statements, and disclosure checklist
- Final review
- Agreeing the content of the letter of representation
- Preparing our auditor's report
- Reporting to the Audit and Risk Committee
- Subsequent events procedures
- Signing our auditor's report

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Audit scope, approach, and timeline (continued)

Audit approach for significant financial statement areas

Our audit approach on significant financial statement areas is set out below.

Financial statement area	Significant risk	Key judgement area or enhanced risk	Testing of controls	Substantive procedures	Comments
Income	Yes	No	No	Yes	Risk of fraud in revenue recognition – Page 26
Expenditure	No	No	No	Yes	
Wages & salaries	No	No	No	Yes	
Tangible fixed assets	No	Yes	No	Yes	Valuation of land and buildings – Page 28
Receivables	No	No	No	Yes	
Cash	No	No	No	Yes	
Payables	No	No	No	Yes	
Pension provision	Yes	Yes	No	Yes	Defined benefit pension scheme assets – Page 26 Defined benefit pension scheme assumptions – Page 27
Other provisions	No	Yes	No	Yes	Early retirement provision – Page 27 Valuation of job evaluation provision – Page 29
Reserves	No	No	No	Yes	

Audit scope, approach, and timeline (continued)

Group audit approach

The preliminary scope of our group audit is based on our analysis of the risks we have identified at group level. When scoping our audit, we have considered quantitative criteria (the contribution of each of the group's consolidated components to the group financial statements); qualitative criteria (the risks of material misstatement of the group financial statements that consolidated components may present individually at component level); and we have assessed the risk of material misstatement across the group's consolidated components in aggregate.

The nature and extent of audit work we plan to perform on the consolidated components is set out below.

Component name	%	Location	Auditor	Scope
Dundee and Angus College	Total Revenue	Dundee, Scotland	Forvis Mazars	Full financial statements audit
Gardyne Theatre Limited	Total Revenue	Dundee, Scotland	To be confirmed – appointment yet to be made	Not a key component – no testing required aside from obtaining bank confirmation letter

Audit scope, approach, and timeline (continued)

Follow up on significant deficiencies in internal control

Set out below are the significant deficiencies in internal control that we identified during our prior period audit. We request that you and management provide an update on the action taken to address these deficiencies.

Journal Reviews

Description of deficiency

We observed that there were several weaknesses in the overall journal process:

There was no mandated formal review of 'correcting' journals

We observed that the Transaction team posts journals directly to the accounting system without conducting a detailed review either before or after posting. The team relies primarily on the bank reconciliation as an accuracy control, which may not be sufficient to identify errors or ensure the accuracy and appropriateness of journal entries prior to their final submission

We observed that the Financial Reporting team's monthly journal entries are typically reviewed by the Senior Accountant as part of their control process. However, during periods of absence, there was no evidence of alternative review procedures being performed or documented. As such it is apparent that, whilst journals provided for review are typically reviewed, no completeness check is undertaken.

Potential effects

The lack of a formal review process in certain circumstances could lead to an increased risk of error, misclassification, or non-detection of inappropriate entries. This could lead to inaccurate financial reporting, weakened audit trails and potential non-compliance with internal controls.

Recommendation

We recommend implementing a formal review and approval process for all journals before they are posted in the accounting software or a periodic review of all journals posted.

Management response

This recommendation is accepted. We will develop and implement a formal review and approval process along with a periodic review of all journals posted.

Management update

Management confirmed journals are approved and there is an audit trail in relation to this.

BACS Controls

Description of deficiency

During the audit, we were made aware that certain members of the Finance team had access rights that allowed them to both initiate and authorize payments via BACS within the banking system. This created a potential segregation of duties risk.
The issue was initially highlighted during an internal review in August 2024. Management implemented corrective actions by revising user permissions and revoking inappropriate access to ensure proper segregation of duties.
The audit team reviewed BACS transactions in the affected period to determine that the initiators and approvers of BACS payments were not the same individuals, validating that corrective actions were effective.

Potential effects

The overall access to the BACS system prior to corrective action could have led to a potential risk of fraud or error, as individuals could process and approve transactions without independent oversight.

Recommendation

We commend that actions were taken once the situation had been identified.

We recommend that a review is undertaken whenever the BACS system users are updated to reconfirm that segregations of duty continue to exist.

Management response

This recommendation is accepted and has been implemented. The previous over-ride of controls was only possible because finance BACS users were set up with admin level access. Admin access has been removed from all except senior finance staff (Finance Manager and Director of Finance). This ensures that access to BACS is based on staff roles and segregation of duties remains at all times.

Management update

Management confirm the appropriate controls were implemented as noted above.

04

Materiality and misstatements

Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to the group. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to the Audit and Risk Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors.

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provide a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements (continued)

Materiality (continued)

For the consolidated financial statements, we consider that total income is the key focus of users of the financial statements. We have therefore determined our initial materiality levels using total income as the benchmark.

For the single-entity financial statements, we consider that total income is the key focus of users of the financial statements. We have therefore determined our initial materiality levels using total income as the benchmark.

We expect to set a materiality of 1.75% of total income for the consolidated financial statements, and a materiality of 1.75% of total income for the single-entity.

As set out in the tables alongside, based on prior year signed financial statements, we anticipate overall materiality for the group for the year ended 31 July 2026 to be in the region of £831k (£950k in the prior year), and performance materiality to be in the region of £624k (£713k in the prior year). This represents 75% of headline materiality (75% in 2024/25). The choice of this percentage reflects our assessment that due to the control environment in place, and willingness to improve processes and correct errors it is appropriate to use a percentage level towards the higher end of our thresholds.

For the single-entity, we anticipate overall materiality for the year ended 31 July 2026 to be in the region of £826k (£936k in the prior year), and performance materiality to be in the region of £619k (£701k in the prior year). This represents 75% of headline materiality (75% in 2024/25). As above, the choice of this percentage reflects our assessment that due to the control environment in place, and willingness to improve processes and correct errors it is appropriate to use a percentage level towards the higher end of our thresholds.

The materiality calculations for 2025/26 are currently based on the 2024/25 financial statement figures. These calculations will be revised to be based on the actual income figure included in the financial statements. We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

Group financial statements

	2025/26 £'000s	2024/25 £'000s
Overall materiality	£831	£950
Performance materiality	£624	£713
Clearly trivial	£25	£29

Dundee and Angus College's single-entity financial statements

	2025/26 £'000s	2024/25 £'000s
Overall materiality	£826	£936
Performance materiality	£619	£701
Clearly trivial	£25	£28

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Materiality and misstatements (continued)

Misstatements

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to the Audit and Risk Committee and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £25k, based on 3% of overall materiality. If you have any queries about this, please raise these with Michael Speight.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to the Audit and Risk Committee as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on the financial statements and on our audit opinion.

Misstatements also cover qualitative misstatements and include quantitative and qualitative misstatements and omissions relating to the notes of the financial statements.

Reporting

In summary, we will categorise and report misstatements above the reporting threshold to the Audit and Risk Committee as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

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05

Significant risks and other key judgement areas

Significant risks and other key judgement areas

Definitions

Following the risk assessment approach set out in the *'Audit scope, approach, and timeline'* section, we have identified the risks of material misstatement in the financial statements. These risks are categorised as significant, enhanced, or standard. The definitions of these risk ratings are set out below.

Risk Level	Definition
Significant	A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by auditing standards), including management override of controls and revenue recognition.
Enhanced	An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to: • Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and • Risks relating to other assertions and arising from significant events or transactions that occurred during the period.
Standard	A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Significant risks and other key judgement areas (continued)

Audit risks and planned responses

In this section, we have set out the risks that we deem to be significant and enhanced, and our planned response. An audit is a dynamic process, and should we change our view of risk and/ or our approach to address those risks during our audit, we will report this to the Audit and Risk Committee.

Significant risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
1	Management override of controls	Yes	No	Yes	Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits. You should assess this risk as part of your oversight of the financial reporting process.	In line with our methodology, we plan to address the management override of controls risk through performing audit work over: • accounting estimates; • journal entries; and • significant transactions outside the normal course of business or otherwise unusual.

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Significant risks and other key judgement areas (continued)

Significant risks (continued)

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
2	Risk of fraud in revenue recognition	Yes	Yes	No	There is a presumption under International Standards on Auditing that there is a significant risk of fraud and error in the timing of revenue recognition leading to the material misstatement of revenue overall. This is because revenue is an area of particular focus by users of financial statements and can be subject to judgements as to when certain income streams should be recognised and if clawback conditions apply to any funding. The risk above applies only to the non-core grant income and other non-grant income generated by the College. The risk has been rebutted in relation to the core grant income received by the College, given the highly regulated nature of this income, and therefore the lower inherent and fraud risks associated with it.	We will address this risk through performing audit work over: • the design and implementation of the controls management has in place to ensure income is recognised in the correct period; • cash receipts around the year end to ensure they have been recognised in the right year; • the judgements made by management in determining when non-grant income is recognised; • for major grant income, obtaining counterparty confirmation; and • expected credit loss provisions applied to receivables at the year end, considering the appropriateness of judgements made by management.
3	Defined benefit pension scheme assets	No	Yes	Yes	There will be a significant asset value used in calculating the Tayside Pension Fund (TPF) position as at 31 July 2026 and due to the nature of the pension scheme there is significant complexity in identifying the College's share of the assets. The complexity is created by factors such as: • The types of assets held by the pension scheme and their valuation bases; and • The calculation of the College's share of the overall Scheme assets requiring the rolling forward of quarter end valuations.	We will address this risk by obtaining confirmation from the pension fund of the total value submitted to the actuary and details of how the College's share of assets has been calculated. We will then review this confirmation and consider if the information provided is sufficient and challenge any inconsistencies noted.

Significant risks and other key judgement areas (continued)

Other key areas of management judgement and enhanced risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
4	Defined benefit pension scheme assumptions	No	Yes	Yes	The College makes contributions to two pension schemes – the Scottish Teachers Superannuation Scheme (STSS) and the Tayside Pension Fund (TPF). While both are defined benefit schemes, it is not possible to identify the College's share of the underlying assets and liabilities in the STSS scheme and it is therefore accounted for as a defined contribution scheme. The College's share of the TPF's underlying assets and liabilities is identifiable and the net position is recognised in the accounts. There are significant assumptions used in calculating the value of the liability element of the year-end position of the TPF. Given the significance in the assumptions made, there is a risk of error due to the judgements used in the computation of the pension values. Additionally, at 31 July 2025 the College did not recognise the notional surplus of assets above liabilities in respect of the TPF.	We will consider the actuarial assumptions used by the actuary when calculating the liability element of the year-end position of the TPF. We will utilise our internal Actuarial Valuations team in order to assess the validity of these assumptions, both individually and in combination with each other. We will seek from management information to support the membership numbers included in the Actuarial report and understand how management have gained comfort that the data is correct. We will consider the accounting treatment in respect of the recognition, or otherwise, of the notional surplus to ensure it is consistent with the applicable accounting standards.
5	Early Retirement Provision	No	Yes	Yes	The College includes a provision in their financial statements in respect of staff who receive an enhanced pension for accepting early retirement. The calculation of the value of this provision uses a model which incorporates actuarial assumptions.	We will consider the actuarial assumptions used by the actuary when calculating the provision value.

Significant risks and other key judgement areas (continued)

Other key areas of management judgement and enhanced risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
6	Valuation of land and buildings	No	Yes	Yes	The College held land and buildings with a net book value of £72.4m as at 31 July 2025. In line with the requirements of the Government Financial Reporting Manual, the College has adopted a revaluation policy of a full valuation every five years, with a desktop interim valuation at year 3. In between these valuations an indexation exercise is carried out to ensure the value of the land and buildings is being appropriately reflected within the financial statements. For the year ending 31 July 2026, an indexation exercise will be undertaken. The College is in the early stages of a process which is intended to ultimately result in two new campuses to replaces the existing estate. This situation needs to be appropriately taken into account when determining the fair value for 31 July 2026. The College policy meets the requirement of the FE SORP that assets are valued sufficiently regularly so that the carrying value of the asset is not materially different from its fair value. Given the significance of the value of fixed assets held, a misstatement in the valuation could be material to the financial statements.	We will undertake a range of substantive procedures including: • Undertaking a review of management's assessment as to whether the indexation review takes account of all relevant changes to land and buildings including any associated impact of the College's future plans; • Challenging the assumptions within the valuation prepared by management's expert through reference to external sources such as the BCIS average prices index as well as our own understanding of the estate; • Reviewing the reconciliation between the College's asset register and general ledger; and • Considering the College's impairment review process for land and buildings.

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Significant risks and other key judgement areas (continued)

Other key areas of management judgement and enhanced risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
7	Accounting treatment of Job Evaluation Scheme	No	Yes	Yes	Following the release of the final 2023/24 Accounts Direction for Scottish Colleges the accounting treatment for the Job Evaluation Scheme was updated in the 2024 financial statements with the removal of the debtor and reclassification of the creditor to provisions. This continued to be appropriate for the 2025 financial statements, and it is expected that the 2025/26 Accounts Direction, when released in June/July, will require Colleges to account for the Scheme in an equivalent manner. The historic creditor was calculated using figures extracted from the Funding Allocation Letter although in recent years no separate figure has been provided to Colleges. As such the calculation of the provision requires Colleges to exercise judgement as to the quantum of the provision giving consideration to changes to staffing and pay levels since 2018.	We will consider a range of substantive procedures including: • Considering the proposed treatment against the requirements of the 2025/26 Accounts Direction; • Considering the consistency between the proposed treatment and FRS 102; • Considering the appropriateness of the basis of calculation of the provision; • Considering whether the computation of the Job evaluation amount has taken into account all relevant considerations.

Significant risks and other key judgement areas (continued)

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, we would like to seek the Audit and Risk Committee's views/ knowledge of the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between Dundee and Angus College and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

Internal audit function

Based on our assessment of the extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors, the level of competence of the internal audit function, and whether the internal audit function applies a systematic and disciplined approach, including quality control, we do not expect to use the work of the internal audit function for the purpose of our audit.

Nonetheless, we will obtain a copy of the reports issued by internal audit relating to the financial period under audit determine whether any findings will have an impact on our risk assessment and planned audit procedures.

06

Wider scope and Best Value

Wider scope and Best Value

The framework for wider scope work

The Code of Audit Practice sets out the four areas that frame the wider scope of public sector audit. We are required to form a view on the adequacy of the Dundee and Angus College's arrangements in four areas:

1. **Financial management**
2. **Financial sustainability**
3. **Vision, leadership, and governance**
4. **Use of resources to improve outcomes**

Financial management	Financial management means having sound budgetary processes. Audited bodies require the ability to understand the financial environment and whether internal controls are operating effectively. Auditors consider whether the body has effective arrangements to secure sound financial management.
Financial sustainability	Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs. Auditors consider the extent to which audited bodies have shown regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so that it can continue to deliver services.
Vision, leadership and governance	Audited bodies must have a clear vision and strategy, and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation. Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. They also consider the effectiveness of governance arrangements for delivery.
Use of resources to improve outcomes	Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. Auditors consider the clarity of the arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of equalities, and deliver continuous improvements in priority services.

Wider scope and Best Value (continued)

Our approach

Our planned audit work against the four wider scope areas is risk based and proportionate. We need to gather sufficient evidence to support our commentary on the Dundee and Angus College's arrangements and to identify and report on any significant risks. We will carry out more detailed work where we identify significant risks. Where significant risks are identified we will report these to the Dundee and Angus College and make recommendations for improvement. In addition to local risks, we consider challenges that are affecting the public sector as a whole.

Best Value

Ministerial Guidance to Accountable Officers and the Scottish Public Finance Manual explain that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value including consideration of the seven Best Value characteristics. We will consider the arrangements put in place by the Accountable Officer to meet their Best Value obligations as part of the wider scope audit work.

We are required to report on the fairness and equality characteristic once during the audit appointment. We are planning on reporting on these characteristics in the 2025/26 Annual Audit Report.

Wider scope and Best Value (continued)

Wider scope risks

The Code of Audit Practice requires us to consider the significant audit risks in areas defined in the Code as the wider scope audit.

Although we have not fully completed our planning and risk assessment work, the table below outlines the wider scope audit risks that we have identified to date. We will report any further identified risks to the Audit and Risk Committee on completion of our planning and risk identification work.

	Description	Financial management	Financial sustainability	Vision, leadership and governance	Use of resources to improve outcomes	Planned procedures
1	We are aware that the overall College Sector in Scotland is having to respond to the financial pressures of inflating costs in a period when core grant income has been flat. We have been made aware that the College is projecting a small deficit for the year to 31 July 2026, which is an improvement of the projected situation in the prior year, with the improvement coming from a dedicated savings exercise since the start of the financial year. Looking ahead to 2026/27 another smaller deficit is expected, but this is closer to the balanced budget position. Ongoing funding issues will be the main factors in the coming months, with uncertainty over new campus decisions, and capital funding remaining a focus on an ongoing basis. The above position means that the College will have to make decisions in order to appropriately balance finances. Management have undertaken scenario planning covering 5 years, and draft budgets covering 3 years – they are therefore actively looking ahead and considering the future of the College. Given the level of sector wide uncertainties around the sufficient of future funding and of the general economic environment that has arisen there is a risk the timing of the future funding gap could be accelerated and / or additional funding not being made available from the SFC.	No	Yes	No	No	We intend to consider: • the forecast financial position in the financial plans submitted to SFC; • alternative plans being considered by the College to ensure a balanced budget is achieved; • the financial reporting arrangements in place at the College

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Audit fees and other services

Audit fees and other services

Our fees (inclusive of VAT but exclusive of disbursements) for the audit of Dundee and Angus College's financial statements for the year ended 31 July 2026 are outlined below.

At this stage of the audit, we are not planning any divergence from the expected fees set by Audit Scotland, which is available on the Audit Scotland website.

Area of work	2025-26 Proposed Fee	2024-25 Actual Fee
Auditor remuneration	£56,980	£54,890
Pooled costs	(£6,900)	(£6,930)
Sectoral cap adjustment	(£4,830)	(£4,580)
Additional proposed fee in respect of significant deficiency identified related to BACS controls as explained on page 18	-	£4,023
Total fees	£45,250	£47,403

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Confirmation of our independence

Confirmation of our independence

Requirements

We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Revised Ethical Standard.

Compliance

We are not aware of any relationship between Forvis Mazars and Dundee and Angus College that, in our professional judgement, may reasonably be thought to impair our independence.

We are independent of Dundee and Angus College and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.

Non-audit and Audit fees

We have set out a summary of the non-audit services provided by Forvis Mazars (with related fees) to Dundee and Angus College, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC's Revised Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner

Confirmation of our independence

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with me in the first instance.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Framework Agreement issued by Audit Scotland available from the Audit Scotland website: Audit Scotland Framework Agreement (audit-scotland.gov.uk). Any emerging independence threats and associated identified safeguards will be communicated in our Annual Audit Report.

We are not aware of any threats to our independence that we have identified in connection with services provided to Dundee and Angus College.

Any emerging independence threats and associated safeguards we identify or put in place will be communicated to you in our Annual Audit Report.

Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

Appendix A: Key communication points

We value communication with you, as a two-way feedback process is at the heart of our client service commitment. ISA (UK) 260 Communication with Those Charged with Governance and ISA (UK) 265 Communicating Deficiencies In Internal Control To Those Charged With Governance And Management specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Annual Audit Plan in May 2026;
- Our Annual Audit Report in November 2026; and
- Our independent auditor's report in December 2026.

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

Key communication points at the planning stage as included in this Annual Audit Plan

Our responsibilities in relation to the audit of the financial statements;

- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Annual Audit Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the group's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

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Appendix A: Key communication points (continued)

ISA (UK) 260 Communication with Those Charged with Governance, ISA (UK) 265 Communicating Deficiencies In Internal Control To Those Charged With Governance And Management and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Annual Audit Plan
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Annual Audit Plan
With respect to misstatements: • Uncorrected misstatements and their effect on our audit opinion; • The effect of uncorrected misstatements related to prior periods; • A request that any uncorrected misstatement is corrected; and • In writing, corrected misstatements that are significant.	Annual Audit Report
With respect to fraud communications: • Inquiries with the Audit and Risk Committee to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the entity; • Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • A discussion of any other matters related to fraud.	Annual Audit Report and discussion at the Audit and Risk Committee Audit planning and clearance meetings

Appendix A: Key communication points (continued)

Required communication	Where addressed
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Annual Audit Report
Significant matters arising during the audit in connection with the group's related parties including, when applicable: • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity.	Annual Audit Report
Significant deficiencies in internal controls identified during the audit.	Annual Audit Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and inquiry of the Audit and Risk Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that the Audit and Risk Committee may be aware of.	Annual Audit Report and the Audit and Risk Committee meetings

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Appendix A: Key communication points (continued)

Required communication	Where addressed
Significant findings from the audit including: • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to Dundee and Angus College or the Audit and Risk Committee in the context of fulfilling their responsibilities.	Annual Audit Report
With respect to going concern, events or conditions identified that may cast significant doubt on the group's ability to continue as a going concern, including: • Whether the events or conditions constitute a material uncertainty; • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • The adequacy of related disclosures in the financial statements.	Annual Audit Report

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Appendix A: Key communication points (continued)

Required communication	Where addressed
Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, our firm's System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm's System of Quality Management: • Ensure there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership • Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities • Identify, review, and update quality risks each quarter, taking into consideration the number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm's root cause analysis and remediation functions, etc.) • Identify, design, and implement responses as part of the process to strengthen our firm's internal control environment and overall quality • Evaluate responses and remediate control gaps or deficiencies We perform an evaluation of our system of quality management on an annual basis. Details of that assessment and our conclusion as of 31 August 2025 are set out in our 2024/2025 Transparency Report, which is available on our website here.	Annual Audit Plan

Appendix B: Current year updates, forthcoming accounting & other issues

New standards and amendments

Effective for accounting periods beginning on or after 1 January 2025/2026

Amendments to FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* and other FRSs – Periodic Review 2024 (Issued March 2024)

Overview

These amendments finalise the FRC's periodic review of the UK's accounting standards consulted on in FRED 82 *Draft amendments to FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland and other FRSs - Periodic Review 2024* and FRED 84 *Draft amendments to FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland - Supplier finance arrangements*.

What are the key changes?

Section 23 *Revenue from Contracts with Customers* – The revenue accounting requirements have been completely replaced with a new section that is based on IFRS 15 *Revenue from Contracts with Customers*.

The amendments set out a five-step model to be applied to all contracts with customers, with some practical simplifications, requiring revenue to be recognised to depict the transfer of promised goods or services (a promise being an obligation to transfer a good or service (or bundle of goods or services) that is distinct) to customers, with the amount to reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. The requirements will ensure that more useful information is reported about the nature, amount and timing of revenue and cash flows arising from contracts with customers.

The amendments include considerably more extensive requirements and guidance than the current requirements of Section 23, including areas of revenue accounting that were not previously specifically dealt with or were limited. These new, or revised, areas include warranties, non-refundable upfront fees, principal versus agent considerations, customer options for additional goods or services, variable consideration, refund liabilities, repurchase agreements, licensing, and contract balances.

Section 20 *Leases* – The lease accounting requirements have been completely replaced with a new section that is based on IFRS 16 *Leases*.

The amendments require all lease arrangements to be recognised on-balance sheet, with some exemptions and practical simplifications, and therefore removing the distinction between operating and finance lease arrangements. The exemptions allow short-term leases and leases of low-value assets to remain off-balance sheet.

The practical simplifications, which are when compared to IFRS reporting, are in relation to:

- Introducing a lessee's obtainable borrowing rate as an alternative to the lessee's incremental borrowing rate;
- Reducing the number of situations in which a lease modification requires the determination of a revised discount rate;
- Offering the option of a simpler approach to recognising gains and losses on sale and leaseback transactions; and
- Providing a higher threshold when determining low-value assets.

Section 2 *Concepts and Pervasive Principles* – The section is revised to align the principles with the 2018 Conceptual Framework for reporting under IFRS.

Section 2A *Fair Value Measurement* – The section is revised, replacing the existing Appendix to Section 2, to align the key requirements with IFRS 13 *Fair Value Measurement*. The amendments aim to provide additional guidance to help ensure consistently of conclusions reached when determining fair values.

Section 7 *Statement of Cash Flows* – The amendments introduce new disclosure requirements about supplier finance arrangements (also referred to as supply chain finance, payables finance or reverse factoring arrangements). The amendments aim to provide users of financial statements with additional information about an entity's use of supplier finance arrangements and the effect of such arrangements on the entity's financial position and cash flows. The additional disclosure requirements relate to the specific terms and conditions of the arrangement and quantitative information about changes in carrying amounts of financial liabilities that are part of the supplier financing arrangement, including both cash and non-cash changes.

Section 8 *Notes to the Financial Statements* – Amendments are added to require entities to disclose 'material accounting policy information' instead of 'significant accounting policies' such that the requirements become aligned with IAS 1 *Presentation of Financial Statements*.

Appendix B: Current year updates, forthcoming accounting & other issues

New standards and amendments (continued)

Effective for accounting periods beginning on or after 1 January 2025/2026 (continued)

Amendments to FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* and other FRSs – Periodic Review 2024 (Issued March 2024) (continued)

Section 10 *Accounting Policies, Estimates and Errors* – Amendments are added to introduce the definition of an accounting estimate to help entities distinguish changes in accounting estimates from changes in accounting policies.

Section 11 *Financial Instruments* and Section 12 *Other Financial Instruments Issues* – There is the removal of the option to newly adopt the recognition and measurement requirements of IAS 39 *Financial Instruments: Recognition and Measurement*, in preparation for the eventual removal of this option, with the exception of allowing entities to do so solely to make the entity's accounting policies consistent with those adopted in the consolidated financial statements in which the entity is included.

The proposals do not bring in the requirements under IFRS 9 *Financial Instruments* (IFRS 9) to apply an expected loss model for impairment of financial assets. However, where an entity choses to apply the recognition and measurement requirements of IFRS 9 (as an accounting policy option under FRS 102), then new disclosure requirements relating to the expected credit loss model are included.

Section 26 *Share-based Payment* – Amendments are added to provide additional guidance over the application of the principles in certain situation, such as measuring the fair value of cash-settled share-based payments, where there is a choice of settlement of a share-based payment, and when dealing with share-based payments issued to employees within a business combination.

Section 29 *Income Tax* – Amendments are added to align with the requirements of IFRIC 23 *Uncertainty over Income Tax Treatments* on how to reflect the effects of uncertainty in the accounting for income taxes.

Section 34 *Specialised Activities* – Various amendments are made to improve and clarify existing requirements and make consequential changes to reflect other amendments. This includes guidance in relation to heritage assets, incoming resources from non-exchange transactions, and agricultural assets.

What has not changed?

The amendments do not introduce an expected credit loss model of financial asset impairment, as set out in IFRS 9 *Financial Instruments* (IFRS 9), and do not introduce any alignment with IFRS 17 *Insurance Contracts* (IFRS 17). Any alignment with IFRS 17, or further alignment with IFRS 9, will be part of a future project and subject to consultation in due course.

Who is it applicable to?

The amendments from this periodic review are applicable to all FRS 102 reporters.

The impact for each UK business will vary depending upon the nature of the entity's operations and activities. Care is required to ensure that a full impact assessment is carried out early to allow for adequate implementation of any new accounting requirements, particularly where full retrospective application is required as at the start of the earliest period presented, which for most entities will be 1 January 2025.

When is it effective?

The amendments are applicable to accounting periods beginning on or after 1 January 2026, with early application permitted provided all amendments are applied at the same time. There is an exception for the new disclosure requirements relating to supplier finance arrangements that are applicable to accounting periods beginning on and after 1 January 2025.

Transitional provisions are included in relation to revenue from contracts with customers, leases, supplier finance arrangements, uncertain tax treatments and fair value measurement.

Implications on our audit?

All leases held by the group are in the process of being reviewed to determine if they will be impacted by the changes to Section 20, as this may mean right of use assets will be capitalised on the Statement of Financial Position. The accounting for this will need to be reviewed and discount rates used justified. This will impact the group in the year ending 31 July 2027.
There are no other expected implications on the audit in respect of other updates.

Contact

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Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

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