BOARD OF MANAGEMENT

Audit and Risk Committee

Tuesday 15 September 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** – 2 June 2026	Paper A for approval	
5.	**MATTERS ARISING**	Paper B for noting	
6.	**INTERNAL AUDIT**		
	6.1. Procurement & Creditors	Paper C for approval	HL
	6.2. 2025/26 Progress Report	Paper D for information	HL
	6.3. 2026/27 Draft Audit Plan	Paper E for approval	HL
	6.4. Follow Up Summary	Paper F for information	NA/ST
7.	**ANNUAL DATA PROTECTION COMPLIANCE REPORT**	Paper G for information	ST
8.	**FINANCIAL REGULATIONS REVIEW**	Paper H for approval	NA
9.	**STRATEGIC RISK REGISTER**		
	9.1. Risk Register Update	Paper I for approval	ST
	9.2. Strategic Risk Register		
10.	**EXTERNAL AUDIT**	Verbal update	MS
	10.1. Audit Assurance Response	Paper J for approval	ST
	10.2. 2025/26 Accounts – Accounting Estimates	Paper K for approval	NA
11.	**GOVERNANCE UPDATES**	Verbal Update	RW

12. **DATE OF NEXT MEETING** – Tuesday 1 December 2026 (Joint meeting with Finance & Infrastructure Committee) at **4.00pm** in Room K-TO-226, Kingsway Campus.

This meeting will be recorded, in line with the Recording Policy.

Agenda Item 4.0

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 15 September 2026

MINUTE OF THE PREVIOUS MEETING — PAPER A

BOARD OF MANAGEMENT

Audit and Risk Committee

Tuesday 2 June 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)
Derek Smith
Brian Mooney
Stephen Oakley
Richard Gordon
Carri Cussick
Jenna Lawrence

IN ATTENDANCE:

S McNaught (Henderson Loggie)
David Robertson (HEFESTIS)
Steve Taylor (Vice Principal Support and Organisation)
Andy Ross (Director of Infrastructure)
Nicky Anderson (Director of Finance)
Rachel Wall (Board Secretary)
Michael Speight (Forvis Mazars)
Ruth Holland (Forvis Mazars)

1. WELCOME

H Honeyman welcomed members of the Audit & Risk Committee.

2. APOLOGIES

Apologies were noted from David Archibald (Henderson Loggie), R Donegan and K McIntosh.

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 meeting held on 3 March 2026 were approved as an accurate record.
.

5. MATTERS ARISING

The action relating to the potential strategic AI risk has been closed.
One matter arising was still to be progressed as part of a future Chairs Committee meeting with the date to be confirmed.

INTERNAL AUDIT

5.1 INTERNAL AUDIT REPORT: BUDGETARY CONTROL

SM summarised the report, highlighting the scope was to look at the arrangements for financial planning and budget setting in the College and any areas of strength and weaknesses. He explained that in financially challenged times for the sector there is an increased focus on budget setting and planning and he outlined the steps the college has taken to improve financial planning in the college highlighting improvements in how information is gathered, agreeing assumptions, the financial strategy review and setting three-year budgets. He explained that a deficit budget is consistent with the college sector to have managed deficits. He highlighted transparency of the assumptions in the financial strategy as key alongside evidence of management taking steps to manage the deficit. This coupled with finance team and budget holder transparency to Board strengthens the budget process. He further explained the following risks but advised that these were standard.

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

SM informed the Committee that there were two low-grade (Priority 3) recommendations for improvement, but overall the report was positive with no significant weaknesses and deficits were in line with the sector.

The Chair commented that the budgetary control framework was much improved and enquired as to whether the information which was to be communicated monthly to the Finance and Infrastructure committee members would cause issues from an operational perspective. N Anderson advised that this would not cause issues, as the SLT monthly Budget Monitoring Report was being revamped to include and executive summary, and that summary will go to Finance and Infrastructure Committee members each month providing transparency and consistency in the data.

B Mooney referred to the underpinning assumptions and asked how these were reviewed. N Anderson explained the Financial Strategy is a working document. The assumptions were agreed with SLT and Board Members and revisited again at the latter part of the budget setting cycle. In response to a comment from B Mooney, S Taylor advised that some of the assumptions have set dates, for example Credits, and therefore cannot be actively monitored and this is monitored on an on-going basis.

N Anderson further advised that differences between actuals and assumptions are monitored and explained on a monthly basis as part of the budget monitoring reporting process.

The Committee requested that reports were provided in a more timely manner in future, to allow for a more detailed review

The report was **APPROVED**

.

6.2 2025/26 PROGRESS REPORT

S. McNaught confirmed that audit work is progressing as scheduled, and fieldwork for the Creditors and Procurement audit was being carried out this week..

6.3 FOLLOW UP SUMMARY

N Anderson reported that all follow-up actions, as reported at the February 2026 meeting, were either fully implemented.

The Committee noted the positive position.

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

7. SFC OUTCOME FRAMEWORK & ASSURANCE MONITORING (OFAM) SIGN-OFF SUMMARY ("THE SUMMARY")

S Taylor provided a verbal update to the Summary, explaining this reflects new arrangements implemented by the SFC when this assurance framework replaced the outcome agreement

B Mooney referred to the Financial Viability & Sustainability section and queried as to why the savings made via Voluntary Severance will be largely neutralised by payments for the same. S Taylor advised that this was due to timing issues, but that overall the savings made had resulted in more posts being retained. He noted that as a result of this process, there may be a liquidity ask of SFC for AY26-27.

The Committee discussed the usefulness of the Summary, and it was agreed that, despite the lag in the reporting data, it was a useful tool and thanked S Taylor for the update.

The Committee confirmed that the Summary provided appropriate assurance.

8. STRATEGIC RISK REGISTER

(i) RISK REGISTER UPDATE

S Taylor provided an update on the draft June 2026 Strategic Risk Register and advised the Committee that the only change had been to Risk 2.2 – Failure to achieve institutional Sustainability, which now included reference to the Financial Strategy. He advised that the risks surrounding the future financial sustainability of the College remain significant and focused savings plans and detailed monitoring are in place as necessary to support on-going sustainability.

The Committee noted that financial sustainability remains a Major risk.

The Committee referred to the funding regularity with Dundee University, and S Taylor noted that productive conversations were being undertaken in relation to the curriculum.

S Taylor referred to the concerns surrounding RAAC and informed the Committee that there had been a question raised that day, in First Ministers Questions, and both the question and the response were positive.

The College noted that the College was currently running 2% behind the Credit threshold, but this was not of concern, and it was likely that this would be met by year end.

C Cussick referred to risks arising from AI and suggested that this should be a separate entry in the register. After discussion, it was noted that AI risks are embedded across the Risk Register rather than held as a standalone risk, reflecting their cross-cutting nature.

R Gordon agreed with the Chair that the risk is continuously evolving, as are the mitigation measures, and that these mitigation measures should be more clearly reflected within the register.

Ensure mitigation measures relating to AI risks are explicitly referenced in the Risk Register. **ACTION.**

The Committee **APPROVED** the update

(ii) STRATEGIC RISK REGISTER

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

9. DATA REPORTING

S Taylor advised that there had been no reportable data breaches. The Committee noted the position.

10. EXTERNAL AUDIT – 2025/2026 AUDIT PLAN (the "Plan")

M. Speight (Mazars) referred to the report and advised the Committee that the Plan sets out the intentions that were agreed in April. It was noted that N Anderson had extended the 2024/25 year end of Gardyne Theatre Limited to 31 January 2026 at Companies House to finalise the closure of the company,

M. Speight referred to pages 24 and 25 and advised that risks 1 and 2 were mandated risks, and risk 3 reflected the assumptions and judgements which had to be made when calculating the Defined benefit pension scheme assets.

Risk 6 was included due to the valuation of land and buildings being the largest number in the statements. Risk 7 (Accounting treatment of Job Evaluation Scheme) was not of major concern and was expected to be in line with both expectations and FS102 standards.

M. Speight informed the Members that a letter regarding potential considerations would be circulated and responses would be appreciated. In response to a comment from S Taylor, it was agreed that this letter be provided earlier. He also confirmed that, in terms of materiality, risks were consistent with previous years and the auditors believe they remain independent.

H. Honeyman thanked M Speight for his update.

11. DATE OF NEXT MEETING

Tuesday 15 September 2026 at 5.00pm in room K-TO-624, Kingsway Campus.

Action Point Summary

Action	**Responsibility**	~~**Date**~~
Include the mitigation measures being undertaken in relation to AI in the Risk Register	S Taylor	15 September 2026

Agenda Item 5.0

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 15 September 2026

MATTERS ARISING PAPER B

BOARD OF MANAGEMENT
Audit & Risk Committee
Tuesday 15 September 2026

Matters Arising

Paper B for information

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

Agenda Item No	Action	Current status	Open / Closed
5.1	No matters arising, include the mitigation measures being undertaken in relation to AI in the Risk Register	Complete	Closed

Author: Rachel Wall, Governance Professional

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

Agenda Item 6.1

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 15 September 2026

PROCUREMENT & CREDITORS

PAPER C

LEVEL OF ASSURANCE
Satisfactory

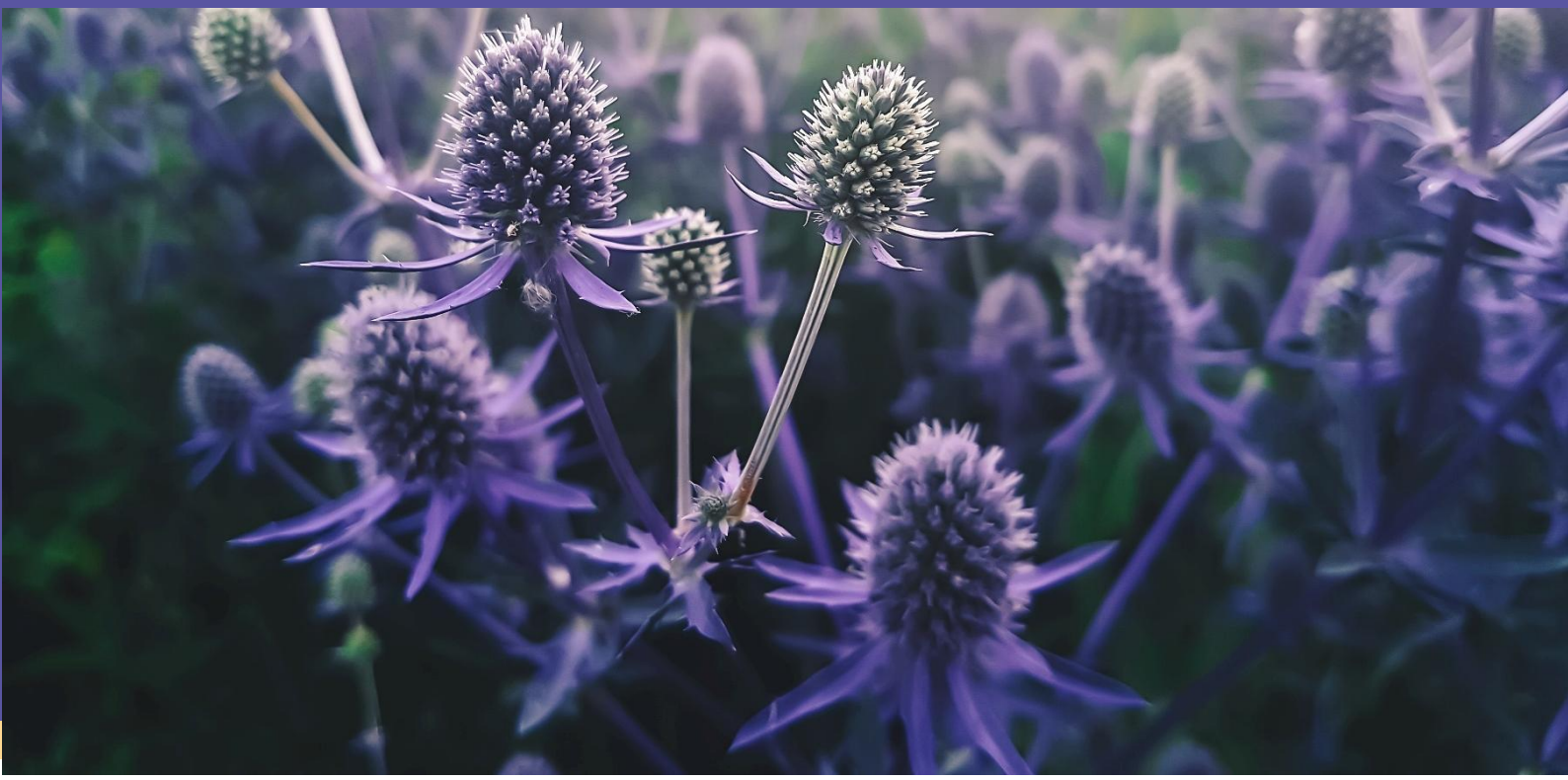
Dundee and Angus College

Procurement and Creditors / Purchasing

Internal Audit report No: 2026/04

Draft issued: 7 September 2026

Final issued: 8 September 2026



Henderson Loggie

Contents

		Page
Section 1	**Management Summary**	
	• Overall Level of Assurance	1
	• Risk Assessment	1
	• Background	1 - 2
	• Scope, Objectives and Overall Findings	3
	• Audit Approach	4
	• Summary of Main Findings	4 - 5
	• Acknowledgements	5
Section 2	**Main Findings and Action Plan**	**6 - 14**

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

Satisfactory	System meets control objectives with some weaknesses present.

Risk Assessment

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

- 2.2 – Failure to achieve institutional sustainability (Residual risk = 16, red), and
- 2.7 - Failure to reach aspirational standards in financial strategy, budgeting, planning or audit (Residual risk = 6, green).

Background

As part of the Internal Audit programme at Dundee and Angus College for 2025/26, we carried out a review of the systems in place for Procurement and Creditors / Purchasing. This reflected a request to re-audit these areas of activity by the Audit and Risk Committee following implementation of an improvement plan arising from the previous Procurement and Creditors / Purchasing – Sustainable Procurement Internal Audit Report No 2024/03 (issued May 2024).

The Procurement Reform (Scotland) Act 2014 and related regulations provide the legal framework for the college's procurement activity. There are specific procurement requirements that must be applied to expenditure estimated to be at least £50,000 (goods and services) over the lifetime of the contract, and by organisations with significant procurement spend (where the total value of regulated contracts in a year exceeds £5 million).

The College has a Procurement Policy (December 2024) and a Procurement Strategy 2025/26 (due for review in December 2026) published on the public facing website together with the College's Financial Regulations (August 2025) and Annual Procurement Reports (last published for the financial year 2024-25). The Procurement Policy and Procurement Strategy both outline the College's commitment to achieving value for money, promoting and advancing diversity, equalities, and sustainable development, acting fairly towards suppliers and partnership working across the sector, and complying with legislative requirements. The college has a Procurement Manager who is an Advanced Procurement for Universities and Colleges (APUC) staff member. As per the College's Procurement Policy, the Procurement Manager gets involved with purchases and requisitions when the value exceeds £50,000 or where a specific framework is to be used for the purchase. Procurement thresholds were approved by the Finance and Property Committee in December 2024 which remain compliant with Scottish public procurement requirements as of September 2026, with no legislative change affecting the £50,000 procurement trigger. Procurement controls between procurements at £5,000 to £49,999 three email quotes and £50,000 requires a procurement led approach determined case by case as per the Procurement Policy (December 2024).

Background (continued)

The College's scheme of financial delegation is documented under Schedule 2 – Other Authority Thresholds within the Financial Regulations. To support arrangements, Finance have established a suite of guidance established for the management of purchases and supplier information (referenced PP1 to PP9).

The College uses the P2P electronic procurement system to place purchase orders (POs) for goods and services with the suppliers. P2P is integrated with the College's financial system, Sun, and facilitates an automated workflow for approving requisitions and issuing POs, as a background workflow automatically passes on any submitted requisitions to the appropriate managers for approval in line with the delegated authority limits in place. Once fully authorised, the POs are issued by the originators to the suppliers via P2P.

The College procurement and accounts payable procedures set out the controls to be applied throughout the purchase-to-pay process. These procedures require purchases to be authorised through the purchase order process, goods received to be recorded and supplier invoices to be matched against purchase orders prior to payment, with additional approval required where invoice values or price differences exceed established tolerance limits. The procedures also include controls over supplier creation and maintenance, invoice approval, supplier statement reconciliations and payment processing.

Payments are made using weekly automated BACS transfers. A system of checks and approvals is employed for payments prior to them being issued, ensuring that errors are minimised, and segregation of duties is demonstrated.

Requests for changes to supplier standing data are independently verified with the supplier as means of ensuring accuracy and preventing fraud. Changes made to the data are checked and approved, although there are opportunities for improvement regarding the process.

The college are presently looking at replacing their financial system to introduce a financial system that will enable POs to be generated and approved via a workflow. This will enable the reconciliation process to complete when invoices are received, and will aid reporting for the college, which will ultimately provide additional assurance on financial controls to the Audit and Risk Committee and Board.

Scope, Objectives and Overall Findings

This audit focused on the systems of internal control in place for the ordering of goods and services and the payment of invoices. We also considered whether the procurement strategy followed and procedures in place support best value purchasing across the College in relation to non-pay spend.

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

Objective	Findings				
To ensure that:	**Level of Assurance**	**1**	**2**	**3**	**Actions in Progress**
		No. of Agreed Actions			
1. The College's Procurement Policy, Strategy and procurement guidance are comprehensive, kept up-to-date and in line with the Procurement Reform (Scotland) Act 2014 ('the Act') and The Procurement (Scotland) Regulations 2016 ('the Regulations').	**Good**	-	-	-	
2. Procurement procedures ensure that: • areas of high spend across the College are monitored appropriately; • opportunities for pooling of expenditure are identified in order to achieve best value; • collaborative procurements and frameworks available to the College are utilised where appropriate; and • the sustainable procurement duty is met.	**Satisfactory**	-	-	1	
3. Purchase orders are completed for relevant purchases and are approved by members of staff with sufficient delegated authority prior to issue to suppliers, with the risk of unauthorised and excessive expenditure being minimised.	**Satisfactory**	-	-	1	
4. The College's procurement guidance on quotes and tenders is being complied with.	**Requires Improvement**	-	1	-	
5. All liabilities are fully and accurately recorded.	**Good**	-	-	-	
6. All payments are properly authorised, processed and recorded.	**Satisfactory**	-	-	-	✓
7. Appropriate controls are in place over the amendment of standing supplier data on the finance system.	**Satisfactory**	-	-	-	✓
Overall Level of Assurance	**Satisfactory**	**-**	**1**	**2**	
		System meets control objectives with some weaknesses present.			

Audit Approach

From our discussions with Procurement staff, and a sample of budget holders, we established the procurement strategies, procedures and monitoring arrangements which were in place within the College. These were then evaluated to establish the extent to which they follow recognised good practice. We also documented controls in place within the purchasing / payments system through interviews with Finance staff and sought to establish whether the expected key controls are in place. Compliance testing was performed to determine whether the key controls are working effectively.

Summary of Main Findings

Strengths

- The Procurement Policy (December 2024), Procurement Strategy 2025/26 and Procurement Authorisation Process aligns with Scottish public procurement legislation and reflects the principles of transparency, equal treatment, value for money and sustainable procurement. The Procurement Policy and Strategy also embed environmental, social and economic considerations and align strategic procurement objectives with the Sustainable Procurement Duty.
- The Annual Procurement Report 2024/25 also records progress against strategic objectives, completed and planned regulated procurements, community benefits and procurement from supported businesses.
- Established arrangements support oversight of procurement expenditure and collaborative purchasing, including an APUC-hosted Contracts Register, quarterly reporting of procurement plans to the Finance and Infrastructure Committee, and use of APUC, Government Commercial Organisation and Jisc frameworks.
- All regulated procurements are supported by the Procurement Manager, who undertakes an annual spend review to identify efficiencies and opportunities for improved value.
- Purchase orders, delivery notes and invoices were retained where appropriate for transactions reviewed.
- Purchase orders are approved within the approved financial thresholds with higher-value purchases approved where relevant by the Principal and then the Finance and Infrastructure Committee in accordance with delegated authority.
- Management demonstrated a positive continuous improvement culture by introducing an additional receipt-of-goods review for invoices exceeding a value of £10,000, providing a proportionate compensating control that strengthens assurance over higher-value payments, while recognising the limitations of the current accounting system functionality.
- Regulated procurement journeys for suppliers reviewed used established frameworks and regulated tender exercises. For some suppliers, we evidenced exemption or non-competitive-action arrangements. Higher-value purchases were also reported to the Finance and Infrastructure Committee in accordance with delegated authority, while the Procurement Manager undertakes an annual spend review to identify efficiencies and opportunities for improved value.
- Weekly BACS payment runs are subject to a defined review and approval process, with payment runs generated through the finance system and submitted to Finance management for authorisation. Sample testing confirmed that the invoice payments reviewed had been appropriately authorised by Finance management before processing.
- The College has established robust controls over supplier-data amendments, with all changes independently validated, approved by Finance and subject to management review. Testing confirmed that validation, authorisation and processing controls operated effectively in all cases reviewed.
- Management are in the process of enhancing system-based monitoring and auditability through the implementation of SUN Data Audit functionality.

Summary of Main Findings (continued)

Actions in progress
The finance system was found to have some limitations, in relation to capability for oversight and auditability of changes. For example:

- Evidence of BACS payment authorisations is not readily accessible beyond a three-month time period. While historical approval records may be available through the College's third-party payment provider, copies are not retained locally and may take time to retrieve when required for audit, investigation, or management review purposes.
- In addition, supplier standing data change approval records are maintained outside the finance system and there is currently no automated exception reporting to highlight recent supplier-data amendments as part of routine monitoring. However, Finance is taking proactive steps to strengthen oversight through the recently enabled SUN Data Audit functionality. Once access to the associated reporting capability is established, this will provide improved visibility of supplier-data changes, enhance monitoring arrangements and reduce reliance on manual processes.

These actions remain in progress at reporting; however, no further recommendations have been raised.

Weaknesses

- There was inconsistency with the evidence retained by the College for non-regulated procurements. Consideration should be made to retaining evidence of non-regulated procurement information centrally and introducing quality assurance checks on non-regulated procurements as part of the Procurement Manager's annual spend reviews.
- The Executive Summary within the Annual Procurement Report 2024/25 referred to sustainability reporting (Section 6) that was not evidenced within the approved published report. While sustainability procurement points were detailed throughout the report, there were no dedicated sustainability measures established.
- Although dated August 2025, the Financial Regulations on the College's public Procurement landing page and staff portal referred to outdated financial thresholds for purchasing authority, which meant that the published delegated authority limits differed from those formally approved by the College. Similarly, the published Procurement Policy predates approved thresholds for evidencing competitive tenders for non-regulated procurements (under £50,000).

Acknowledgements

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

Main Findings and Action Plan

Objective 1 - The College's Procurement Policy, Strategy and procurement guidance are comprehensive, kept up-to-date and in line with the Procurement Reform (Scotland) Act 2014 ('the Act') and The Procurement (Scotland) Regulations 2016 ('the Regulations').

The College's Procurement Policy (December 2024) sets out the framework within which the College's procurement, purchasing, and contract management activity are to operate. The document provides an overview of legislative demands and subsequent obligations the College in relation to procurement and purchasing. The policy is relevant to all staff involved in these activities, in particular roles and responsibilities for budget holders, who have a responsibility to ensure that procurement and purchasing activities within their areas are conducted in line with the College's policy and legislation.

The policy applies to all aggregate spend over £5,000, regardless of funding source, unless it is specifically agreed or required by the funding body or out of scope and as listed in the Procurement Policy. Wherever possible, all purchases should be made under a framework agreement arranged by approved consortia or contracts established by the College. Any purchases not made using a framework agreement or existing contract should be thoroughly justified to and approved by the Procurement Manager. This ensures a clear separation between budgetary authorisation and procurement authorisation. For purchases over £50,000, the contract should specifically be advertised on Public Contracts Scotland (PCS), or using an alternative framework or collaborative agreement, to ensure value for money wherever possible.

We confirmed that the Procurement Policy is adequately aligned with Scottish public sector procurement legislation and reflects the key principles of transparency, equal treatment, value for money and sustainable procurement. We also confirmed that the Scottish Government's procurement threshold changes introduced in January 2026 do not materially affect the policy, as it is primarily based on the £50,000 regulated procurement threshold, which remains unchanged. Therefore, no separate recommendation has been raised. However, we did note that multiple versions of the Procurement Policy were in circulation during our fieldwork which has resulted in a recommendation being raised under Objective 3 below.

To provide clarity to staff, Finance have also documented the Procurement Authorisation Process (FINSP01, December 2024 and due for review following consideration of revised Financial Regulations at the September 2026 Finance and Infrastructure Committee meeting). This acts as a quick reference guide for the College's procurement journey.

The College's Procurement Strategy 2025-2026 sets out the commitment to achievement of value for money, promoting and advancing diversity, equalities, and sustainable development, acting fairly towards suppliers and partnership working across the sector, and complying with legislative requirements. This aligns with the Public Procurement Strategy for Scotland and the College's wider strategic aims, fostering a culture of collaboration and cooperation throughout the procurement process. The Procurement Strategy 2025-2026 describes the strategic procurement objectives, included specific objectives relating to sustainable procurement. The College's published Annual Procurement Report 2024/25 sets out progress made against the outlined objectives and statements, a list of regulated procurements completed within the reporting period, regulated procurements with community benefit requirements fulfilled, regulated procurements placed with supported businesses, and a list of planned regulated procurement for the upcoming year, in line with expectations.

Objective 2 - Procurement procedures ensure that:

- **areas of high spend across the College are monitored appropriately;**
- **opportunities for pooling of expenditure are identified in order to achieve best value;**
- **collaborative procurements and frameworks available to the College are utilised where appropriate; and**
- **the sustainable procurement duty is met.**

The College has established arrangements to monitor procurement activity, identify opportunities for collaborative procurement and support compliance with the Sustainable Procurement Duty. For example, the College maintains a Contracts Register through APUC, providing visibility of current contractual commitments and supporting effective oversight of procurement activity. Procurement plans are reported quarterly to the Finance and Infrastructure Committee. The College makes use of a range of established frameworks, including APUC, the Government Commercial Organisation and Jisc, which incorporate sustainability requirements and support compliance with procurement legislation.

The College's commitment to sustainable procurement is reflected throughout its Procurement Strategy and Procurement Policy. Sustainable procurement is identified as a core procurement value, with guidance provided to support consideration of environmental, social and economic factors when making purchasing decisions. The strategic procurement objectives set out within the Procurement Strategy are aligned to the Sustainable Procurement Duty and are intended to ensure that procurement activity delivers positive outcomes for businesses, employees, society, places and communities while achieving value for money.

Our review confirmed that the Procurement Strategy and Procurement Policy demonstrate the College’s commitment to sustainable procurement and provide a framework for considering environmental, social and economic impacts when making purchasing decisions. The College’s strategic procurement objectives align with the Sustainable Procurement Duty, supporting the delivery of positive outcomes for businesses, employees, society, places and communities.

The Annual Procurement Report 2024/25, approved by the Joint Audit & Risk and Finance & Infrastructure Committee in December 2025, is also used to identify opportunities to aggregate expenditure, maximise value for money and increase the use of collaborative procurement arrangements. Its inspection found it also discusses the College’s compliance with the Sustainable Procurement Duty throughout the report.

The College has established a sustainable procurement framework, which is aligned with the requirements of the Procurement Reform (Scotland) Act 2014 and is embedded within its procurement and wider sustainability arrangements. Procurement activity is informed by recognised sustainable procurement tools and frameworks, including the Scottish Government Prioritisation Tool, EcoVadis and the APUC Supply Chain Code of Conduct. The College's Procurement Policy incorporates commitments to Scotland's Net Zero 2045 target and public sector climate change duties, encourages the application of circular economy principles and whole-life costing, and promotes fair and ethical supply chain practices. Procurement opportunities are designed to remain accessible to SMEs using appropriate lotting strategies and open advertising via PCS. The College also considers environmental, social and economic benefits during procurement planning, with sustainable procurement activity linked to and supporting the objectives of its "From Now Til' 2030" sustainability programme.

Objective 2 - Procurement procedures ensure that:

- **areas of high spend across the College are monitored appropriately;**
- **opportunities for pooling of expenditure are identified in order to achieve best value;**
- **collaborative procurements and frameworks available to the College are utilised where appropriate; and**
- **the sustainable procurement duty is met (continued).**

Observation	Risk	Recommendation	Management Response	
The Executive Summary of the Annual Procurement Report 2024/25 states that the report includes a dedicated Section 6 on Sustainability. However, we were unable to evidence a substantive section 6 included within the published report. We have been advised that this was an oversight in the 2024/25 report arising from changes in procurement management at that time. Previous Annual Procurement Reports included the required information, and the College's procurement policies, strategies and supporting documentation provide evidence of its ongoing commitment to, and compliance with, the Sustainable Procurement Duty. However, we found an absence of measures or performance indicators that could provide evidence of compliance.	The College may be unable to fully demonstrate the effectiveness of its procurement activities in delivering the Sustainable Procurement Duty.	**R1** – The Annual Procurement Report should include the required sustainable procurement section in future years or, where not applicable, provide a clear explanation for its omission. The College should also consider developing appropriate performance measures and reporting indicators to support monitoring and to demonstrate progress against its sustainable procurement objectives and statutory duties.	This recommendation is accepted. Management will ensure the Annual Procurement Report includes a sustainable procurement section; and we will develop appropriate measures and reporting indicators which will be included in the 2025/26 Annual Procurement Report. **To be actioned by:** Director of Finance **No later than:** 31 December 2026	
			Grade	**3**

Objective 3 - Purchase orders are completed for relevant purchases and are approved by members of staff with sufficient delegated authority prior to issue to suppliers, with the risk of unauthorised and excessive expenditure being minimised

The Financial Regulations and supporting procedural documentation provided (Referenced PP1 – PP9 and dated December 2016) state that Purchase Orders (POs) must be raised and provide examples of purchases where POs are not required. POs must be approved by the relevant budget holder and in line with their delegated financial limits. Those limits are documented at job role level in the appendices of the published Financial Regulations (August 2025). In our sample testing of 25 transactions made between August 2025 and May 2026, we found several transactions were processed without POs. However, on closer inspection many related to expenditure categories, contractual arrangements, subscriptions, statutory charges, utilities or recharge arrangements where processing through the College's no PO procedures appeared reasonable.

The College has developed a series of practical P2P user procedures covering key operational activities, including raising, approving and issuing POs, recording the receipt of goods, and resolving differences between POs and supplier invoices. These provide staff with practical, system-based instructions and represent a positive improvement to the guidance available.

The updated procedures explain how POs should be created and submitted for approval, the checks approvers should perform over supplier details, coding and value, and how approved orders should be issued to suppliers. They also explain how staff should record full or partial receipt of an order in P2P, including the delivery date, delivery note reference and quantity received. The new procedure allows staff to record the quantity received and recognises that it may differ from the quantity ordered because items may be outstanding or unavailable. Where an invoice differs from the corresponding PO, the guidance also describes how price, quantity and VAT differences should be reviewed and amended, with invoices exceeding the system tolerance submitted for further approval.

In the absence of a formal system driven receipt-to-order validation process, there is a risk that suppliers could be paid before all goods ordered have been received. Management reported an instance where an invoice relating to 50 laptops was paid in full although only 30 devices had been received by the College at the time of payment. After discussions with Internal Audit, management has subsequently implemented an additional review for invoices exceeding £10,000 to confirm receipt of goods prior to payment. This represents a proportionate compensating control for higher-value transactions and reduces the risk associated with the absence of a formal three-way matching process. Consequently, no further recommendation is raised; however, documented procedures should be updated to reflect current operating arrangements and controls.

Objective 3 - Purchase orders are completed for relevant purchases and are approved by members of staff with sufficient delegated authority prior to issue to suppliers, with the risk of unauthorised and excessive expenditure being minimised (continued)

Observation	Risk	Recommendation	Management Response	
The version of the Financial Regulations published on the College 's Procurement landing page and staff portal, dated August 2025, reflects historical financial thresholds for purchasing authority (which predate those approved by the then Finance and Property Committee on 10 September 2024). Management advised that this position arose due to a systems issue underpinning document publication control, which resulted in an outdated version being accessible to users. As a result, our testing initially identified nine transactions that appeared to fall outside the delegated authority limits set out in the published August 2025 Financial Regulations. However, when assessed against the approved September 2024 delegated authority thresholds, these transactions were found to be properly authorised. Where the value was shown to exceed the Principal's financial limit of £125,000, we confirmed subsequent Finance and Infrastructure Committee approval. Similarly, the Procurement Policy dated August 2025 published on the College website refers to competitive tender requirements pre-dating the thresholds approved by Committee in December 2024 and requires to be replaced with the correct version.	Inaccurate access to controlled documents increases the risk of inconsistent application of financial controls by staff and may reduce confidence among internal and external stakeholders that expenditure is being authorised in accordance with approved governance arrangements.	**R2** – Management should review the arrangements for publishing governance documents to ensure that the current approved versions are consistently accessible through the College website and staff portal. This should include ensuring clear version control has occurred, and publication checks are undertaken so that changes are aligned with the document control processes in place.	This recommendation is accepted. Revised Financial Regulations are being presented for approval to Finance and Infrastructure Committee on 8 September 2026. Once approved the revised documentation, with version control will be made available on our website and staff portal and we will ensure version checks are enacted for the Financial Regulations and the Procurement Policy and previous versions are deleted. Testing will be carried out to ensure that only the most up to date version is available. **To be actioned by:** Director of Infrastructure **No later than:** 31 December 2026	
			Grade	**3**

Objective 4 - The College's procurement guidance on quotes and tenders are being complied with.

College staff who are involved in the procurement and/or purchasing of goods, or services works, should be complying with the College's Procurement Policy (December 2024). The policy requires the following sourcing approach where no existing contract/framework exists:

- Up to £5,000: Single quotation.
- Over £5,000 to £49,999: Three quotations to be submitted to the Procurement Team.
- £50,000 and above: Regulated procurement managed by Procurement Team.
- Existing frameworks/contracts should be used where available.
- Non-competitive actions must be justified and documented.

These thresholds were approved by the Finance and Property Committee (December 2024).

The Finance and Infrastructure Committee also is described as having an important role in overseeing and approving procurement activities within designated thresholds and monitoring compliance with Financial Regulations.

Our review of the supplier procurement as part of our transaction testing found that most (22 out of 25) aligned to the appropriate procurement route such as the use of established frameworks, regulated tender exercises, or had rationale for exemption or non-competitive action, as well as reporting of higher value purchases to the Finance and Infrastructure Committee in line with delegated authority.

From our discussions with the Procurement Manager, we were advised that staff are encouraged to follow the steps detailed within the Procurement Policy, and that a spending review is undertaken annually. However ideally, the Procurement Manager would like to be able to undertake this task quarterly. The purpose of this review is to assess how the College is spending its money and to seek efficiency savings.

Objective 4 - The College's procurement guidance on quotes and tenders are being complied with (continued).

Observation	Risk	Recommendation	Management Response	
Evidence of competition adherence for non-regulated procurement should also be provided to the Procurement Manager for review on compliance. However, our testing found inconsistencies in the evidence retained by management on low value non-regulated supplier procurement in our test completed. Examples included spend for Flooring Works in the PE Corridor (£5,900) where two quotations were obtained when the Procurement Policy required three quotations. In addition, for nine basins in the Beauty Department (£6,285), no procurement exercise was undertaken, with management advising that time constraints associated with making the classroom facility operational prior to the start of the academic term limited the opportunity to follow the standard procurement process. There was also the procurement for Gardyne Chiller Hydraulic Alterations, where no evidence was available of three quotations having been obtained and submitted to the Procurement Team. The cost of this exercise was £48,000 which is just under the required £50,000 for regulated procurement.	Lack of involvement from the Procurement Manager may increase the risk of non-compliance, inefficiencies and an inconsistent audit trail.	**R3** – Management should ensure that all purchasers and budget holders are aware of the new enhanced requirements, for purchases with a value under £50,000, through enhanced communication and training. Quality assurance checks on a sample of non-regulated procurement should be introduced by the Procurement Manager as an integral part of their compliance reviews, with lessons learned informing future staff training sessions.	Recommendation Accepted. All budget holders have been reminded of procurement requirements and thresholds. We will introduce regular quality assurance checks on non-regulated procurement no later than December 2026. **To be actioned by:** Director of Finance **No later than:** 31 December 2026	
			Grade	**2**

Procurement and Creditors / Purchasing

Objective 5 - All liabilities are fully and accurately recorded

Purchase invoices are recorded within the Sun financial management system on receipt. Where a PO exists, invoices are matched to the PO, and a payment request is generated through the system. Where no PO exists, payment instructions are created manually.

The College has documented procedures and process guides covering the raising and approval of POs, goods receipting and invoice processing within the Sun financial management system. These guides are supported by step-by-step instructions and screenshots to assist staff in completing key activities consistently.

As part of the audit, our review of transaction processing confirmed that invoices had been accurately recorded within the financial system. No exceptions were identified.

Objective 6 - All payments are properly authorised, processed and recorded with

BACS payment runs are processed weekly and are subject to a defined review and approval process. Payment runs are generated within the finance system and submitted to Finance management for review and authorisation in accordance with established procedures.

Our sample testing confirmed that the invoice payments we reviewed were appropriately authorised by Finance management prior to processing, providing assurance that payments are subject to appropriate oversight and approval in line with the College's delegated authority arrangements. One invoice was excluded from our sample testing as the related PO had subsequently been cancelled.

However, evidence of BACS payment authorisations is not readily accessible beyond a three-month window. While historical approval records may be available through the College's third-party payment provider, copies are not retained locally and may take time to retrieve when required for audit, investigation or management review purposes. Following system upgrade with the SUN Data Audit functionality, management are reviewing the process of retaining BACS approvals. As this action is in progress, no further recommendation has been raised.

Objective 7 - Appropriate controls are in place over the amendment of standing supplier data on the finance system

The Supplier Bank Details Change Request Process (June 2026) sets out the arrangements for updating supplier standing data on the finance system. All amendments must be supported by a supplier change form and are subject to review by Finance. Supplier details are independently validated using contact information already held within the College's finance system before any amendments are approved and applied. Following validation, updated bank details require Finance approval prior to being used for supplier payments.

The finance system generates a report of all amendments made to supplier standing data, which is reviewed by Finance management to confirm changes are appropriate and accurate.

We reviewed a sample of supplier standing data amendments made between 1 August 2025 and 31 May 2026 and confirmed that the required process had been followed in all cases tested. Evidence was available to demonstrate that changes had been appropriately validated, authorised and processed for all cases reviewed.

While the control is operating effectively, the finance system was found to have some limitations that would improve oversight and auditability of supplier bank account changes. For example, evidence of supplier standing-data approvals is currently retained for only three months. Beyond this period, Finance must obtain historical approval records from the system provider, which can reduce the efficiency of audit and review activities. In addition, approval records are maintained outside the finance system and there is currently no automated exception reporting to highlight recent supplier-data amendments as part of routine monitoring. However, Finance is taking proactive steps to strengthen oversight through the recently enabled SUN Data Audit functionality. Once access to the associated reporting capability is established, this will provide improved visibility of supplier-data changes, enhance monitoring arrangements and reduce reliance on manual processes. This action remains in progress at the time of reporting. Therefore, no further recommendation on this point has been raised.

Henderson Loggie

Aberdeen: 1 Marischal Square, Broad Street, AB10 1BL **T:** 01224 322 100
Dundee: The Vision Building, 20 Greenmarket, DD1 4QB **T:** 01382 200 055
Edinburgh: Level 5, Stamp Office, 10-14 Waterloo Place, EH1 3EG **T:** 0131 226 0200
Glasgow: Suite 5.3, Kirkstane House, 139 St Vincent Street, G2 5JF **T:** 0141 471 9870

Henderson Loggie LLP is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of PrimeGlobal, a global association of independent accounting firms, the members of which are separate and independent legal entities. Registered office is: The Vision Building, 20 Greenmarket, Dundee, DD1 4QB. All correspondence signed by an individual is signed for on behalf of Henderson Loggie LLP. Reference to a 'partner' is a member of Henderson Loggie LLP.
A list of members' names is available for inspection at each of these addresses.

Agenda Item 6.2

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 15 September 2026

INTERNAL AUDIT

2025/26 Progress Report

PAPER D

Dundee & Angus College

Internal Audit Progress Report

Audit & Risk Committee – 15 September 2026

Issued: 8 September 2026



Henderson Loggie

Internal Audit Progress Report
September 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	Draft: 07/09/26 Final: 08/09/26	2026/04	**Satisfactory**	15/09/26	
Digital Strategy Implementation	March 2026	Draft: 04/02/25 2nd Draft: 20/04/26 Final: 24/02/26	2026/02	**Satisfactory**	03/03/26	
Credits	December 2026					Fieldwork complete and audit file reviewed. Audit will be completed following clearance of final queries and receipt of final FES and signed College certificate.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit Committee	Comments
Student Support Funds	December 2026					Fieldwork complete and audit file reviewed. Audit will be completed following clearance of final queries and receipt of final FES and signed College certificates.
Follow Up Reviews	September 2026	N/A	N/A	N/A	N/A	No separate Follow-Up report has been prepared as the only recommendations remaining to be followed up related to 2024/25 Credits and Student Support Funds, and progress will be reported in the equivalent 2025/26 reports noted above.

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.

Henderson Loggie

Aberdeen: 1 Marischal Square, Broad Street, AB10 1BL **T:** 01224 322 100
Dundee: The Vision Building, 20 Greenmarket, DD1 4QB **T:** 01382 200 055
Edinburgh: Level 5, Stamp Office, 10-14 Waterloo Place, EH1 3EG **T:** 0131 226 0200
Glasgow: Suite 5.3, Kirkstane House, 139 St Vincent Street, G2 5JF **T:** 0141 471 9870

Henderson Loggie LLP is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of PrimeGlobal, a global association of independent accounting firms, the members of which are separate and independent legal entities. Registered office is: The Vision Building, 20 Greenmarket, Dundee, DD1 4QB. All correspondence signed by an individual is signed for on behalf of Henderson Loggie LLP. Reference to a 'partner' is a member of Henderson Loggie LLP.
A list of members' names is available for inspection at each of these addresses.

Agenda Item 6.3

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 15 September 2026

INTERNAL AUDIT

2026/27 Draft Audit Plan

PAPER E

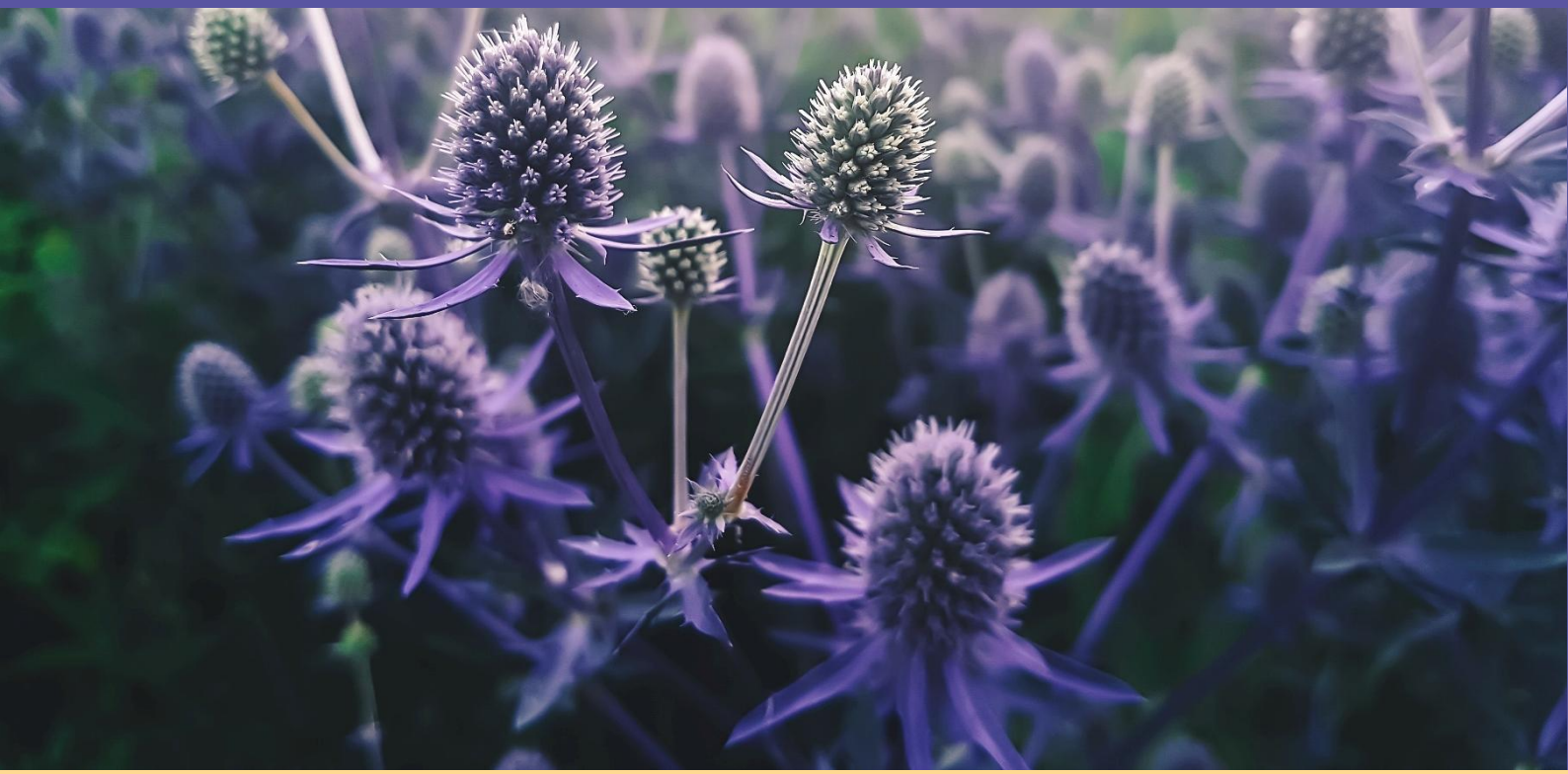
Dundee and Angus College

Internal Audit Annual Plan 2026/27

Internal Audit report No: 2027/01

Draft issued: 7 September 2026

Final issued:



Henderson Loggie

		Page
Section 1	**Introduction**	**1**
Section 2	**Strategic Plan 2025 to 2028**	**2 - 3**
Section 3	**Outline Scope and Objectives**	
	• Infrastructure Vision (plans, communications and health check)	4 - 5
	• Debtors / Income and Cashflow	6
	• Financial Sustainability (including commercial services and non-core income)	7
	• Student Management System Review	8
	• Credits Audit	9
	• Student Support Funds Audit	10
	• Follow-Up Reviews	11

Introduction

1.1 The purpose of this document is to present for consideration by the Audit and Risk Committee the annual operating plan for the year ending 31 July 2027. The plan is based on the proposed allocation of audit days for 2026/27 set out in the Audit Needs Assessment and Strategic Plan 2025 to 2028. The preparation of the Strategic Plan involved dialogue with management and the Audit and Risk Committee approved the plan at its meeting on 23 September 2025.

1.2 The annual operating plan for 2026/27 is in line with the allocation set out in the Strategic Plan 2025 to 2028 except for the removal of two days for an EMA audit as, from academic year 2025/26, the Scottish Government removed the audit requirement for colleges. A copy of the Strategic Internal Audit Plan is included at Section 2 of this report.

1.3 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2026/27, together with the audit approach. These have been arrived at following consideration by the Senior Leadership Team. The outline scopes will be refined and finalised after discussion with responsible managers in each audit area.

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

1.5 We have produced this document and carry out all our internal audit practice in line with the requirements of the Global Internal Audit Standard (effective from 9 January 2025) and the Global Internal Audit Standards in the UK Public Sector (effective from the 1 April 2025).

Strategic Plan 2025 to 2028

Proposed Allocation of Audit Days

	Category	Priority	Actual 25/26 Days	Planned 26/27 Days	Planned 27/28 Days
Reputation					
Publicity and Communications	Gov	M			
Health and Safety / Wellbeing (including physical safety in buildings)	Gov	M			5
Compliance with legislation	Gov	M			
Student Experience					
Curriculum	Perf	L			
Quality	Perf	M			
Student support	Perf	M			
Student recruitment and retention	Fin/Perf	M			
Student welfare – Duty of Care	Perf	L			
Student engagement / Students Association	Gov	L			
Staffing					
Staff recruitment and retention	Perf	L			
Staff development	Perf	M			
Payroll	Fin	M			5
Workforce planning	Perf	M			
Teaching staff utilisation	Perf / Fin	M			
Estates and Facilities					
Building maintenance	Fin/Perf	H			
Infrastructure vision (plans, communications and health check)	Fin/Perf	H		5	
Capital projects	Fin/Perf	H			
Space management / room utilisation	Perf	L			
Asset / fleet management	Perf	L			
Financial					
Budgetary control	Fin	H	5		
Student invoicing and debt management	Fin	M			
General ledger	Fin	L			
Procurement and creditors / purchasing – Sustainable procurement	Fin	H	5		
Debtors/ Income and cashflow	Fin	M		4	
Cash & Bank / Treasury management	Fin	L			
Fraud Prevention, Detection and Response	Fin	L			

	Category	Priority	Actual 25/26 Days	Planned 26/27 Days	Planned 27/28 Days
Financial (continued)					
Financial sustainability (including commercial services and non-core income	Fin	H		5	
Commercial					
Business Development	Fin/Perf	H			
External Activities	Gov/Fin/Perf	H			
Organisational					
Risk Management)	Perf	L			
Business Continuity / Disaster Recovery)	Perf	M			
Corporate Governance	Gov	L			
Strategic and Operational Planning	Perf	L			4
Performance reporting / KPIs	Perf	L			
Partnership Working	Gov/Perf	M			
Equalities	Gov	L			
Environmental Sustainability	Gov/Perf	H			
Organisational Development	Perf	M			
Project Management	Gov/Fin/Perf	M			
Information and IT					
Cyber security)	Perf	H			5
Data protection)	Gov	H			
FOI)	Gov	L			
Systems development / implementation	Perf	M			
Student Management System review	Perf	M		5	
Digital Strategy	Perf	M	5		
Licencing	Perf	L			
Other Audit Activities					
Credits Audit	Required	N/A	8	8	8
Bursary, Childcare and Hardship Funds Audit	Required	N/A	6	6	6
EMA Audit	Required	N/A			
Management and Planning)			3	3	3
External audit / SFC)					
Attendance at Audit Committee)					
Follow-up reviews		N/A	2	2	2
Support on capital accounting and audit requirements		N/A	4		
Total			38 ====	38 ====	38 ====

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

Outline Scope and Objectives

Audit Assignment:	Infrastructure Vision (plans, communications and health check)
Priority:	High
Fieldwork Timing	TBC
Audit and Risk Committee Meeting:	TBC
Days:	5

Scope

The College has ambitious plans to drive economic growth and regeneration, in the heart of both Dundee and Angus, as part of a 10-year vision for a dynamic new way of providing learning, skills, support and advice in the region. The College is looking to work with a range of local and national partners to develop a collaborative model that would bring education, employability services and support together under one roof for the first time in Scotland.

In Dundee, the College is considering relocating to a new facility on the site of the city's Wellgate Shopping Centre as part of a major new development at the east end of the city centre. In Arbroath, the College is considering moving its campus into the centre of the town. One of a range of options being explored is developing the site currently occupied by the Abbeygate Shopping Centre. The College's third campus at Gardyne would be expanded and developed to include Construction, Engineering and Science in a new purpose-built STEM facility, incorporating a green skills and innovation hub. This element of the plan is at the Outline Business Case stage which is due to be considered by the SFC in September 2026.

The scope of the audit will be to carry out a review of the project management arrangements in place for the Infrastructure Vision project.

Objectives

The objectives of this audit will be to gain reasonable assurance that:

- the project is being progressed using an appropriate project management methodology;
- roles and responsibilities are clear for all groups and individuals involved in the project;
- risk management and contingency planning arrangements are in place;
- appropriate plans are in place to communicate and engage with students and other stakeholders as the project progresses; and
- progress made on the project, and expenditure against budget, is being monitored by management and Board committees.

Audit Assignment:	Infrastructure Vision (plans, communications and health check) (continued)

Our audit approach will be:

Review relevant project documentation including strategies, plans, policies, procedures, management information, minutes, business cases, bids for funding etc. relating to Infrastructure Vision project and discuss the approach adopted with College senior management, the Project Director, and other project leads.

Audit Assignment:	Debtors / Income and Cashflow
Priority:	Medium
Fieldwork Timing	TBC
Audit and Risk Committee Meeting:	TBC
Days:	4

Scope

This audit will focus on the systems of internal control in place within the College in relation to commercial income generating activities, education contracts and other income. In addition, debt management and recovery procedures will be considered.

We will also carry out a high-level review of the College's cash flow management.

Objectives

The objectives of this review will be to ensure that:

- invoices / claims are raised promptly in respect of income due to the College;
- credit notes are appropriately authorised before issue;
- adequate debt management and recovery procedures are in place and are consistently followed in practice; and
- the College's cash flow management arrangements are in line with good practice.

Our audit approach will be:

Through discussion with Finance and wider College staff we will identify the key internal controls in place in the above areas and compare these with expected controls. We will report on any areas where expected controls are found to be absent or where controls could be further strengthened.

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

Audit Assignment:	Financial Sustainability (including commercial services and non-core income)
Priority:	High
Fieldwork Timing	TBC
Audit and Risk Committee Meeting:	TBC
Days:	5

Scope

The scope of the audit will be to review the long-term financial planning arrangements which the College has in place to ensure financial sustainability, supporting effective planning and business decision making in the medium to long term. This will include consideration of the key risks in relation to the College's commercial activities.

Objectives

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

- the College has developed a long-term financial strategy, with robust scenario planning and forecasting undertaken, including sensitivity analysis to quantify the impact of any changes to the underlying assumptions built into the budget, and by extension the College's ability to deliver on the agreed strategic objectives;
- procedures in place within the College are sufficient to maximise income generation and margin from commercial (non-SFC) activities;
- the College has in place robust monitoring and reporting arrangements to ensure that actual expenditure and income remain aligned with the approved budget for 2026/27 and future years, and that mitigating actions are being taken where exceptions arise; and
- risks to the successful achievement of the financial strategy have been identified and are being managed in line with the College's risk management policy.

Our audit approach will be:

We will assess whether the above objectives have been met, through discussions with members of the Senior Leadership Team and other relevant managers and staff, and review of relevant documentation. The review will be primarily of the systems and procedures in place although compliance testing will be carried out where appropriate.

Audit Assignment:	Student Management System Review
Priority:	Medium
Fieldwork Timing	TBC
Audit and Risk Committee Meeting:	TBC
Days:	5

Scope

Civica College Management (formerly Resource Education and Management System (REMS)) is a powerful integrated cloud MIS, designed to manage and support students in sixth forms and colleges. Key student and course data is centralised and accessible online in real-time, helping keep track of every student and every course. The College can:

- Manage the learner journey from enquiry and enrolment through to leaving;
- Access course / programme planning and examination management tools;
- Manage submission of the further education statistics (FES); and
- Use exam submission tools.

This audit will consider how learnings from the REMS project are being taken forward into future projects and also include an element of business process review (BPR) focusing on the application and enrolment process and course set up.

Objectives

The objectives of this audit will be to:

- ensure that learnings from the REMS project have been identified for consideration during future projects including in relation to business continuity and change management; and
- identify any areas for improvement to optimize system functionality and leverage the benefits of the Student Management System focusing on the application and enrolment process and course set up.

Our audit approach will be:

Through discussion with the Director of Student Experience, Director of Infrastructure and other relevant managers and staff, and review of relevant documentation, we will establish how the lessons learned from the REMS project are being considered for future projects.

Through a facilitated workshop, or via interviews with key staff nominated by the College, we will utilise a range of business improvement tools to identify internal and external stakeholder needs; identify opportunities for removing inefficiency and waste from the current system processes and explore opportunities to improve the existing processes.

We will then prioritise the issues, in discussion with key College staff, and develop an action plan to drive improvement. This action plan will consider any changes required to existing operating procedures to ensure that any changes to the Student Management System processes are deliverable and embedded across the College.

Audit Assignment:	Credits Audit
Priority:	Required annual audit
Fieldwork Timing	August / September 2027
Audit and Risk Committee Meeting:	December 2027
Days:	8

Scope

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

Objectives

To obtain reasonable assurance that:

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

Our audit approach will be:

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

A detailed analytical review will be carried out to obtain explanations for any significant variations from the previous year's activity.

Our testing will be designed to cover the key areas of risk identified at Annex C to the SFC Credits Audit Guidance.

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

Audit Assignment:	Bursary, Childcare and Hardship Funds Audit
Priority:	Required audit
Fieldwork Timing	August / September 2027
Audit and Risk Committee Meeting:	December 2027
Days:	6

Scope of the Audit

We will carry out an audit on the College's student support funds for the year ended 31 July 2027 and provide an audit certificate.

Objectives of the Audit

The audit objectives will be to obtain reasonable assurance that:

- the College complies with the terms, conditions and guidance notes issued by the SFC and SAAS;
- payments to students are genuine claims for hardship, childcare or bursary, and have been processed and awarded in accordance with College procedures; and
- the information disclosed in each of the returns for the year ended 31 July 2027 is in agreement with underlying records.

Our audit approach will be:

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

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

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Fieldwork Timing	July / August 2027
Audit and Risk Committee Meeting:	September 2027
Days:	2

Scope

This review will cover reports from the 2025/26 internal audit programme and reports from earlier years where previous follow-up identified recommendations outstanding.

Objectives

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

Our audit approach will be:

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

Henderson Loggie

Aberdeen: 1 Marischal Square, Broad Street, AB10 1BL **T:** 01224 322 100
Dundee: The Vision Building, 20 Greenmarket, DD1 4QB **T:** 01382 200 055
Edinburgh: Level 5, Stamp Office, 10-14 Waterloo Place, EH1 3EG **T:** 0131 226 0200
Glasgow: Suite 5.3, Kirkstane House, 139 St Vincent Street, G2 5JF **T:** 0141 471 9870

Henderson Loggie LLP is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of PrimeGlobal, a global association of independent accounting firms, the members of which are separate and independent legal entities. Registered office is: The Vision Building, 20 Greenmarket, Dundee, DD1 4QB. All correspondence signed by an individual is signed for on behalf of Henderson Loggie LLP. Reference to a 'partner' is a member of Henderson Loggie LLP.
A list of members' names is available for inspection at each of these addresses.

Agenda Item 6.4

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 15 September 2026

INTERNAL AUDIT

FOLLOW UP SUMMARY

PAPER F

BOARD OF MANAGEMENT

Audit & Risk Committee
Tuesday 15 September 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 4 September 2026.

Audit Area	Rec. priority	Considered, but not agreed	Number agreed	Number fully implemented/ complete	Number partially implemented	Behind original implementation date	On target
Digital Strategy Implementation	2	-	2	2	-	-	-
Budgetary Control	3	-	2	2	-	-	-
Total		**0**	**4**	**4**	**0**	**0**	**0**

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 4 September 2026

All outstanding recommendations are now fully implemented and were reported at the May 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 4 September 2026

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at September 2026
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	**Complete** **Roadmap and investment framework is informing the 2026/27**
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	**Complete** **Reporting commenced from 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 September 2026
2026	Budgetary Control	3	Good	**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.	Director of Finance	30 June 2026	**Complete** **Standard agenda in place**
2026	Budgetary Control	3	Good	**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.	Director of Finance	30 June 2026	**Complete** **Arrangements in place for circulation.**

Agenda Item 7.0

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 15 September 2026

ANNUAL DATA PROTECTION COMPLIANCE REPORT

PAPER G

BOARD OF MANAGEMENT

Audit and Risk Committee

September 2026

Annual Data Protection Update

Paper for information

1. Data protection overview

The College takes measures to ensure appropriate oversight of the management and handling of the personal data under its control. These measures and key activities are summarised below.

2. Audit

The most recent audit of the College's data protection arrangements was conducted in 2022. The aims of the audit were to obtain reasonable assurance that the College had taken appropriate action to ensure compliance with data protection legislation. It focused on the controls in place to mitigate the following risks on the College's Strategic Risk Register:

- 3.8 – breach of data security / data protection (risk rating: low)
- 4.4 – ICT infrastructure fails to support effective data security / data protection (risk rating: low)

The overall level of assurance identified by the audit was "Good" in each of these areas. Data protection is listed for re-audit in the proposed 2025 – 2028 audit plan.

3. Data Protection Officer

The College has a duty to appoint a Data Protection Officer (DPO), a role which has specific responsibilities under the UK GDPR. The College fulfils this duty by engaging a dedicated DPO via the HEFESTIS shared service. The DPO is part-time, working two days per week, and reports to the Director of Infrastructure and the Digital Services Manager.

The use of the HEFESTIS service provides the College with greater resilience than an in-house DPO. This was demonstrated in the past academic year, when the DPO had an extended period of absence and HEFESTIS provided alternative cover.

4. Data Protection Framework

The DPO has adopted the data protection audit framework published by the UK data protection regulator, the Information Commissioner's Office. The framework provides a structure for assessing the College's compliance with data protection law, enhances our accountability, and allows the DPO and senior colleagues to agree priorities and monitor actions.

5. Cybersecurity

The College takes extensive measures to maintain and improve its cybersecurity position, and this is a critical component of our overall data protection compliance.

The College's Cybersecurity team leads on the technical implementation of the security measures necessary to protect College data. The shared interests between security and data protection are primarily demonstrated in the coordination of privacy and cybersecurity due diligence for new systems. This triaging of requests aims to minimise 'shadow IT' and reduce risk and costs. Work has also begun on a project to further utilise security and data management tools available through Microsoft Purview. This work should improve both the College's cybersecurity position and facilitate greater control and oversight of key personal data sources.

6. Documentation

Maintaining appropriate documentation helps us evidence our approach to data protection and comply with the UK GDPR accountability principle. The College has a range of privacy-related documentation but there are some gaps and updates required, notably with our range of privacy notices. The process of updating these has been delayed by the DPO's absence and recent increase in data subject rights requests (see section 9) but will be a priority for the coming year.

7. Training and awareness

Data protection and cybersecurity training is mandatory for all employees. As of September 2026, training completion figures were as follows:

- Data Protection – 661 staff have completed this training (692 in 2025)
- Cybersecurity – 657 staff have completed this training (676 in 2025)

In addition to the modules, we also maintain SharePoint data protection guidance for staff. While the generic training has been well adopted, it appears that general awareness of the DPO and the support offered in this area could be improved. The DPO will work with colleagues to identify opportunities for targeted training and awareness raising in the coming year.

8. Personal data breaches

In the 2025/26 academic year, there were no personal data breaches reported to the DPO, as compared with 10 minor personal data breaches in the year before.

While it is clearly good news that no serious breaches have occurred, the absence of any minor reported incidents is perhaps unusual in an organisation of the College's size. As noted in section 7, there is an opportunity to increase awareness that even minor, non-cyber related incidents may need to be acted on and recorded as required by the UK GDPR.

9. Data subject rights

Our records indicate that the College has traditionally received relatively few requests from people seeking to exercise their data protection rights. These include the right to object to or restrict data processing, erase data or provide copies of information held.

However, 2026 has seen a marked increase in these requests. In the 2025/26 academic year, a total of 24 rights-related requests were received. This compares with 2-3 in the previous year (we started logging these requests consistently at the start of 2025).

17 requests were for copies of data held by the College. The volume of data and work required to fulfil these data access requests is considerable and has had a significant impact on the DPO's availability to tackle other compliance work. Our responses to five requests (from the same person) exceeded the statutory period, and we have applied extensions to three others.

Although we seek to fulfil these requests where possible, the volume of data held about students means that comprehensive, 'give me everything' data requests require many hours of work to conclude. Going forward, it is clear we need to balance the data subject's rights against the workload and impact on the College's operations, and wider efforts towards GDPR compliance. While we have no indications that the current volume of requests will be sustained, this recent experience suggests it is more likely that we will need to refuse some comprehensive access requests as excessive, where the law allows us to do so.

10. Link to Strategic Risk Register

Information in this report is intended to provide Board members with reassurance that actions and activities are being progressed and addressed that support the mitigation of the following risk within the Strategic Risk Register.

3.8 Breach of data security / data protection
4.4 ICT infrastructure fails to support effective data security / data protection

Author: Ellen Paterson Data Protection Officer
Executive Sponsor: Steve Taylor, Vice Principal Support Services and Operations

Agenda Item 8.0

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 15 September 2026

FINANCIAL REGULATIONS REVIEW — PAPER H

Finance & Infrastructure Committee
Tuesday 8 September 2026
and
Audit and Risk Committee
Tuesday 15 September 2026

Review of Financial Regulations

Paper for approval

1. Introduction

The College's Financial Memorandum with the Scottish Funding Council, the Scottish Public Finance Manual and the Code of Good Governance for Scotland's Colleges set out the financial governance requirements placed on the College. These documents provide guidance to public bodies on the proper handling and reporting of public funds.

Internally, our Articles of Governance and Governance Manual require the Finance and Infrastructure Committee to regularly review our Financial Regulations and approve any amendments. Amendments are required to be approved by both Finance and Infrastructure Committee and Audit and Risk Committee.

Financial Regulations form a key part of our financial governance framework by setting out our broad policies relating to financial management and control. The Regulations provide a framework upon which our financial policies and procedures should be based.

The College's Financial Regulations are reviewed at least every two years and at any other time, if circumstances indicate a review would be appropriate.

The Financial Regulations were last revised in September 2024.

2. Recommendation

Finance & Infrastructure Committee is asked to review and approve the revised Financial Regulations (Appendix A).

Following inclusion of any amendments arising from the review by Finance and Infrastructure Committee, Audit and Risk Committee are requested to review and approve the Financial Regulations (Appendix A).

3. Summary of amendments

The revised Draft Financial Regulations are attached at Appendix A. Appendix B shows the amendments using tracked changes so that Members can easily identify the proposed

amendments, summarised below.

- The Financial Regulations have been amended to update the change of name of the Finance and Property Committee to Finance and Infrastructure Committee.

- It is recommended the Principal be granted authority to enact temporary arrangements for extending delegated authority in the event of vacancies, absence or structural changes.

- It is recommended the Director of Finance is responsible for authorising use of purchasing cards, including credit cards and pre-paid purchasing cards, including approval limits and guidelines.

- It is recommended the Director of Finance is authorised to approve salary advances in limited circumstances.

4. Procurement Guidelines

The Procurement Policy FIN01 and Procurement Authorisation Process FINSP01 have been reviewed in conjunction with the Financial Regulations and will be re-issued upon approval of the revised Financial Regulations.

5. Conclusion

Financial Regulations and other financial and procurement guidance and their regular periodic review are essential to maintaining the effectiveness of our financial systems. This review ensures our financial governance framework remains fit for purpose.

6. Link to Strategic Risk Register

Consideration of the options suggested in this report will support the mitigation of our financial risk identified within the Strategic Risk Register namely;

2.2 – failure to achieve institutional sustainability.

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

APPENDIX A



FINANCIAL REGULATIONS POLICY (DRAFT)

College Policy No	**FIN02**
Approved by	**Finance & Infrastructure Committee**
Original Issue Date	**06/03/2018**
Current Issue Date	**09/09/2026 (DRAFT)**
Review Date	**01/10/2028**

FINANCIAL REGULATIONS POLICY – FIN02

Prepared by:	Director of Finance	Approved By:	Finance & Infrastructure Committee

CONTENTS

1 INTRODUCTION AND BACKGROUND 3
2 PURPOSE 3
3 MANAGEMENT RESPONSIBILITY 4
4 COMPLIANCE WITH THE COUNCIL'S FINANCIAL MEMORANDUM 6
5 COMPLIANCE WITH THE SCOTTISH PUBLIC FINANCE MANUAL 6
6 FINANCIAL PLANNING AND REPORTING 7
7 CAPITAL EXPENDITURE 9
8 PROCUREMENT 10
9 INCOME 10
10 BANKING 12
11 CAPITAL ASSETS 14
12 EXPENDITURE AND CONTRACTS 16
13 STAFF COSTS 18
14 INSURANCE 19
15 RISK MANAGEMENT 20
16 DUNDEE AND ANGUS ARM'S LENGTH FOUNDATION 20
17 ACCOUNTING AND AUDIT 20
SCHEDULE 1 – SCHEME OF DELEGATED BUDGET AUTHORITY THRESHOLDS 25
SCHEDULE 2 – OTHER AUTHORITY THRESHOLDS 26

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

1 INTRODUCTION AND BACKGROUND

This document sets out Dundee and Angus College's Financial Regulations. It translates into practical guidance the College's broad policies relating to financial control.

The Financial Regulations do not in themselves set standards or provide control information. They are intended as a framework within which management can delegate authority, and as a foundation upon which the College's Financial Procedures are based.

These Financial Regulations should be read in conjunction with the Financial Memorandum with the Scottish Funding Council, the Scottish Public Finance Manual and the College's Financial Policies and Procedures.

These Financial Regulations are subordinate to the College's constitution and articles of governance and statutes, and to any restrictions contained within the College's Financial Memorandum with the funding body.

2 PURPOSE

The purpose of these Financial Regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic plan and business objectives.

Compliance with the Financial Regulations is compulsory for all staff connected with the College, including any subsidiaries. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the College's disciplinary policy. The Board of Management will be notified of any such breach through the Audit & Risk Committee.

It is the responsibility of managers to ensure that their staff are made aware of the existence and content of the Financial Regulations along with the Financial Procedures detailing the processes and documentation to be followed in order to adhere to these Regulations.

For the purposes of these Regulations:

- 'the Acts' means the Further and Higher Education (Scotland) Acts (1992 and 2005) as modified by the Post-16 Education (Scotland) Act 2013.
- 'the Council' or "SFC" means the Scottish Funding Council.
- 'the BOM' means the Dundee and Angus College Board of Management.
- 'the VP' means the Vice Principal, Support Services and Operations.
- 'the DoF means the Director of Finance.
- 'the College' means Dundee and Angus College.
- 'the FM' means the Financial Memorandum with the Scottish Funding Council.
- 'SPFM' means the Scottish Public Finance Manual which is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds.
- 'FReM' means the Government Financial Reporting Manual which is the technical accounting guide for the preparation of financial statements.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

3 MANAGEMENT RESPONSIBILITY

3.1 Responsibility of the Board of Management

In accordance with the Acts, the BOM is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The BOM is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Acts, the Statement of Recommended Practice on Accounting for Further and Higher Education, relevant parts of the FReM and other relevant accounting standards. In addition, within the terms and conditions of the FM the BOM, through its designated office holder, the Principal, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the BOM has ensured that:

- appropriate accounting policies are applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The BOM has taken reasonable steps to:

- ensure that funds from the Council are used only for the purposes for which they have been given and in accordance with the FM and any other conditions which the Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to Budget Holders;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and monthly reviews of financial results involving variance reporting and updates to forecast outturns;

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the BOM;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit & Risk Committee and Finance & Infrastructure Committee;
- appointment of Internal Auditors, whose annual programme is approved by the Audit & Risk Committee and endorsed by the BOM and who provide the BOM with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatements or loss.

3.2 Delegated Authority

Through the mechanisms of the College organisation structure, staff establishment, job descriptions, and various internal documents (including these Financial Regulations), the Principal delegates the performance of their overall responsibilities to appropriate levels.

Senior managers, within their area of responsibility, are delegated strategic management responsibilities for:

- proposing objectives, priorities, outcomes and performance indicators;
- making plans and ensuring that adequate systems are in place to achieve these objectives effectively, efficiently and economically;
- ensuring that adequate internal control and risk management systems are in place, monitored and reviewed;
- monitoring and reporting of performance to the BOM. Those with delegated budgetary authority must:
- ensure proper financial procedures are followed and compliance with relevant guidance, in particular these Financial Regulations;
- ensure due regard to Best Value, economy, efficiency and effectiveness;
- ensure funds and assets are properly managed and safeguarded;
- ensure risks are identified and effectively managed.

The College is required by the FM to establish appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM and the FM.

The Principal will have authority to enact temporary arrangements for extending delegated authority in the event of vacancies, absence or structural changes.

Transactions that are 'novel', 'contentious', repercussive or which have or could have significant future cost implications may not be delegated within the College and approval must be received from the Scottish Funding Council.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

3.3 Authorised Signatories

For effective financial control, a list of authorised signatories will be maintained by Finance. These will be based on a combination of factors, including the College hierarchy, those with the appropriate knowledge of spend, appropriate levels of segregation and allocated so as to achieve an effective system of internal control.

3.4 Compliance

It is implicit in the application of the Financial Regulations that all College staff are duty bound to comply with the content of these Regulations. Failure to comply with these Regulations may result in disciplinary action being taken against staff and staff of any subsidiaries.

4 COMPLIANCE WITH THE COUNCIL'S FINANCIAL MEMORANDUM

The FM sets out the formal relationship between the Scottish Funding Council and fundable bodies in the college sector, and the requirements with which fundable bodies must comply as a term and condition of grant from the Council.

The FM includes the requirements for:

- public funds to be used in accordance with relevant legislation, the FM and the purpose(s) for which they were given;
- public justification of its decisions in relation to the use of public funds;
- value-for-money and economical, efficient and effective use of public funding;
- the College to plan and manage its activities to remain sustainable and financially viable;
- a sound system of internal management and control, policy of risk management and risk management arrangements, an Audit & Risk Committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery.

The Principal must notify the Council's Accountable Officer of any serious weakness, such as a significant and immediate threat to the College's financial position, significant fraud or major accounting breakdown or any material non-compliance with any requirement of the FM.

The Council's specific delegated financial limits are set out in Appendix A to the FM and the College must obtain the Council's prior written approval before entering into any undertaking to incur any expenditure that falls outwith these delegations. Appendix A also sets out the levels for certain categories of expenditure above which the College must report annually to the Council.

5 COMPLIANCE WITH THE SCOTTISH PUBLIC FINANCE MANUAL

The SPFM is issued by the Scottish Ministers to provide guidance to relevant public bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety. The FM requires that the College follows the requirements of the SPFM except where any special actions or exemptions have been agreed with

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

the Scottish Ministers. The SPFM should be consulted for more detail about specific requirements referred to in these Financial Regulations and, where there is any question regarding the applicability of the SPFM or FM, the Council should be contacted.

6 FINANCIAL PLANNING AND REPORTING

6.1 Strategic Planning

This is an annual process, the scope and format of which is prescribed by the Council. The BOM delegates to the Principal the responsibility for preparing College Strategic Plans and Agreements for approval by the BOM and presentation to the Council.

6.2 Financial Planning

The Strategic Plan and related Agreements need to be supported by Activity Plans and a Budget outlining costs and revenues associated with the planned activities.

The Strategic Plan and related Agreements and Activity Plans are part of the decision-making process for allocation of funds for the financial periods covered by the Plans.

For each Budget period it is the responsibility of the DoF to ensure that appropriate arrangements are made to collate and record budget proposals.

The Finance & Infrastructure Committee has responsibility for the review and approval of the draft Budget and the Financial Forecast Return (FFR) before being presented to the BOM for formal approval. The FFR is required to be approved by Board before submission to the SFC, however, as recognised in the FFR guidance, due to the timing of the deadline for submission of the FFR to the SFC, the Board retrospectively approves the FFR after initial approval by both the Board Chair and Finance and Infrastructure Committee Chair.

6.3 Procurement Planning

Financial planning and mechanisms for early resource identification will inform the planning process, together with a Contract Register recording details of all contracts awarded.

A Procurement Strategy will be prepared or reviewed annually, as required by the Procurement Reform (Scotland) Act 2014. An Annual Procurement Report will also be prepared. Both the Contract Register and Annual Report will be publicly available along with the College's Procurement Strategy.

It will be the responsibility of the VP to ensure that College procurement complies with the Reform Act, EU Directives and to College policies and procedures.

The College will utilise the expertise and resources of APUC in addition to its own resources. Training and guidance will be provided to College staff to an appropriate level, and the College will utilise eProcurement systems to control requisitioning.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

The College will undergo periodic assessment by APUC under its Procurement & Commercial Improvement Programme.

6.4 Internal Reporting

Monthly management accounts, including the latest estimated forecast outturn, are reviewed by the DoF and made available to the Senior Leadership Team. The most recent monthly accounts will be presented to each meeting of the Finance & Infrastructure Committee. The Chair of the Finance & Infrastructure Committee will present a verbal update to the BOM.

Monthly management reports are produced for review by Budget Holders and are available to all senior managers. (Definition - a Budget Holder is an individual who has financial budgetary responsibility on behalf of the College).

Material variances are identified and reported by Finance staff to the DoF through the production of Overview reports.

6.5 External Reporting

The DoF has responsibility for the preparation of financial statements and reports required by the College or external bodies.

The Annual Report and Financial Statements are prepared and reviewed, externally audited, and presented to the BOM, following approval by Finance & Infrastructure and Audit & Risk Committees. Once the BOM has approved the Annual Report and Financial Statements these are submitted to the Council.

The Financial Statements must comply with the accounting principles and disclosure requirements of the Statement of Recommended Practice for Further and Higher Education, with specific adoptions to align to material elements within the FReM.

Where information relating to individuals' salaries and pensions is disclosed in the annual Financial Statements (showing the individual's name) the College must obtain the prior consent of the individuals concerned to comply with UK data protection legislation.

A Governance Statement must be included in the annual Financial Statements covering the governance framework and its operation, an assessment of corporate governance against relevant guidance, risk management and details of any significant lapses in data security.

6.6 Best Value

The Best Value framework for continuous improvement in public services in Scotland requires the College to:

- make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost;

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

- in making those arrangements and securing that balance, have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.

Further information is available within 'Guidance for Accountable Officers on the Duty of Best Value' on the Scottish Government website.

The College may be required to undergo an economy, efficiency and effectiveness examination undertaken by or on behalf of the Auditor General for Scotland.

The FM requires the College to have a strategy for reviewing systematically management's arrangements for securing value for money. The College seeks to secure value for money through activities such as rapid improvement events and its procurement arrangements. An appraisal of management's arrangements for achieving value for money is made as part of the internal audit programme and an overall opinion provided in the internal auditor's annual report to the BOM and Principal.

7 CAPITAL EXPENDITURE

7.1 Capital Expenditure Appraisal and Planning

Proposals for capital expenditure are required to be prepared and appraised. The level of information provided will depend on the size, complexity and risk of the proposal, but an appraisal should normally include the following:

- the objectives;
- a range of options;
- identify, quantify and value the costs, benefits, risks and uncertainties associated with each option (including considerations of public private partnerships and the scope for shared services arrangements with other public bodies, and optimism bias) as well as financial viability and value for money;
- an analysis of the information;
- what evaluation should be performed at a later stage;
- a recommendation.

.

Appraisals for larger projects should include financing, project management arrangements and plans for project monitoring and evaluation.

The SPFM sets out specific requirements for 'major investment projects' which are defined as those over £5m including fees and VAT and for the acquisition of property.

Capital expenditure proposals are developed in line with the Estates Strategy and IT Strategy as ratified by the BOM. The Finance & Infrastructure Committee shall review and approve proposals for capital expenditure relating to these strategies.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

7.2 Capital Project Control and Evaluation

Management of capital projects is delegated to Project Sponsors who will be assisted where required by College staff and / or external consultants. It is the responsibility of the Finance Department to record project expenditure, and prepare financial reports as required. The VP is responsible for providing regular statements concerning all capital expenditure to the Finance & Infrastructure Committee for monitoring purposes.

Project evaluation should be undertaken from the outset of each project, and should normally include the following steps:

- establish exactly what is to be evaluated and measured;
- compare the actual outturn with the target outturn;
- report the findings to the Finance & Infrastructure Committee.

8 PROCUREMENT

8.1 Procurement

The procurement of goods or services on behalf of the College by those so authorised must be made in accordance with the College's Procurement Strategy, Procurement Policy and Financial Procedures, which must reflect relevant guidance issued by Advanced Procurement for Universities and Colleges and the requirements of the Procurement Reform (Scotland) Act 2014. The Scottish Procurement Policy Handbook must also be followed and should be read in conjunction with the Procurement Journey (a toolkit providing practical guidance on procurement procedures). The Scottish Government's Construction Procurement Manual for managing or delivering construction / works projects should be followed. Scottish Government Consultancy Procedures should be taken into account as relevant good practice guidance when appointing consultants, and they state that consultants can only be justified where required knowledge and expertise is not available in-house.

Any proposal to award a contract without competition (non-competitive action) must be approved in advance (Schedule 2).

There should be clear separation of budgetary authority and procurement authority. Budget holders should have authority to commission orders by specifying their requirements and providing budgetary authority for the expenditure. The authority to purchase (Delegated Purchasing Authority) and ultimately place that order should be in separate hands.

8.2 Thresholds

The present list of thresholds and the necessary actions to ensure suitable levels of quotes / tenders / approvals are obtained are detailed in the Procurement Policy.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

9 INCOME

9.1 Academic Fees and Charges

Fees and charges are reviewed annually and approved by the Finance & Infrastructure Committee and thereafter published on the College website.

Where applicable, the FM requires that the College must charge student tuition fees at the levels set by the Scottish Ministers.

9.2 Non-Academic Fees and Charges

Fees and charges for non-academic services are approved by an appropriate member of the Senior Leadership Team.

9.3 Fee Setting and Commercial Service Provision Requirements

The SPFM requires that charges for commercial services are usually set on a full cost recovery basis, with charges for the disclosure of information low or waived. If there is any deliberate public subsidy, there should be a clear rationale for why it has been granted and how long it should last and this should be fully documented.

The College should be able to defend the provision of a commercial service as being an appropriate use of resources and ensure it complies with competition law. In addition, any proposals to recover less than the full cost plus an appropriate rate of return for a commercial service provided in competition with the private sector must be submitted to the Council for approval.

9.4 Grant Income

It is a term and condition of grant payment from the Council that the BOM of the College and its designated officers comply with the requirements set out in the FM. Grants may also have their own specific conditions, and clawback arrangements may apply if funds are not used or not used within the terms and conditions of the grant.

Where assets acquired or developed with the Council grant or grant in aid are disposed of, the proceeds - or an appropriate proportion of them if the grant was for less than the whole cost of acquisition or improvement - will normally be clawed back by the Council in accordance with conditions attached to the grant or grant in aid.

Where grant income is passed on to a third party to undertake work, the College must ensure effective control systems are in place to ensure the propriety and regularity of expenditure.

9.5 Invoicing and Collection

Procedures must be in place to ensure that all income due to the College is recorded and collected – these should ensure that all cash received is duly receipted, recorded and banked regularly.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

Enrolment forms must place a clear contractual obligation on students to pay all sums due from them to the College as a condition of enrolment. Procedures must be in place to ensure that sponsors are invoiced for fees and charges that they have undertaken to pay.

Procedures must be in place to ensure that all fees due from students or their sponsors are:

- Accurately recorded in the Student Record System.
- Imported accurately and completely into the Finance System.

The Finance System must hold a separate account for each student or sponsor recording fees charged and receipts for fees.

Goods and services provided to external bodies by the College must be the subject of binding and clearly worded legally contractual agreements. Such contracts must include payment terms to be adhered to by the external body. Records must be kept as evidence of amounts invoiced.

Where invoiced claims are made with respect to project sponsorships or grants appropriate procedures must be put into operation to ensure compliance with sponsor's conditions relating to each claim.

There are many and varied sources of income in addition to those from education services. In all cases appropriate procedures must be established in order to ensure that all amounts due are properly recorded and accounted for, and that amounts due are collected in accordance with agreed terms.

Overdue receivables must be pursued through progressive stages culminating in legal action for recovery – if it is of value to do so. Commencement of legal proceedings must be authorised by the DoF.

Schedule 2 identifies the authority thresholds for writing off irrecoverable debts.

10 BANKING

10.1 Appointment of Bankers

The SPFM requires the College to have its core bank accounts with the Government Banking Service (GBS), except where the Scottish Government's Treasury and Banking Branch can be persuaded that the holding of such an account would not be cost effective.

The College will be allocated bankers from the Scottish Government Framework Agreement for the Provision of Banking Services.

A commercial bank account, including accounts such as PayPal or WorldPay should only be opened where there is a distinctive business need that cannot be met by the GBS bank account or where there is a separate contractual reason for doing so. As delegated by the Principal, authority to open or close bank accounts rests with the VP. All accounts will be in the name of the College, although special purpose accounts may bear an additional title.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

Balances in commercial bank accounts should be kept to the minimum consistent with the principles of not providing funding in advance of need and avoiding accounts being overdrawn.

Before issuing any indemnity to a commercial bank the College should consult the Scottish Government's Treasury and Banking Branch which will consider in consultation with legal advisers as to whether the terms proposed are acceptable.

Subject to the above, the BOM, through the Finance & Infrastructure Committee, is responsible for appointing bankers to the College outwith the GBS.

Banking operations should be regularly reviewed and bodies which are part of the Scottish Government banking contract should undertake such reviews in consultation with the Scottish Government's Treasury and Banking branch. A review should include an assessment of whether the existing arrangements meet the College's needs in the most economical, efficient and effective manner.

10.2 Treasury Function

As delegated by the Principal, the VP and DoF have responsibility to manage the financial assets and liabilities of the College.

Balances in bank accounts should be minimised. The College does not have the authority to place any balances into an interest bearing account outwith Scottish Government Banking arrangements so is limited in its ability to earn interest.

10.3 Borrowing, Lending and Investment

All borrowing requires the approval of the Scottish Ministers and this must be submitted to the Council initially. Overdrafts should only be used for differences between the timing of income and expenditure, and not to increase expenditure.

Lending should normally be subject to the existence of specific statutory authority, and if to a non-public body should undergo proportionate due diligence.

No investments of a speculative nature may be entered into.

10.4 Signatories

All banking documents, cheques, and other instructions to bankers must bear two authorised signatures. Addition or removal of authorised signatories require approval by the DoF. The approved list of signatories need not be the same for all bank accounts.

Electronic banking is the preferred means by which payments are made/received. Where electronic banking is used, electronic authorisation by a method approved by the bank will be carried out by one or two authorised signatories. Electronic transfers made by third parties (e.g. BACS) will be duly authorised.

The DoF will be responsible for authorising users of purchasing cards including credit cards and pre-paid purchasing cards as well as card purchasing approval limits and guidelines.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

10.5 Controls

Appropriate controls will operate over all banking transactions. These include monthly reconciliations between bank statements and College ledgers with these being reviewed by Senior Finance Staff not involved with their preparation.

All cash income should have a receipt provided and cash takings reconciled to receipts or cash register end of period slips.

10.6 Trust Funds

All trust funds will be administered in accordance with their respective trust deeds and with relevant statutory regulations. Adequate control will be exercised over the actions of trustees, and proper security maintained for the related trust documents and assets.

11 CAPITAL ASSETS

Section 11 must be read in conjunction with the College's Procurement Strategy.

11.1 Acquisitions

The purchase, lease or rent of land, buildings or plant can only be undertaken with the authority of the VP, subject to thresholds set out in Schedule 1, and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

Capital expenditure is planned for as part of the Strategic Planning process referred to in Section 6: Financial Planning and Reporting.

11.2 Leasing

When leasing, a distinction between operating leases and finance leases is required. Both operating and finance leases must be authorised and recorded as given under Contracts 10.2.

An operating lease is one whereby the lessee uses the equipment in exchange for a periodic charge but has no rights of ownership, nor is able to acquire such rights other than for a fair market consideration. Maintenance costs are usually borne by the lessor.

A finance lease is one whereby the lessee may acquire the right of ownership at the end of the lease period for a nil or nominal consideration. Maintenance costs are usually borne by the lessee.

Any new lease or renewal of an existing lease should be approved in advance by the VP.

11.3 Valuation

The FReM requires the College to value its property, plant and equipment using the most appropriate valuation process. Such processes might include:

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

- a quinquennial valuation supplemented by either annual indexation or regular desktop valuation update;
- a quinquennial valuation supplemented by an interim professional valuation in year 3;
- annual valuations; or
- a rolling programme of valuations.

It is for valuers, using the Royal Institution of Chartered Surveyors (RICS) 'Red Book' (RICS Valuation - Professional Standards), and following discussions with the College, to determine the most appropriate methodology for obtaining either a current value in existing use or a fair value.

The College may elect to adopt a depreciated historical cost basis as a proxy for current value in existing use or fair value for assets that have short useful lives or low values (or both).

11.4 Depreciation

The cost of a capital asset is amortised over a period not exceeding its estimated useful life, having due regard to its individual components where appropriate.

The limit of asset value above which depreciation must be applied need not be the same as that for capitalisation for the purposes of the Council.

11.5 Disposals

Any surplus property should be reviewed and, where considered no longer necessary for the College's operations as part of the strategic plan, should be disposed of after notifying the Council. The disposal of assets at less than market value should only be done to achieve wider public benefits consistent with the principles of Best Value and be approved by the Council. The SPFM should be referred to for specific disposal requirements.

Plant and equipment assets which are surplus to requirements should normally be sold by public auction or tender.

Procedures and levels of authority for disposals vary according to the type and value of asset. Levels of authority are provided in Schedule 2.

11.6 Recording and Control

Each capitalised item of property and equipment shall be clearly identified and recorded in a Fixed Asset Register that will show gross book value, cumulative depreciation and net book value. The DoF is responsible for maintaining the college's register of land, buildings, fixed plant and machinery. College managers will provide the VP with any information required to maintain the Fixed Asset Register.

11.7 Stocks and Stores

Consumables and other items purchased and stored should be controlled and accounted for where the costs of controls are justified by the value of the items.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

Methods of achieving adequate control will vary with the type and value of the items concerned. Physical security should be commensurate with the risk of loss.

Budget Holders are held responsible for maintaining adequate records, controls, and security over stocks. Losses and shortages, less any insurance recoveries, may be charged to operating Budgets. Losses over a threshold must be reported annually to the Council (see Schedule 2).

Periodic physical counts and valuations must be carried out to ensure that reported operating costs and residual values of stock on hand are correctly reported.

Stocks and stores of a hazardous nature should be subject to appropriate security checks.

11.8 Portable Equipment

Where management is of the opinion that the nature and value of portable non-capitalised equipment requires records to establish physical and financial control, the Budget Holder responsible for the custody of the equipment shall be required to maintain appropriate control records.

12 EXPENDITURE AND CONTRACTS

Section 12 must be read in conjunction with section 8 and the College's Procurement Policy.

12.1 Tendering

Guidance on tendering is provided within the SPFM, which should be followed wherever practicable. In exceptional circumstances, the BOM may permit exemption from tendering procedures. In emergency situations, the Principal or their delegate may allow contracts without following the guidelines, and such action must be reported to the BOM or its delegated committee at the first possible opportunity. Limits determining whether a tender should be issued are provided in the Procurement Policy.

12.2 Contracts

See Schedule 2 for contract authorisation thresholds.

It is the responsibility of the VP to ensure that original contract documents are stored in an appropriately secure place on behalf of the College. The College Budget Holder(s) having responsibilities in relation to the subject matter of a contract must be aware of the terms of the contract and any related documents.

Variations to contracts, appropriately authorised and in compliance with delegated authority, must be raised and documented according to established procedures.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

12.3 Progress Payments

These should be made against official certificates and / or invoices and authorised by the overseeing Budget Holder(s).

12.4 Claims/Disputes

These must be actively pursued and resolved within a reasonable time in the circumstances. Overseeing Budget Holder(s) should exercise judgement and consult with the VP or DoF on issues which may require legal advice.

12.5 Expenditure and Payments

Expenditure should represent value for money, taking into account potential risks to regularity and propriety. Expenditure should be authorised in the operational area which entered into the commitment, with due consideration to separation of duties and in line with the College's Financial Procedures for approving and processing transactions. Payments should be made within contractual terms of invoices.

In accordance with the SPFM, in order to statutorily incur expenditure there must be legal authority, budget (and a usable cash balance), and delegated authority (where applicable). Where these criteria are not met or unclear for planned or necessary expenditure the Council should be contacted.

12.6 Contractor / Supplier Bankruptcy or Liquidation

If a payee is identified as being in bankruptcy, sequestration or liquidation, all payments should be suspended pending confirmation of this and once confirmed, payment should only be made to the proper person, and any claim must be properly lodged. The College should also consider, in consultation with its legal advisers, whether any contract should be terminated.

12.7 EU Funded and Successor Projects

The current FM stipulates that the Council must be informed of any existing or planned EU funding applications and schemes and must follow its ESF guidance when in receipt of funding No further applications are envisaged post Brexit and the College awaits information and guidance on successor programmes to European structural funds.

12.8 Losses and Special Payments

Losses should only be written off or special payments authorised after careful appraisal of the facts and all reasonable action must have been taken to try to recover losses.

A record of all losses (including stock losses) and special payments should be maintained centrally by Finance. Further details on losses and special payments and the different categories that must be used for annual accounts disclosure, where required, are set out in the SPFM. Appendix A to the FM sets out the limits for losses and special payments. Any proposed payment above these limits requires Council approval.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

12.9 Maladministration

The College is required to set clear service performance standards and have a clear accessible complaints procedure with appropriate redress for users in the event of something going wrong. Payments of financial redress qualify as ex gratia payments and are therefore subject to the SPFM guidance on Losses and Special Payments. Where the complainant has suffered actual financial loss as a result of financial maladministration, or faced costs which would otherwise not have been incurred (and which are reasonable in the circumstances), the general approach should be to restore the complainant to the position they would have been in had the issue not occurred. Payment on grounds other than actual financial loss or costs should only arise in exceptional circumstances.

12.10 Overpayments

Any overpayments made by the College should be pursued unless the cost outweighs the amount. Any material overpayments to a group of individuals or organisations should be informed to the Council. The SPFM contains more guidance on how to act regarding overpayments.

12.11 Suspense Accounts

Each suspense account, whether for expenditure or income, must be reconciled and reviewed at least every three months, with responsibility for this allocated to an appropriate Finance staff member.

13 STAFF COSTS

Staff costs are the most significant single category of College expenditure. Therefore, it is essential that there is effective control over staff planning, recruitment, selection, and payment, and regular monitoring of costs. Adequate controls and procedures must exist to ensure the integrity of payroll systems, thus ensuring that only bona fide employees are paid. Payments should also be at the correct rates, with the correct deductions made, and absences must be properly accounted for. The FM requires that the College must have regard to public pay policy set by the Scottish Ministers, alongside any agreements resulting from national bargaining.

13.1 Appointments

All contracts of service shall be concluded in accordance with the College's approved Human Resources procedures and all offers of employment with the College will be actioned by the People Team.

Budget managers shall ensure that the VP and SLT are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

13.2 Temporary Staff

Budgets at Curriculum and Support levels shall include approved planned expenditure on temporary staff. This includes staffing of Part-Time posts by additional working by permanent staff under 'minor contracts' and hiring of staff over and above the full-time establishment. Such appointments are controlled and administered by Human Resources. As additional hours have

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

a longer-term impact on any Transfer to Permanency contracts the financial and sustainability of employment impacts should be considered, both in year and borne in mind for future years.

13.3 Resignations and Dismissals

In addition to compliance with HR procedures, controls must exist to ensure that correct termination payments are made, and that no payment is made in respect of periods after cessation of employment.

13.4 Severance, Early Retirement and Redundancy Terms

Terms for settlement agreements, severance, early retirement or redundancy packages must fully take into account regularity, propriety and value for money. Any questions relating to the terms or value for money of any proposed agreement must be referred to the Council prior to making any written or verbal offer. Compensation is not normally payable when someone resigns voluntarily.

Where appropriate, packages should be based on the terms and conditions of employment, be transparent and be negotiated in a way which avoids conflicts of interest. Any undertakings about confidentiality should leave transactions open to proper public scrutiny. Offers of subsequent work to those who received severance should be exceptional.

Any severance will be undertaken in accordance with SFC guidance.

13.5 Pension Schemes

The BOM is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees and day-to-day administration is delegated to the Finance and People teams.

13.6 Non-salary Rewards

If non-salary awards (such as gifts, vouchers, subscriptions to clubs / gyms, charity donations, and cars) are offered, the College must be open and transparent about these, with clear policies on disclosure of information about the awards made and the procedures adopted for making those awards. The tax implications of schemes should be considered and no bias given towards the use of services of any organisation(s). Although the Public Sector Pay Policy does not apply to non-salary awards, the College is expected to have regard to it and ensure any non-salary rewards are affordable.

The Council should be consulted prior to the implementation of any non-salary reward scheme.

13.7 Salary Advances

The Director of Finance is authorised to approve salary advances

- Where an employee has commended employment after the payroll cut-off date and would otherwise experience an unreasonable delay in receiving salary;
- A payroll error attributable to the College has caused financial detriment to an employee;
- Exceptional personal hardship can be evidenced and supported by the People Team.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

Salary advances will be deducted automatically from the next payroll unless, in exceptional circumstances, the DoF agrees a payment plan.

Salary advances shall only be used where a genuine advance of funds is made to an employee. Salary advances must not be used to offset payroll overpayments, correct payroll processing errors, or make accounting adjustments. Any salary overpayment shall be recovered in accordance with HMRC requirements.

14 INSURANCE

Normally public bodies should self-insure except in certain circumstances. However, the Scottish Government has allowed colleges to extend their current commercial insurance arrangements until 31 July 2027.

The BOM will be responsible for insurance arrangements to meet the statutory and legal obligations of the College. It will make judgement as to the scope and level of insurance cover it deems appropriate, having regard to the perceived risks and costs.

As delegated by the Principal, responsibility for insurance matters is managed by the DoF.

The range and complexity of the activities of the College are reflected in the complexity of its insurance needs. Where commercial insurance is purchased, professional advice should be considered. These services could include advice on risk management, self-insurance and deductibles, security and safety. Procedures for notification and management of claims must be maintained in order that claims are settled satisfactorily and timeously. Professional advice should be considered when managing large or potentially large claims.

15 RISK MANAGEMENT

The College's internal control systems should include embedded arrangements for identifying, assessing and managing risks, and risk management should be closely linked to the business planning process.

The risk management process involves:

- initial and ongoing risk identification;
- specific actions to address the risks identified: all risks, once identified, should be assigned to an owner who has responsibility for ensuring that the risk is managed and monitored over time;

- likelihood and impact are considered for each risk and that the assessment of risk is recorded in a way that facilitates monitoring and prioritisation;
- risks are reviewed regularly, via the Senior Leadership Team, Audit & Risk Committee and the BOM, to monitor for changes in risk profile, gain assurance that risk management is effective, and identify if further action is necessary;
- The highest priority risks should be given regular attention at BOM level.

The concept of 'risk appetite' (the level of exposure which is considered tolerable and justifiable) is key to achieving effective risk management and it is essential to consider it before determining how risks can be addressed.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

16 DUNDEE AND ANGUS ARM'S LENGTH FOUNDATION

The Dundee and Angus Foundation is independent of the public sector, including the College. Any surplus over full cost recovery on the College's commercial activities can be transferred to the Foundation by way of donation at the year end. Commercial activity fees and charges should at least cover commercial activity costs in line with the requirements on costing and pricing contained in the SPFM. Council capital grant and student support funds cannot be transferred.

17 ACCOUNTING AND AUDIT

17.1 Accounts

The BOM is responsible for ensuring that the College keeps proper accounting records and prepares Financial Statements which give a true and fair view and are properly prepared in accordance with:

- the Act;
- The Statement of Recommended Practice for Further and Higher Education, with specific adoptions to align to material elements within the FReM;
- other relevant accounting standards;
- the FM;
- Accounts Directions issued by the Council.

The Principal, as Accounting Officer appointed by the BOM, has a duty to ensure:

- accounting records and Financial Statements are in compliance with the above;
- the College maintains appropriate accounting and information systems, and an effective system of internal control.

17.2 External Audit

Under the terms of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General is responsible for the appointment of the external auditors for the College.

The primary role of external audit is to report on the College's Financial Statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.

The external auditors address their report and opinion jointly to the Auditor General and the members of the BOM. Their duties will be in accordance with advice set out in the Audit Scotland Code of Audit Practice and the Financial Reporting Council's International Standards on Auditing (UK and Ireland).

External auditors should only in exceptional circumstances undertake non-external audit work.

17.3 Internal Audit

The BOM is required by the FM to secure the provision of an effective internal audit service. Internal audit should provide an independent, objective assurance and consulting activity

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

designed to add value and improve an organisation's operations. It should provide an appraisal of the College's internal control system and take the action needed to provide the College with a continuing assurance that the organisation's risk management, control and governance arrangements are adequate and effective. The Principal has overall responsibility for ensuring that prompt and effective action is taken on internal audit recommendations, and that the risks resulting from inaction are recognised and accepted.

Although internal audit provides assurance over the control environment the primary responsibility for monitoring and compliance rests with operational areas and their line management, up to and including the Principal.

The internal audit service must comply with the Public Sector Internal Audit Standards.

The FM requires the College to inform the Council when an internal auditor is appointed and immediately if the internal auditor is removed or departs before the end of their term of office.

17.4 Financial Directives and Guidelines

The College must comply with the terms of the FM and financial policies and procedures issued by the Council.

Significant modifications or dispensations appropriate for the College must be agreed in writing between the BOM and the Council.

17.5 Fraud, Bribery and Corruption

It is the duty of all members of staff and management to notify the VP immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, bribery, corruption or any other impropriety. The prime responsibility for designing, operating and reviewing control systems rests with the managers involved.

If the suspected irregularity is thought to involve the VP and / or the Principal, the member of staff shall notify directly the Chair of the Audit & Risk Committee or the Chair of the BOM of their concerns regarding irregularities.

In broad terms, managing the risk of fraud involves:

- assessing the College's overall vulnerability to fraud;
- identifying the areas most vulnerable to fraud risk;
- evaluating the scale of fraud risk;
- responding to the fraud risk;
- measuring the effectiveness of the fraud risk strategy.

Refer to the Fraud, Bribery & Corruption Policy and Response Plan and the Public Interest Disclosure (Whistleblowing) Policy for the College's approach to fraud, which includes supervisory checks by managers, adequate separation of duties, and avenues for reporting suspicions of fraud.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

Six principles should be adopted to prevent bribery and corruption being committed:

i) Proportionate Procedures;
ii) Top Level Commitment;
iii) Risk Assessment;
iv) Due Diligence;
v) Communication;
vi) Monitoring and Review.

All discovered cases of actual or attempted fraud, bribery, corruption or any other impropriety will be notified to the Audit & Risk Committee and external auditors. Fraud losses over a threshold must be reported to the Council annually (see Schedule 2). Any significant frauds should be reported to the Council's Accountable Officer without delay.

17.6 Gifts and Hospitality

All gifts made or received must be informed to the Secretary to the BOM and acceptance of gifts must be in line with the College's guidance, with the guiding principles being: conduct should not foster the suspicion of any conflict between official duties and private interests; actions should not give the impression of having been influenced by a gift to show favour or disfavour to any person or organisation; and, if an individual is in doubt about the propriety of accepting a gift, the VP should be consulted. The College's Gifts and Hospitality Policy provides further guidance.

17.7 Retention of Records

Financial records, including papers supporting and justifying financial transactions, are to be retained in line with the Retention and Disposal Schedule for Accounting Records available on the website of the UK National Archives (currently either 6 years or 2 years, depending on the type of record, following the end of the financial year in question) and any other specific legislation.

Extended retention of financial records may be necessary to enable the handling of late claims or the settling of disputes. Records relating to VAT should be kept for at least 6 years. EU related payments are covered by specific provisions in EC law, with retention required for a number of years following the last payment in respect of any operation.

17.8 Transaction Checks

Appropriate checks for the propriety, regularity and accuracy of financial transactions at operational area level will be undertaken. This includes checks such as to the arithmetical accuracy of invoices / claims, ensuring fulfilment of contract terms, physical checking of goods invoiced against items received and ordered. Checking should be undertaken by staff independent of the person originating the transaction.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

17.9 Contingent Commitments

All contingent commitments such as guarantees, letters of comfort and indemnities require appraisal and the Council's prior written consent before accepting, except for such arrangements where the indemnity is of a standard type contained in contracts and agreements for 'day-to-day' procurement of goods and services in the normal course of business. Contingent liabilities are normally expected to be met from College resources and must be within the College's legal powers.

17.10 Tax Planning and Tax Avoidance

All individuals who would qualify as employees for tax purposes will be paid through the College's payroll with tax deducted at source.

The SPFM requires the College to avoid tax avoidance arrangements and the Council should be contacted before using tax advisors or implementing tax schemes. Particular care should be taken with transactions involving bodies with tax residence in offshore financial centres.

Transfer of property or assets that are likely to appreciate in value can often give rise to specific tax issues, in particular the liability to capital gains tax, and the Council should be informed in these situations.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

SCHEDULE 1 – SCHEME OF DELEGATED BUDGET AUTHORITY THRESHOLDS

These thresholds apply to all non-pay expenditure, including capital and revenue. They are intended to operate sequentially until the appropriate approval threshold is reached. The approval thresholds apply only to the post holder's area of responsibility, unless otherwise stated.

Authority up to £5,000
Support Team Leaders

Authority up to £10,000
Heads of Curriculum and Quality, Support Team Managers and Project Managers

Authority up to £30,000
Heads of Support Service and Directors of Curriculum

Authority up to £50,000
Support Service Directors
Director of Finance - College-wide approval

Authority up to £75,000
Vice Principals - College-wide approval

Authority up to £125,000
Principal - College-wide approval

Authority up to £250,000
Chair of the Board of Management and Chair of Finance & Infrastructure Committee

Authority up to £500,000
Finance & Infrastructure Committee

Authority over £500,000
Board of Management

It is the responsibility of the Director of Finance to ensure that a current list of expenditure levels of authority by named post holders is published on the College intranet. This will reflect the hierarchical approval workflows which will also be maintained within the College's e-Procurement systems.

The College's Financial Regulations require alternative or supplementary arrangements for other exceptional or extraordinary circumstances. These include, but are not limited to, capital additions, contractual commitments and non-competitive actions.

Compliance with the College's Procurement Policy and Procedures is mandatory. This will include specific guidance on the procurement journey and prescribed competitive thresholds for quotations and tendering.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

SCHEDULE 2 – OTHER AUTHORITY THRESHOLDS

Disposals
The levels of authority for the disposal of capital assets are:

Market Value of Asset	Authority
£1 to £10,000	Heads of Curriculum & Quality and Support Team Managers
£10,001 to £30,000	Senior Leadership Team Member
£30,001 to £50,000	Executive Team Member
£50,001 to £125,000	Finance and Infrastructure Committee
>£125,000	Board of Management

In order to ensure that fair market values are realised, any individual item which can be reasonably expected to realise £10,000 or more should be publicly advertised or sold by public auction. In particular, it must be ensured that no member of College staff is given undue preference of availability or price on the disposal of an asset.

Procurement
Any proposal to award a contract without competition (non-competitive action) must be approved in advance by:

Non-Competitive Action Value	Authority
<£25,000	VP
£25,001 - £100,000	Finance & Infrastructure Committee and Council
>£100,000	Board and Council

Leases
Any lease with a life cost in excess of £50,000 must have the approval of FPC. The Financial Memorandum with the Council has delegated authority to enter into non-property operating leases under £250,000 to the BOM.

Contracts
Contractual commitments which exceed three months in duration or bind the College to a commitment exceeding £15,000 must be approved by the Principal or VP. Any external consultancy contracts with a value of more than £100,000 must be approved in advance by the Council.

Bad debts, Losses and Special Payments
Individual irrecoverable debts up to £3,000 may be written off on the authority of the DoF. Individual irrecoverable debts exceeding £3,000 must be referred to the Finance & Infrastructure Committee for write off approval. Details of write offs of £3,000 or more must be reported to the Council annually (£6,000 for overseas student irrecoverable losses).

Losses or special payments exceeding £250,000 should be disclosed in notes to the annual accounts. Fraud losses over £5,000 must be reported to the Scottish Funding Council annually. Other losses of £3,000 or more must be reported annually to the Council.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

APPENDIX B



FINANCIAL REGULATIONS POLICY (DRAFT)

College Policy No	**FIN02**
Approved by	**Finance & ~~Property~~ Infrastructure Committee**
Original Issue Date	**06/03/2018**
Current Issue Date	**~~22/09/2024~~ 09/09/2026 (DRAFT)**
Review Date	**01/10/2028~~6~~**

CONTENTS

1 INTRODUCTION AND BACKGROUND 3
2 PURPOSE 3
3 MANAGEMENT RESPONSIBILITY 4
4 COMPLIANCE WITH THE COUNCIL'S FINANCIAL MEMORANDUM 6
5 COMPLIANCE WITH THE SCOTTISH PUBLIC FINANCE MANUAL 6
6 FINANCIAL PLANNING AND REPORTING 7
7 CAPITAL EXPENDITURE 9
8 PROCUREMENT 10
9 INCOME 10
10 BANKING 12
11 CAPITAL ASSETS 14
12 EXPENDITURE AND CONTRACTS 16
13 STAFF COSTS 18
14 INSURANCE 19
15 RISK MANAGEMENT 20
16 DUNDEE AND ANGUS ARM'S LENGTH FOUNDATION 20
17 ACCOUNTING AND AUDIT 20
SCHEDULE 1 – SCHEME OF DELEGATED BUDGET AUTHORITY THRESHOLDS 25
SCHEDULE 2 – OTHER AUTHORITY THRESHOLDS 26

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

1 INTRODUCTION AND BACKGROUND

This document sets out Dundee and Angus College's Financial Regulations. It translates into practical guidance the College's broad policies relating to financial control.

The Financial Regulations do not in themselves set standards or provide control information. They are intended as a framework within which management can delegate authority, and as a foundation upon which the College's Financial Procedures are based.

These Financial Regulations should be read in conjunction with the Financial Memorandum with the Scottish Funding Council, the Scottish Public Finance Manual and the College's Financial Policies and Procedures.

These Financial Regulations are subordinate to the College's constitution and articles of governance and statutes, and to any restrictions contained within the College's Financial Memorandum with the funding body.

2 PURPOSE

The purpose of these Financial Regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic plan and business objectives.

Compliance with the Financial Regulations is compulsory for all staff connected with the College, including any subsidiaries. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the College's disciplinary policy. The Board of Management will be notified of any such breach through the Audit & Risk Committee.

It is the responsibility of managers to ensure that their staff are made aware of the existence and content of the Financial Regulations along with the Financial Procedures detailing the processes and documentation to be followed in order to adhere to these Regulations.

For the purposes of these Regulations:

- 'the Acts' means the Further and Higher Education (Scotland) Acts (1992 and 2005) as modified by the Post-16 Education (Scotland) Act 2013.
- 'the Council' or "SFC" means the Scottish Funding Council.
- 'the BOM' means the Dundee and Angus College Board of Management.
- 'the VP' means the Vice Principal, Support Services and Operations.
- 'the DoF means the Director of Finance.
- 'the College' means Dundee and Angus College.
- 'the FM' means the Financial Memorandum with the Scottish Funding Council.
- 'SPFM' means the Scottish Public Finance Manual which is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds.
- 'FReM' means the Government Financial Reporting Manual which is the technical accounting guide for the preparation of financial statements.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

3 MANAGEMENT RESPONSIBILITY

3.1 Responsibility of the Board of Management

In accordance with the Acts, the BOM is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The BOM is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Acts, the Statement of Recommended Practice on Accounting for Further and Higher Education, relevant parts of the FReM and other relevant accounting standards. In addition, within the terms and conditions of the FM the BOM, through its designated office holder, the Principal, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the BOM has ensured that:

- appropriate accounting policies are applied consistently;
- judgements and estimates are made that are reasonable and prudent;
    - applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
    - financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The BOM has taken reasonable steps to:

    - ensure that funds from the Council are used only for the purposes for which they have been given and in accordance with the FM and any other conditions which the Council may from time to time prescribe;
    - ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
    - secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to Budget Holders;
    - a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
    - regular reviews of key performance indicators and business risks and monthly reviews of financial results involving variance reporting and updates to forecast outturns;

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the BOM;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit & Risk Committee and Finance & ~~Property~~ Infrastructure Committee;
- appointment of Internal Auditors, whose annual programme is approved by the Audit & Risk Committee and endorsed by the BOM and who provide the BOM with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatements or loss.

3.2 Delegated Authority

Through the mechanisms of the College organisation structure, staff establishment, job descriptions, and various internal documents (including these Financial Regulations), the Principal delegates the performance of their overall responsibilities to appropriate levels.

Senior managers, within their area of responsibility, are delegated strategic management responsibilities for:

- proposing objectives, priorities, outcomes and performance indicators;
  - making plans and ensuring that adequate systems are in place to achieve these objectives effectively, efficiently and economically;
  - ensuring that adequate internal control and risk management systems are in place, monitored and reviewed;
- monitoring and reporting of performance to the BOM.

Those with delegated budgetary authority must:

  - ensure proper financial procedures are followed and compliance with relevant guidance, in particular these Financial Regulations;
- ensure due regard to Best Value, economy, efficiency and effectiveness;
- ensure funds and assets are properly managed and safeguarded;
- ensure risks are identified and effectively managed.

The College is required by the FM to establish appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM and the FM.

The Principal will have authority to enact temporary arrangements for extending delegated authority in the event of vacancies, absence or structural changes.

Transactions that are 'novel', 'contentious', repercussive or which have or could have significant future cost implications may not be delegated within the College and approval must be received

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

from the Scottish Funding Council.

3.3 Authorised Signatories

For effective financial control, a list of authorised signatories will be maintained by Finance. These will be based on a combination of factors, including the College hierarchy, those with the appropriate knowledge of spend, appropriate levels of segregation and allocated so as to achieve an effective system of internal control.

3.4 Compliance

It is implicit in the application of the Financial Regulations that all College staff are duty bound to comply with the content of these Regulations. Failure to comply with these Regulations may result in disciplinary action being taken against staff and staff of any subsidiaries.

4 COMPLIANCE WITH THE COUNCIL'S FINANCIAL MEMORANDUM

The FM sets out the formal relationship between the Scottish Funding Council and fundable bodies in the college sector, and the requirements with which fundable bodies must comply as a term and condition of grant from the Council.

The FM includes the requirements for:

- public funds to be used in accordance with relevant legislation, the FM and the purpose(s) for which they were given;
- public justification of its decisions in relation to the use of public funds;
- value-for-money and economical, efficient and effective use of public funding;
- the College to plan and manage its activities to remain sustainable and financially viable;
- a sound system of internal management and control, policy of risk management and risk management arrangements, an Audit & Risk Committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery.

The Principal must notify the Council's Accountable Officer of any serious weakness, such as a significant and immediate threat to the College's financial position, significant fraud or major accounting breakdown or any material non-compliance with any requirement of the FM.

The Council's specific delegated financial limits are set out in Appendix A to the FM and the College must obtain the Council's prior written approval before entering into any undertaking to incur any expenditure that falls outwith these delegations. Appendix A also sets out the levels for certain categories of expenditure above which the College must report annually to the Council.

5 COMPLIANCE WITH THE SCOTTISH PUBLIC FINANCE MANUAL

The SPFM is issued by the Scottish Ministers to provide guidance to relevant public bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety. The FM requires that the College follows the requirements of the SPFM except where any special actions or exemptions have been agreed with

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

the Scottish Ministers. The SPFM should be consulted for more detail about specific requirements referred to in these Financial Regulations and, where there is any question regarding the applicability of the SPFM or FM, the Council should be contacted.

6 FINANCIAL PLANNING AND REPORTING

6.1 Strategic Planning

This is an annual process, the scope and format of which is prescribed by the Council. The BOM delegates to the Principal the responsibility for preparing College Strategic Plans and ~~-~~ Agreements for approval by the BOM and presentation to the Council.

6.2 Financial Planning

The Strategic Plan and related ~~-~~Agreements need to be supported by Activity Plans and a Budget outlining costs and revenues associated with the planned activities.

The Strategic Plan and ~~-~~related Agreements and Activity Plans are part of the decision-making process for allocation of funds for the financial periods covered by the Plans.

For each Budget period it is the responsibility of the DoF to ensure that appropriate arrangements are made to collate and record budget proposals.

The Finance & ~~Property~~ Infrastructure Committee has responsibility for the review and approval of the draft Budget and the Financial Forecast Return (FFR) before being presented to the BOM for formal ~~adoption~~approval. ~~Post BOM approval, the approved FFR is submitted to the Council.~~ The FFR is required to be approved by Board before submission to the SFC, however, a~~A~~s ~~usually~~ recognised in the FFR guidance, ~~on occasion,~~ due to the timing of the deadline for submission of the FFR to the ~~Council~~SFC, the Board retrospectively approves the FFR after initial approval by both the Board Chair and Finance and Infrastructure Committee Chair.~~-~~

6.3 Procurement Planning

Financial planning and mechanisms for early resource identification will inform the planning process, together with a Contract Register recording details of all contracts awarded.

A Procurement Strategy will be prepared or reviewed annually, as required by the Procurement Reform (Scotland) Act 2014. An A~~a~~nnual Procurement Report will also be prepared. Both the Contract Register and Annual Report will be publicly available along with the College's Procurement Strategy.

It will be the responsibility of the VP to ensure that College procurement complies with the Reform Act, EU Directives and to College policies and procedures.

The College will utilise the expertise and resources of APUC in addition to its own resources. Training and guidance will be provided to College staff to an appropriate level, and the College will utilise eProcurement systems to control requisitioning.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

The College will undergo periodic assessment by APUC under its Procurement & Commercial Improvement Programme.

6.4 Internal Reporting

Monthly management accounts, including the latest estimated forecast outturn, are reviewed by the DoF and made available to the Senior Leadership Team. The most recent monthly accounts will be presented to each meeting of the Finance & ~~Property~~ Infrastructure Committee. The Chair of the Finance & ~~Property~~ Infrastructure Committee will present a verbal update to the BOM.

Monthly management reports are produced for review by Budget Holders and are available to all senior managers. (Definition - a Budget Holder is an individual who has ~~a~~ financial budgetary responsibility on behalf of the College).

Material variances are identified and reported by Finance staff to the DoF through the production of Overview reports.

6.5 External Reporting

The DoF has responsibility for the preparation of financial statements and reports required by the College or external bodies.

The Annual Report and Financial Statements are prepared and reviewed, externally audited, and presented to the BOM, following approval by Finance & ~~Property~~ Infrastructure and Audit & Risk Committees. Once the BOM has approved the Annual Report and Financial Statements these are submitted to the Council.

The Financial Statements must comply with the accounting principles and disclosure requirements of the Statement of Recommended Practice for Further and Higher Education, with specific adoptions to align to material elements within the FReM.

Where information relating to individuals' salaries and pensions is disclosed in the annual Financial Statements (showing the individual's name) the College must obtain the prior consent of the individuals concerned to comply with UK data protection legislation.

A Governance Statement must be included in the annual Financial Statements covering the governance framework and its operation, an assessment of corporate governance against relevant guidance, risk management and details of any significant lapses in data security.

6.6 Best Value

The Best Value framework for continuous improvement in public services in Scotland requires the College to:

- make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost;

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

- in making those arrangements and securing that balance, have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.

Further information is available within 'Guidance for Accountable Officers on the Duty of Best Value' on the Scottish Government website.

The College may be required to undergo an economy, efficiency and effectiveness examination undertaken by or on behalf of the Auditor General for Scotland.

The FM requires the College to have a strategy for reviewing systematically management's arrangements for securing value for money. The College seeks to secure value for money through activities such as rapid improvement events and its procurement arrangements. An appraisal of management's arrangements for achieving value for money is made as part of the internal audit programme and an overall opinion provided in the internal auditor's annual report to the BOM and Principal.

7 CAPITAL EXPENDITURE

7.1 Capital Expenditure Appraisal and Planning

Proposals for capital expenditure are required to be prepared and appraised. The level of information provided will depend on the size, complexity and risk of the proposal, but an appraisal should normally include the following:

- the objectives;
- a range of options;
    - identify, quantify and value the costs, benefits, risks and uncertainties associated with each option (including considerations of public private partnerships and the scope for shared services arrangements with other public bodies, and optimism bias) as well as financial viability and value for money;
- an analysis of the information;
- what evaluation should be performed at a later stage;
- a recommendation.

.

Appraisals for larger projects should include financing, project management arrangements and plans for project monitoring and evaluation.

The SPFM sets out specific requirements for 'major investment projects' which are defined as those over £5m including fees and VAT and for the acquisition of property.

Capital expenditure proposals are developed in line with the Estates Strategy and IT Strategy as ratified by the BOM. The Finance & ~~Property~~ Infrastructure Committee shall review and approve proposals for capital expenditure relating to these strategies.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

7.2 Capital Project Control and Evaluation

Management of capital projects is delegated to Project Sponsors who will be assisted where required by College staff and / or external consultants. It is the responsibility of the Finance Department to record project expenditure, and prepare financial reports as required. The VP is responsible for providing regular statements concerning all capital expenditure to the Finance & ~~Property~~ Infrastructure Committee for monitoring purposes.

Project evaluation should be undertaken from the outset of each project, and should normally include the following steps:

- establish exactly what is to be evaluated and measured;
- compare the actual outturn with the target outturn;
- report the findings to the Finance & ~~Property~~ Infrastructure Committee.

8 PROCUREMENT

8.1 Procurement

The procurement of goods or services on behalf of the College by those so authorised must be made in accordance with the College's Procurement Strategy, Procurement Policy and Financial Procedures, which must reflect relevant guidance issued by Advanced Procurement for Universities and Colleges and the requirements of the Procurement Reform (Scotland) Act 2014. The Scottish Procurement Policy Handbook must also be followed~~,~~ and should be read in conjunction with the Procurement Journey (a toolkit providing practical guidance on procurement procedures). The Scottish Government's Construction Procurement Manual for managing or delivering construction / works projects should be followed. Scottish Government Consultancy Procedures should be taken into account as relevant good practice guidance when appointing consultants, and they state that consultants can only be justified where required knowledge and expertise is not available in-house.

Any proposal to award a contract without competition (non-competitive action) must be approved in advance (Schedule 2).

There should be clear separation of budgetary authority and procurement authority. Budget holders should have authority to commission orders by specifying their requirements and providing budgetary authority for the expenditure. The authority to purchase (Delegated Purchasing Authority) and ultimately place that order should be in separate hands.

~~1.2~~8.2 Thresholds

The present list of thresholds and the necessary actions to ensure suitable levels of quotes / tenders / approvals are obtained are detailed in the Procurement Policy.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

~~2~~9 INCOME

~~2.1~~9.1 Academic Fees and Charges

Fees and charges are reviewed annually and approved by the Finance & ~~Property~~ Infrastructure Committee~~,~~ and thereafter published on the College website.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

Where applicable, the FM requires that the College must charge student tuition fees at the levels set by the Scottish Ministers.

~~2.2~~9.2 Non-Academic Fees and Charges

Fees and charges for non-a~~A~~cademic services are approved by an appropriate member of the Senior Leadership Team.

~~2.3~~9.3 Fee Setting and Commercial Service Provision Requirements

The SPFM requires that charges for commercial services are usually set on a full cost recovery basis, with charges for the disclosure of information low or waived. If there is any deliberate public subsidy, there should be a clear rationale for why it has been granted and how long it should last and this should be fully documented.

The College should be able to defend the provision of a commercial service as being an appropriate use of resources and ensure it complies with competition law. In addition, any proposals to recover less than the full cost plus an appropriate rate of return for a commercial service provided in competition with the private sector must be submitted to the Council for approval.

~~2.4~~9.4 Grant Income

It is a term and condition of grant payment from the Council that the BOM of the College and its designated officers comply with the requirements set out in the FM. Grants may also have their own specific conditions, and clawback arrangements may apply if funds are not used or not used within the terms and conditions of the grant.

Where assets acquired or developed with the Council grant or grant in aid are disposed of, the proceeds - or an appropriate proportion of them if the grant was for less than the whole cost of acquisition or improvement - will normally be clawed back by the Council in accordance with conditions attached to the grant or grant in aid.

Where grant income is passed on to a third party to undertake work, the College must ensure effective control systems are in place to ensure the propriety and regularity of expenditure.

~~2.5~~9.5 Invoicing and Collection

Procedures must be in place to ensure that all income due to the College is recorded and collected – these should ensure that all cash received is duly receipted, recorded and banked regularly.

Enrolment forms must place a clear contractual obligation on students to pay all sums due from them to the College as a condition of enrolment. Procedures must be in place to ensure that sponsors are invoiced for fees and charges that they have undertaken to pay.

Procedures must be in place to ensure that all fees due from students or their sponsors are:

- Accurately recorded in the Student Record System.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

- Imported accurately and completely into the Finance System.

The Finance System must hold a separate account for each student or sponsor recording fees charged and receipts for fees.

Goods and services provided to external bodies by the College must be the subject of binding and clearly worded legally contractual agreements. Such contracts must include payment terms to be adhered to by the external body. Records must be kept as evidence of amounts invoiced.

Where invoiced claims are made with respect to project sponsorships or grants appropriate procedures must be put into operation to ensure compliance with sponsor's conditions relating to each claim.

There are many and varied sources of income in addition to those from education services. In all cases appropriate procedures must be established in order to ensure that all amounts due are properly recorded and accounted for, and that amounts due are collected in accordance with agreed terms.

Overdue receivables must be pursued through progressive stages culminating in legal action for recovery – if it is of value to do so. Commencement of legal proceedings must be authorised by the DoF.

Schedule 2 identifies the authority thresholds for writing off irrecoverable debts.

~~3~~10 BANKING

~~3.1~~10.1 Appointment of Bankers

The SPFM requires the College to have its core bank accounts with the Government Banking Service (GBS), except where the Scottish Government's Treasury and Banking Branch can be persuaded that the holding of such an account would not be cost effective.

The College will be allocated bankers from the Scottish Government Framework Agreement for the Provision of Banking Services.

A commercial bank account, including accounts such as PayPal or WorldPay should only be opened where there is a distinctive business need that cannot be met by the GBS bank account or where there is a separate contractual reason for doing so. As delegated by the Principal, authority to open or close bank accounts rests with the VP. All accounts will be in the name of the College, although special purpose accounts may bear an additional title.

Balances in commercial bank accounts should be kept to the minimum consistent with the principles of not providing funding in advance of need and avoiding accounts being overdrawn.

Before issuing any indemnity to a commercial bank the College should consult the Scottish Government's Treasury and Banking Branch which will consider in consultation with legal advisers as to whether the terms proposed are acceptable.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

Subject to the above, the BOM, through the Finance & ~~Property~~ Infrastructure Committee, is responsible for appointing bankers to the College outwith the GBS.

Banking operations should be regularly reviewed and bodies which are part of the Scottish Government banking contract should undertake such reviews in consultation with the Scottish Government's Treasury and Banking branch. A review should include an assessment of whether the existing arrangements meet the College's needs in the most economical, efficient and effective manner.

~~3.2~~10.2 Treasury Function

As delegated by the Principal, the VP and DoF have responsibility to manage the financial assets and liabilities of the College.

Balances in bank accounts should be minimised. The College does not have the authority to place any balances into an interest bearing account outwith Scottish Government Banking arrangements so is limited in its ability to earn interest.

~~3.3~~10.3 Borrowing, Lending and Investment

All borrowing requires the approval of the Scottish Ministers and this must be submitted to the Council initially. Overdrafts should only be used for differences between the timing of income and expenditure, and not to increase expenditure.

Lending should normally be subject to the existence of specific statutory authority, and if to a non-public body should undergo proportionate due diligence.

No investments of a speculative nature may be entered into.

~~3.4~~10.4 Signatories

All banking documents, cheques, and other instructions to bankers must bear two authorised signatures. Addition or removal of authorised signatories require approval by the DoF. The approved list of signatories need not be the same for all bank accounts.

Electronic banking is the preferred means by which payments are made/received. Where electronic banking is used, electronic authorisation by a method approved by the bank will be carried out by one or two authorised signatories. Electronic transfers made by third parties (e.g. BACS) will be duly authorised.

The DoF will be responsible for authorising users of purchasing cards including credit cards and pre-paid purchasing cards as well as card purchasing approval limits and guidelines.

~~3.5~~10.5 Controls

Appropriate controls will operate over all banking transactions. These include monthly reconciliations between bank statements and College ledgers with these being reviewed by Senior Finance Staff not involved with their preparation.

All cash income should have a receipt provided and cash takings reconciled to receipts or cash

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

register end of period slips.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

~~3.6~~10.6 Trust Funds

All trust funds will be administered in accordance with their respective trust deeds and with relevant statutory regulations. Adequate control will be exercised over the actions of trustees, and proper security maintained for the related trust documents and assets.

~~4~~11 CAPITAL ASSETS

Section 11 must be read in conjunction with the College's Procurement Strategy.

~~4.1~~11.1 Acquisitions

The purchase, lease or rent of land, buildings or plant can only be undertaken with the authority of the VP, subject to thresholds set out in Schedule 1, and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

Capital expenditure is planned for as part of the Strategic Planning process referred to in Section 6: Financial Planning and Reporting.

~~4.2~~11.2 Leasing

When leasing, a distinction between operating leases and finance leases is required. Both operating and finance leases must be authorised and recorded as given under Contracts 10.2.

An operating lease is one whereby the lessee uses the equipment in exchange for a periodic charge but has no rights of ownership, nor is able to acquire such rights other than for a fair market consideration. Maintenance costs are usually borne by the lessor.

A finance lease is one whereby the lessee may acquire the right of ownership at the end of the lease period for a nil or nominal consideration. Maintenance costs are usually borne by the lessee.

Any new lease or renewal of an existing lease should be approved in advance by the VP.

~~4.3~~11.3 Valuation

The FReM requires the College to value its property, plant and equipment using the most appropriate valuation process. Such processes might include:

- a quinquennial valuation supplemented by either annual indexation or regular desktop valuation update;
- a quinquennial valuation supplemented by an interim professional valuation in year 3;
- annual valuations; or
- a rolling programme of valuations.

It is for valuers, using the Royal Institution of Chartered Surveyors (RICS) 'Red Book' (RICS Valuation - Professional Standards), and following discussions with the College, to determine

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

the most appropriate methodology for obtaining either a current value in existing use or a fair value.

The College may elect to adopt a depreciated historical cost basis as a proxy for current value in existing use or fair value for assets that have short useful lives or low values (or both).

~~4.4~~11.4 Depreciation

The cost of a capital asset is amortised over a period not exceeding its estimated useful life, having due regard to its individual components where appropriate.

The limit of asset value above which depreciation must be applied need not be the same as that for capitalisation for the purposes of the Council.

~~4.5~~11.5 Disposals

Any surplus property should be reviewed and, where considered no longer necessary for the College's operations as part of the strategic plan, should be disposed of after notifying the Council. The disposal of assets at less than market value should only be done to achieve wider public benefits consistent with the principles of Best Value and be approved by the Council. The SPFM should be referred to for specific disposal requirements.

Plant and equipment assets which are surplus to requirements should normally be sold by public auction or tender.

Procedures and levels of authority for disposals vary according to the type and value of asset. Levels of authority are provided in Schedule 2.

~~4.6~~11.6 Recording and Control

Each capitalised item of property and equipment shall be clearly identified and recorded in a Fixed Asset Register that will show gross book value, cumulative depreciation and net book value. The DoF is responsible for maintaining the college's register of land, buildings, fixed plant and machinery. College managers will provide the VP with any information required to maintain the Fixed Asset Register.

~~4.7~~11.7 Stocks and Stores

Consumables and other items purchased and stored should be controlled and accounted for where the costs of controls are justified by the value of the items.

Methods of achieving adequate control will vary with the type and value of the items concerned. Physical security should be commensurate with the risk of loss.

Budget Holders are held responsible for maintaining adequate records, controls, and security over stocks. Losses and shortages, less any insurance recoveries, may be charged to operating Budgets. Losses over a threshold must be reported annually to the Council (see Schedule 2).

Periodic physical counts and valuations must be carried out to ensure that reported operating

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

costs and residual values of stock on hand are correctly reported.

Stocks and stores of a hazardous nature should be subject to appropriate security checks.

~~4.8~~11.8 Portable Equipment

Where management is of the opinion that the nature and value of portable non-capitalised equipment requires records to establish physical and financial control, the Budget Holder responsible for the custody of the equipment shall be required to maintain appropriate control records.

~~5~~12 EXPENDITURE AND CONTRACTS

Section 12 must be read in conjunction with section 8 and the College's Procurement Policy.

~~5.1~~12.1 Tendering

Guidance on tendering is provided within the SPFM, which should be followed wherever practicable. In exceptional circumstances, the BOM may permit exemption from tendering procedures. In emergency situations, the Principal or their delegate may allow contracts without following the guidelines, and such action must be reported to the BOM or its delegated committee at the first possible opportunity. Limits determining whether a tender should be issued are provided in the Procurement Policy.

~~5.2~~12.2 Contracts

See Schedule 2 for contract authorisation thresholds.

It is the responsibility of the VP to ensure that original contract documents are stored in an appropriately secure place on behalf of the College. The College Budget Holder(s) having responsibilities in relation to the subject matter of a contract must be aware of the terms of the contract and any related documents.

Variations to contracts, appropriately authorised and in compliance with delegated authority, must be raised and documented according to established procedures.

~~5.3~~12.3 Progress Payments

These should be made against official certificates and / or invoices and authorised by the overseeing Budget Holder(s).

~~5.4~~12.4 Claims/Disputes

These must be actively pursued and resolved within a reasonable time in the circumstances. Overseeing Budget Holder(s) should exercise judgement and consult with the VP or DoF on issues which may require legal advice.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

~~5.5~~12.5 Expenditure and Payments

Expenditure should represent value for money, taking into account potential risks to regularity and propriety. Expenditure should be authorised in the operational area which entered into the commitment, with due consideration to separation of duties and in line with the College's Financial Procedures for approving and processing transactions. Payments should be made within contractual terms of invoices.

In accordance with the SPFM, in order to statutorily incur expenditure there must be legal authority, budget (and a usable cash balance), and delegated authority (where applicable). Where these criteria are not met or unclear for planned or necessary expenditure the Council should be contacted.

~~5.6~~12.6 Contractor / Supplier Bankruptcy or Liquidation

If a payee is identified as being in bankruptcy, sequestration or liquidation, all payments should be suspended pending confirmation of this and~~,~~ once confirmed, payment should only be made to the proper person, and any claim must be properly lodged. The College should also consider, in consultation with its legal advisers, whether any contract should be terminated.

~~5.7~~12.7 EU Funded and Successor Projects

The current FM stipulates that the Council must be informed of any existing or planned EU funding applications and schemes and must follow its ESF guidance when in receipt of funding No further applications are envisaged post Brexit and the College awaits information and guidance on successor programmes to European structural funds.

~~5.8~~12.8 Losses and Special Payments

Losses should only be written off or special payments authorised after careful appraisal of the facts and all reasonable action must have been taken to try to recover losses.

A record of all losses (including stock losses) and special payments should be maintained centrally by Finance. Further details on losses and special payments and the different categories that must be used for annual accounts disclosure, where required, are set out in the SPFM. Appendix A to the FM sets out the limits for losses and special payments. Any proposed payment above these limits requires Council approval.

~~5.9~~12.9 Maladministration

The College is required to set clear service performance standards and have a clear accessible complaints procedure with appropriate redress for users in the event of something going wrong. Payments of financial redress qualify as ex gratia payments and are therefore subject to the SPFM guidance on Losses and Special Payments. Where the complainant has suffered actual financial loss as a result of financial maladministration, or faced costs which would otherwise not have been incurred (and which are reasonable in the circumstances), the general approach should be to restore the complainant to the position they would have been in had the issue not

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

occurred. Payment on grounds other than actual financial loss or costs should only arise in exceptional circumstances.

~~5.10~~12.10 Overpayments

Any overpayments made by the College should be pursued unless the cost outweighs the amount. Any material overpayments to a group of individuals or organisations should be informed to the Council. The SPFM contains more guidance on how to act regarding overpayments.

~~5.11~~12.11 Suspense Accounts

Each suspense account, whether for expenditure or income, must be reconciled and reviewed at least every three months, with responsibility for this allocated to an appropriate Finance staff member.

~~6~~13 STAFF COSTS

Staff costs are the most significant single category of College expenditure. Therefore, it is essential that there is effective control over staff planning, recruitment, selection, and payment, and regular monitoring of costs. Adequate controls and procedures must exist to ensure the integrity of payroll systems, thus ensuring that only bona fide employees are paid. Payments should also be at the correct rates, with the correct deductions made, and absences must be properly accounted for. The FM requires that the College must have regard to public pay policy set by the Scottish Ministers, alongside any agreements resulting from national bargaining.

~~6.1~~13.1 Appointments

All contracts of service shall be concluded in accordance with the College's approved Human Resources procedures and all offers of employment with the College will be actioned by the People Team.

Budget managers shall ensure that the VP ~~-~~and SLT are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

~~6.2~~13.2 Temporary Staff

Budgets at Curriculum and Support levels shall include approved planned expenditure on temporary staff. This includes staffing of Part-Time posts by additional working by permanent staff under 'minor contracts'~~,~~ and hiring of staff over and above the full-time establishment. Such appointments are controlled and administered by Human Resources. As additional hours have a longer~~-~~term impact on any Transfer to Permanency contracts the financial and sustainability of employment impacts should be considered, both in year and borne in mind for future years.

~~6.3~~13.3 Resignations and Dismissals

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

In addition to compliance with HR procedures, controls must exist to ensure that correct termination payments are made, and that no payment is made in respect of periods after cessation of employment.

~~6.4~~13.4 Severance, Early Retirement and Redundancy Terms

Terms for settlement agreements, severance, early retirement or redundancy packages must fully take into account regularity, propriety and value for money. Any questions relating to the terms or value for money of any proposed agreement must be referred to the Council prior to making any written or verbal offer. Compensation is not normally payable when someone resigns voluntarily.

Where appropriate, packages should be based on the terms and conditions of employment, be transparent and be negotiated in a way which avoids conflicts of interest. Any undertakings about confidentiality should leave transactions open to proper public scrutiny. Offers of subsequent work to those who received severance should be exceptional.

Any severance will be undertaken in accordance with SFC guidance.

~~6.5~~13.5 Pension Schemes

The BOM is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees and day-to-day administration is delegated to the Finance and People teams.

~~6.6~~13.6 Non-salary Rewards

If non-salary awards (such as gifts, vouchers, subscriptions to clubs / gyms, charity donations, and cars) are offered, the College must be open and transparent about these, with clear policies on disclosure of information about the awards made and the procedures adopted for making those awards. The tax implications of schemes should be considered and no bias given towards the use of services of any organisation(s). Although the Public Sector Pay Policy does not apply to non-salary awards, the College is expected to have regard to it and ensure any non-salary rewards are affordable.

The Council should be consulted prior to the implementation of any non-salary reward scheme.

13.7 Salary Advances

The Director of Finance is authorised to approve salary advances

- Where an employee has commended employment after the payroll cut-off date and would otherwise experience an unreasonable delay in receiving salary;
- A payroll error attributable to the College has caused financial detriment to an employee;
- Exceptional personal hardship can be evidenced and supported by the People Team.

Salary advances will be deducted automatically from the next payroll unless, in exceptional circumstances, the DoF agrees a payment plan.

Salary advances shall only be used where a genuine advance of funds is made to an employee. Salary advances must not be used to offset payroll overpayments, correct payroll processing

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

errors, or make accounting adjustments. Any salary overpayment shall be recovered in accordance with HMRC requirements.

~~7~~14 INSURANCE

Normally public bodies should self-insure except in certain circumstances. However, the Scottish Government has allowed colleges to extend their current commercial insurance arrangements until 31 July 2027.

The BOM will be responsible for insurance arrangements to meet the statutory and legal obligations of the College. It will make judgement as to the scope and level of insurance cover it deems appropriate, having regard to the perceived risks and costs.

As delegated by the Principal, responsibility for insurance matters is managed by the DoF.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

The range and complexity of the activities of the College are reflected in the complexity of its insurance needs. Where commercial insurance is purchased, professional advice should be considered. These services could include advice on risk management, self-insurance and deductibles, security and safety. Procedures for notification and management of claims must be maintained in order that claims are settled satisfactorily and timeously. Professional advice should be considered when managing large or potentially large claims.

~~8~~15 RISK MANAGEMENT

The College's internal control systems should include embedded arrangements for identifying, assessing and managing risks, and risk management should be closely linked to the business planning process.

The risk management process involves:

- initial and ongoing risk identification;
- specific actions to address the risks identified: all risks, once identified, should be assigned to an owner who has responsibility for ensuring that the risk is managed and monitored over time;
- likelihood and impact are considered for each risk and that the assessment of risk is recorded in a way that facilitates monitoring and prioritisation;
- risks are reviewed regularly, via the Senior Leadership Team, Audit & Risk Committee and the BOM, to monitor for changes in risk profile, gain assurance that risk management is effective, and identify if further action is necessary;
- The highest priority risks should be given regular attention at BOM level.

The concept of 'risk appetite' (the level of exposure which is considered tolerable and justifiable) is key to achieving effective risk management and it is essential to consider it before determining how risks can be addressed.

~~9~~16 DUNDEE AND ANGUS ARM'S LENGTH FOUNDATION

The Dundee and Angus Foundation is independent of the public sector, including the College. Any surplus over full cost recovery on the College's commercial activities can be transferred to the Foundation by way of donation at the year end. Commercial activity fees and charges should at least cover commercial activity costs in line with the requirements on costing and pricing contained in the SPFM. Council capital grant and student support funds cannot be transferred.

~~10~~17 ACCOUNTING AND AUDIT

~~10.1~~17.1 Accounts

The BOM is responsible for ensuring that the College keeps proper accounting records and prepares Financial Statements which give a true and fair view and are properly prepared in accordance with:

- the Act;
- the Statement of Recommended Practice for Further and Higher Education, with specific

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

adoptions to align to material elements within the FReM;

- other relevant accounting standards;
- the FM;
- Accounts Directions issued by the Council.

The Principal, as Accounting Officer appointed by the BOM, has a duty to ensure:

- accounting records and Financial Statements are in compliance with the above;
    - the College maintains appropriate accounting and information systems, and an effective system of internal control.

~~10.2~~17.2 External Audit

Under the terms of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General is responsible for the appointment of the external auditors for the College.

The primary role of external audit is to report on the College's Financial Statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.

The external auditors address their report and opinion jointly to the Auditor General and the members of the BOM. Their duties will be in accordance with advice set out in the Audit Scotland Code of Audit Practice and the Financial Reporting Council's International Standards on Auditing (UK and Ireland).

External auditors should only in exceptional circumstances undertake non-external audit work.

~~10.3~~17.3 Internal Audit

The BOM is required by the FM to secure the provision of an effective internal audit service. Internal audit should provide an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It should provide an appraisal of the College's internal control system and take the action needed to provide the College with a continuing assurance that the organisation's risk management, control and governance arrangements are adequate and effective. The Principal has overall responsibility for ensuring that prompt and effective action is taken on internal audit recommendations, and that the risks resulting from inaction are recognised and accepted.

Although internal audit provides assurance over the control environment the primary responsibility for monitoring and compliance rests with operational areas and their line management, up to and including the Principal.

The internal audit service must comply with the Public Sector Internal Audit Standards.

The FM requires the College to inform the Council when an internal auditor is appointed and immediately if the internal auditor is removed or departs before the end of their term of office.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

~~10.4~~17.4 Financial Directives and Guidelines

The College must comply with the terms of the FM and financial policies and procedures issued by the Council.

Significant modifications or dispensations appropriate for the College must be agreed in writing between the BOM and the Council.

~~10.5~~17.5 Fraud, Bribery and Corruption

It is the duty of all members of staff and management to notify the VP immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, bribery, corruption or any other impropriety. The prime responsibility for designing, operating and reviewing control systems rests with the managers involved.

If the suspected irregularity is thought to involve the VP and / or the Principal, the member of staff shall notify directly the Chair of the Audit & Risk Committee or the Chair of the BOM of their concerns regarding irregularities.

In broad terms, managing the risk of fraud involves:

- assessing the College's overall vulnerability to fraud;
- identifying the areas most vulnerable to fraud risk;
- evaluating the scale of fraud risk;
- responding to the fraud risk;
- measuring the effectiveness of the fraud risk strategy.

Refer to the Fraud, Bribery & Corruption Policy and Response Plan and the Public Interest Disclosure (Whistleblowing) Policy for the College's approach to fraud, which includes supervisory checks by managers, adequate separation of duties, and avenues for reporting suspicions of fraud.

Six principles should be adopted to prevent bribery and corruption being committed:

i) Proportionate Procedures;
ii) Top Level Commitment;
iii) Risk Assessment;
iv) Due Diligence;
v) Communication;
vi) Monitoring and Review.

All discovered cases of actual or attempted fraud, bribery, corruption or any other impropriety will be notified to the Audit & Risk Committee and external auditors. Fraud losses over a threshold must be reported to the Council annually (see Schedule 2). Any significant frauds should be reported to the Council's Accountable Officer without delay.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

~~10.6~~17.6 Gifts and Hospitality

All gifts made or received must be informed to the Secretary to the BOM and acceptance of gifts must be in line with the College's guidance, with the guiding principles being: conduct should not foster the suspicion of any conflict between official duties and private interests; actions should not give the impression of having been influenced by a gift to show favour or disfavour to any person or organisation; and, if an individual is in doubt about the propriety of accepting a gift, the VP should be consulted. The College's Gifts and Hospitality Policy provides further guidance.

~~10.7~~17.7 Retention of Records

Financial records, including papers supporting and justifying financial transactions, are to be retained in line with the Retention and Disposal Schedule for Accounting Records available on the website of the UK National Archives (currently either 6 years or 2 years, depending on the type of record, following the end of the financial year in question) and any other specific legislation.

Extended retention of financial records may be necessary to enable the handling of late claims or the settling of disputes. Records relating to VAT should be kept for at least 6 years. EU related payments are covered by specific provisions in EC law, with retention required for a number of years following the last payment in respect of any operation.

~~10.8~~17.8 Transaction Checks

Appropriate checks for the propriety, regularity and accuracy of financial transactions at operational area level will be undertaken. This includes checks such as to the arithmetical accuracy of invoices / claims, ensuring fulfilment of contract terms, physical checking of goods invoiced against items received and ordered. Checking should be undertaken by staff independent of the person originating the transaction.

~~10.9~~17.9 Contingent Commitments

All contingent commitments such as guarantees, letters of comfort and indemnities require appraisal and the Council's prior written consent before accepting, except for such arrangements where the indemnity is of a standard type contained in contracts and agreements for 'day-to-day' procurement of goods and services in the normal course of business. Contingent liabilities are normally expected to be met from College resources and must be within the College's legal powers.

~~10.10~~17.10 Tax Planning and Tax Avoidance

All individuals who would qualify as employees for tax purposes will be paid through the College's payroll with tax deducted at source.

The SPFM requires the College to avoid tax avoidance arrangements and the Council should be contacted before using tax advisors or implementing tax schemes. Particular care should be taken with transactions involving bodies with tax residence in offshore financial centres.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

Transfer of property or assets that are likely to appreciate in value can often give rise to specific tax issues, in particular the liability to capital gains tax, and the Council should be informed in these situations.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

SCHEDULE 1 – SCHEME OF DELEGATED BUDGET AUTHORITY THRESHOLDS

These thresholds apply to all non-pay expenditure, including capital and revenue. They are intended to operate sequentially until the appropriate approval threshold is reached. The approval thresholds apply only to the post holder's area of responsibility, unless otherwise stated.

Authority up to £5,000
Support Team Leaders

Authority up to £10,000
Heads of Curriculum and Quality, Support Team Managers and Project Managers

Authority up to £30,000
Heads of Support Service and Directors of Curriculum

Authority up to £50,000
Support Service Directors~~.~~
Director of Finance - College-wide approval

Authority up to £75,000
Vice Principals - College-wide approval

Authority up to £125,000
Principal - College-wide approval

Authority up to £250,000
Chair of the Board of Management and Chair of Finance & ~~Property~~ Infrastructure Committee

Authority up to £500,000
Finance & ~~Property~~ Infrastructure Committee

Authority over £500,000
Board of Management

It is the responsibility of the Director of Finance to ensure that a current list of expenditure levels of authority by named post holders is published on the College intranet. This will reflect the hierarchical approval workflows which will also be maintained within the College's e-Procurement systems.

The College's Financial Regulations require alternative or supplementary arrangements for other exceptional or extraordinary circumstances. These include, but are not limited to, capital additions, contractual commitments and non-competitive actions.

Compliance with the College's Procurement Policy and Procedures is mandatory. This will include specific guidance on the procurement journey and prescribed competitive thresholds for quotations and tendering.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

SCHEDULE 2 – OTHER AUTHORITY THRESHOLDS

Disposals
The levels of authority for the disposal of capital assets are:

Market Value of Asset	**Authority**

Market Value of Asset	**Authority**
£1 to £10,000	Heads of Curriculum & Quality and Support Team Managers
£10,001 to £30,000	Senior Leadership Team Member
£30,001 to £50,000	Executive Team Member
£50,001 to £125,000	Finance and ~~Property~~ Infrastructure Committee
>£125,000	Board of Management

In order to ensure that fair market values are realised, any individual item which can be reasonably expected to realise £10,000 or more should be publicly advertised or sold by public auction. In particular, it must be ensured that no member of College staff is given undue preference of availability or price on the disposal of an asset.

Procurement
Any proposal to award a contract without competition (non-competitive action) must be approved in advance by:

Non-Competitive Action Value	Authority
<£25,000	VP
£25,001 - £100,000	Finance & ~~Property~~ Infrastructure Committee and Council
>£100,000	Board and Council

Leases
Any lease with a life cost in excess of £50,000 must have the approval of FPC. The Financial Memorandum with the Council has delegated authority to enter into non-property operating leases under £250,000 to the BOM.

Contracts
Contractual commitments which exceed three months in duration or bind the College to a commitment exceeding £15,000 must be approved by the Principal or VP. Any external consultancy contracts with a value of more than £100,000 must be approved in advance by the Council.

Bad debts, Losses and Special Payments
Individual irrecoverable debts up to £3,000 may be written off on the authority of the DoF. Individual irrecoverable debts exceeding £3,000 must be referred to the Finance & ~~Property~~ Infrastructure Committee for write off approval. Details of write offs of £3,000 or more must be reported to the Council annually (£6,000 for overseas student irrecoverable losses).

Losses or special payments exceeding £250,000 should be disclosed in notes to the annual accounts. Fraud losses over £5,000 must be reported to the Scottish Funding Council annually. Other losses of £3,000 or more must be reported annually to the Council.

Once Printed/Downloaded, this is an UNCONTROLLED DOCUMENT. Refer to College Documentation Portal for latest version

Agenda Item 9.1

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 15 September 2026

STRATEGIC RISK REGISTER **PAPER I**

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

BOARD OF MANAGEMENT
Audit and Risk Committee
Tuesday 15 September 2026

Strategic Risk Register Update

Paper for approval

1. Strategic Risk Register

A copy of the June September 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 long term cuts in sector funding 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. This work has supported an improved financial position in 2025/2026 as reported to the September 2026 Finance & Infrastructure Committee.

With all targeted 2025/2026 savings achieved and impacts carried forward to the 2026/2027 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 did not highlighted any significant change in the condition of the RAAC present within campus accommodation.

The risks associated with the presence of RAAC, and the need for major infrastructure development to remove this risk are detailed throughout the College 2026 – 2036 Infrastructure Strategy and underpin the work being progressed in respect of the infrastructure Vision and the first stage of this through the Gardyne Campus Green Skills Innovation Hub development.

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 2025/2026 credit activity levels has been a priority given the reductions in activity to support financial sustainability. The reductions progressed in-year in 2025/2026 (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) within 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 and June 2026 meetings, the Senior Leadership Team have updated sections of the Strategic Risk Register to strengthen pre-existing risks to include reference to AI threats as part of the risk monitoring and mitigation.

6. Industrial Relations Risk

Following discussion at the People, Culture and Wellbeing Committee it is proposed that the pre mitigation likelihood in respect of risk 3.9 be reduced. This change reflects the positive industrial relations climate in the College and the reduced risk of national industrial action following agreement of a three year pay settlement with academic staff.

7. Strategic Risk Register

Following review by the Senior Leadership Team, there are no changes proposed to the Strategic Risk Register at this time.

8. 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 September 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

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: Blue (1-3) = Minor Risk, Green (4 – 8) = Moderate Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk. Board Risk Appetite for the above risks is assessed as Open with risks scored as major being subject to regular scrutiny and risks scored as fundamental subject to review at every meeting.

Post Holders						Score	Impact	Likelihood
	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	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.	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

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: Blue (1-3) = Minor Risk; Green (4 – 8) = Moderate Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk. Board Risk Appetite for the above risks is assessed as Open with risks scored as major being subject to regular scrutiny and risks scored as fundamental subject to review at every meeting.

Post Holders					Score	Impact	Likelihood
	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				TREATMENT	POST MITIGATION EVALUATION				
	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	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

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: **Blue** (1-3) = Minor Risk; Green (4 – 8) = Moderate Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk. Board Risk Appetite for the above risks is assessed as Open with risks scored as major being subject to regular scrutiny and risks scored as fundamental subject to review at every meeting.

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
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

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: **Blue** (1-3) = Minor Risk; Green (4 – 8) = Moderate Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk. Board Risk Appetite for the above risks is assessed as Open with risks scored as major being subject to regular scrutiny and risks scored as fundamental subject to review at every meeting.

Post Holders							
	ELT	Executive Leadership Team	Prin	Principal	**Score**	**Impact**	**Likelihood**
	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

	POTENTIAL CONTRIBUTING FACTORS				TREATMENT	POST MITIGATION EVALUATION				
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

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: Blue (1-3) = Minor Risk; Green (4 – 8) = Moderate Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk. Board Risk Appetite for the above risks is assessed as Open with risks scored as major being subject to regular scrutiny and risks scored as fundamental subject to review at every meeting.

Post Holders					Score	Impact	Likelihood
	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			

	POTENTIAL CONTRIBUTING FACTORS				TREATMENT	POST MITIGATION EVALUATION				
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	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

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: Blue (1-3) = Minor Risk; Green (4 – 8) = Moderate Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk. Board Risk Appetite for the above risks is assessed as Open with risks scored as major being subject to regular scrutiny and risks scored as fundamental subject to review at every meeting.

Post Holders					Score	Impact	Likelihood
	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				TREATMENT	POST MITIGATION EVALUATION				
	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	• 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

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: Blue (1-3) = Minor Risk; Green (4 – 8) = Moderate Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk. Board Risk Appetite for the above risks is assessed as Open with risks scored as major being subject to regular scrutiny and risks scored as fundamental subject to review at every meeting.

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: Risks	Impact	Likelihood	Score	TREATMENT: Mitigation Actions	POST MITIGATION EVALUATION: Impact	Likelihood	Score	Monitoring	Lead Responsibility
3 People and Performance (cont.)										
3.7 **P,C&W**	Industrial Relations Problems (including industrial action) **Pre mitigation likelihood reduced given changed circumstances**	4	3	12 ↓	• 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	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 counter terrorism 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

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: Blue (1-3) = Minor Risk; Green (4 – 8) = Moderate Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk. Board Risk Appetite for the above risks is assessed as Open with risks scored as major being subject to regular scrutiny and risks scored as fundamental subject to review at every meeting.

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: Risks	Impact	Likelihood	Score	TREATMENT: Mitigation Actions	POST MITIGATION EVALUATION: Impact	Likelihood	Score	Monitoring	Lead Responsibility
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

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: Blue (1-3) = Minor Risk; Green (4 – 8) = Moderate Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk. Board Risk Appetite for the above risks is assessed as Open with risks scored as major being subject to regular scrutiny and risks scored as fundamental subject to review at every meeting.

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
3 People and Performance (cont.)										
3.12 **P,C&W**	Failure to attract, engage, retain or develop appropriately qualified staff.	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

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: Blue (1-3) = Minor Risk; Green (4 – 8) = Moderate Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk. Board Risk Appetite for the above risks is assessed as Open with risks scored as major being subject to regular scrutiny and risks scored as fundamental subject to review at every meeting.

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	Responsibility
4 Infrastructure										
4.1 **A&R**	Major Disasters – eg Fire, MIS Failure, Failure of Emergency Procedures, RAAC or similar infrastructure failure	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	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

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: **Blue** (1-3) = Minor Risk; Green (4 – 8) = Moderate Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk. Board Risk Appetite for the above risks is assessed as Open with risks scored as major being subject to regular scrutiny and risks scored as fundamental subject to review at every meeting.

Post Holders						Score	Impact	Likelihood
	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				TREATMENT	POST MITIGATION EVALUATION				
	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	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

Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood: **Blue** (1-3) = Minor Risk; Green (4 – 8) = Moderate Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk. Board Risk Appetite for the above risks is assessed as Open with risks scored as major being subject to regular scrutiny and risks scored as fundamental subject to review at every meeting.

Agenda Item 10.1

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 15 September 2026

Audit Assurance Response

PAPER J

BOARD OF MANAGEMENT
Audit & Risk Committee
Tuesday 15 September 2026
Annual Accounts Audit Assurance Response

Paper for approval

1. Introduction

As part of the standard arrangements in place from our external audit providers, Forvis Mazars have requested that the Audit and Risk Committee provide a range of information and assurances in respect of Committee and College in respect of a range of possible areas of risk around statutory and regulatory compliance; known or anticipated litigation or claims; and assurance in respect of the College as a going concern.

These requirements have been discussed at Audit & Risk Committee meetings over the past two years where it has been agreed that approval of the final document would be delegated to the Chair of the Audit and Risk Committee.

2. D&A Comments and Responses

To support these arrangements a draft of the assurance return is enclosed for review and approval.

3. Approvals

Members of the Audit & Risk Committee are asked to:

- Review and approve the content of the enclosed document.

4. Link to Strategic Risk Register

Information in this report is intended to provide Board members with reassurance that actions and activities are being progressed and addressed that support the mitigation of a range of risks identified within the Strategic Risk Register namely:

2.4 – Financial fraud
3.2 – Failure to achieve/maintain compliance arrangements, e.g. contracts, awarding bodies, audit.

Authors: Steven Taylor, Vice Principal, Nicky Anderson, Director of Finance
Executive Sponsor: Steven Taylor, Vice Principal

BOARD OF MANAGEMENT

Audit & Risk Committee, Tuesday 15 September 2026

Annual Accounts Audit Assurance Response

International Standard for Auditing 240 - The auditor's responsibility to consider fraud in an audit of financial statements

	Audit Assurance Sought	Audit & Risk Committee Response
1.	How does the Committee, in its role as those charged with governance, exercise oversight of management's processes in relation to: • undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent, and frequency of these assessments). • identifying and responding to risks of fraud in the organisation, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist. • communicating to employees of views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the organisation's code of conduct); and • communicating to those charged with governance the processes for identifying and responding to fraud or error?	An extensive and well-planned internal audit plan is in place alongside regular contact with internal and external auditors. A comprehensive fraud policy is also in place, with instances of fraud reported to the committee alongside action plans and progress and close out against actions. All Board members receive quarterly management accounts (monthly for Finance & Infrastructure Committee members). Fraud management arrangements include training for all staff and targeted training in instances where fraud has arisen, or risks identified. The College is an active participant in the National Fraud Initiative and reports on the outcome of this work are reported to the Audit and Risk Committee. The College operates detailed financial procedures that are subject to internal and external audit review and periodic review via the Finance & Infrastructure Committee. Information around employee communication, staff surveys and employee and industrial relations are discussed through the People, Culture and Wellbeing Committee. The Board incorporates staff, student and trade union nominated membership to support openness and transparency.

	Audit Assurance Sought	Audit & Risk Committee Response
2.	How does the Committee oversee management processes to identify and respond to the risk of fraud and possible breaches of internal control? Is the Committee aware of any breaches of internal control during 2025/2025? Please provide details.	As above. No breaches of internal control were reported in 2025/26.
3.	Has the Committee knowledge of any actual, suspected or alleged fraud during the period 1 August 2025 to 31 July 2026? Where appropriate please provide details.	As above. No instances of fraud have occurred.
4.	Has the Committee any suspicion that fraud may be occurring within the organisation? Please provide details. • Has the Committee identified any specific fraud risks within the organisation? Please provide details. • Does the Committee have any concerns that there are areas within the organisation that are at risk of fraud? Please provide details. • Are there particular locations within the organisation where fraud is more likely to occur? Please provide details.	Whilst risk is always possible and must be managed, the Committee does not have any specific concerns in respect of fraud. Internal audit planning is undertaken on a rolling 3 yearly basis with the focus for audit guided by an assessment of risk and the outcomes of previous internal and external audit and other assessment activities during the intervening period. Where concerns are identified specific reports on college practice / compliance may be sought or audit arrangements expanded or expedited to provide assurance. Activities that are potentially higher risk (such as payroll and cash handling) are subject to more regular review. Where appropriate the College looks at ‘lessons learned’ outcomes from other Scottish public sector organisations and assesses D&A practice relative to any lessons or action points arising from these.

	Audit Assurance Sought	Audit & Risk Committee Response
5.	Is the Committee satisfied that internal controls, including segregation of duties, exist and work effectively? Please provide details. • If not, where are the risk areas? • What other controls are in place to help prevent, deter or detect fraud?	The Committee is assured in respect of internal control, segregation, and appropriate management of fraud minimisation. This aspect is featured within audit checks and reporting on an ongoing basis.
6.	Is the Committee satisfied that staff are encouraged to report their concerns about fraud, and the types of concerns they are expected to report? Please provide details.	A comprehensive fraud policy is in place, with instances of fraud reported to the Committee alongside action plans and progress and close out against actions. Fraud management arrangements include training for all staff and targeted training in instances where fraud has arisen, or risks identified. Training includes encouragement to report fraud and proactive use of the fraud triangle (Motive, Rationalisation & Opportunity) to understand how fraud risks can arise and how they can be minimised by effective management approaches.
7.	From a fraud and corruption perspective, what are considered by the Committee to be high risk posts within the organisation? Please provide details. • How are the risks relating to these posts identified, assessed and managed?	Activities that are potentially high risk are those covering larger volumes of small value transactions, or where transactions are of large value. This includes all aspects of cash handling, payroll, and procurement alongside access to equipment or consumables that are readily transferable into cash. Activity in these areas is subject to more regular review. Internal audit planning is undertaken on a rolling 3 yearly basis with the focus for audit guided by an assessment of risk and the outcomes of internal and external audit and other assessment activities during the intervening period.
8.	Is the Committee aware of any related party relationships or transactions that could give rise to instances of fraud? Please provide details. • How are the risks associated with fraud related to such relationships and transactions mitigated?	Clear procurement and budget management arrangements are in place to minimise risks of this type. Specific arrangements are also in place to manage line management and academic assessment/progression arrangements where a close relationship exists. Details of significant related party transactions are published within the annual financial statements.

	Audit Assurance Sought	Audit & Risk Committee Response
9.	Is the Committee aware of any entries made in the accounting records of the organisation that it believes, or suspects are false or intentionally misleading? Please provide details. • Are there particular balances where fraud is more likely to occur? Please provide details. • Is the Committee aware of any assets, liabilities or transactions that it believes were improperly included or omitted from the accounts of the organisation? Please provide details. • Could a false accounting entry escape detection? If so, how? • Are there any external fraud risk factors which are high risk of fraud? Please provide details.	Whilst risk is always possible and must be managed, the Committee does not have any specific concerns in respect of this.
10.	Is the Committee aware of any organisational, or management pressure to meet financial or operating targets? Please provide details. • Is the Committee aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? Please provide details.	Whilst risk is always possible and must be managed, the Committee does not have any concerns in respect of this. Audit and Risk and Finance and Infrastructure Committee members have the opportunity to meet with internal and external auditors at least once a year without any management representatives present to seek assurances in respect of this. Information around employee communication, staff surveys and employee and industrial relations are discussed through the People, Culture and Wellbeing Committee.

International Standard for Auditing 250 – Consideration of laws and regulations in an audit of financial statements

	Audit Assurance Sought	Audit & Risk Committee Response
11	How does the Committee gain assurance that all relevant laws and regulations have been complied with. For example: • Is the Committee aware of the process management has in place for identifying and responding to changes in laws and regulations? Please provide details. • What arrangements are in place for the Committee to oversee this process? • Is the Committee aware of the arrangements management have in place, for communicating with employees, non-executive directors, partners and stakeholders regarding the relevant laws and regulations that need to be followed? Please provide details. • Does the Committee have knowledge of actual or suspected instances where appropriate laws and regulations have not been complied with, and if so, is it aware of what actions management is taking to address it? Please provide details.	An extensive and well-planned internal audit plan is in place alongside regular contact with internal and external auditors. All Board Committees receive regular updates in respect of compliance with appropriate academic, staffing, financial and governance requirements. Specific legal issues/challenges that may arise in respect of College operations are reported at the appropriate Committee and (where necessary) may be discussed at part of the role of the Chairs Committee, of which the Chair of Audit and Risk is a standing member. Appropriately qualified and experienced staff are available across all major functions and have access to relevant sources of information and networks. A comprehensive legal retainer contract is in place to provide immediate access to specialist legal information and support as necessary. This includes regular updates on changes to legislation and caselaw.

International Standard for Auditing 501 – Specific consideration of the potential for, and actual, litigation and claims affecting the financial statements

	Audit Assurance Sought	Audit & Risk Committee Response
12	Is the Committee aware of any actual or potential litigation or claims that would affect the financial statements? Please provide details.	Specific legal issues/challenges that may arise in respect of College operations are reported at the appropriate Committee and (where necessary) may be discussed at part of the role of the Chairs Committee, or which the Chair of Audit and Risk is a standing member. There are no current, anticipated, or expected claims or litigation.

International Standard for Auditing 570 – Consideration of the going concern assumption in an audit of financial statements

	Audit Assurance Sought	Audit & Risk Committee Response
13	How has the Committee assessed and satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?	All Board members undertake extensive input to support and ensure the financial sustainability of the College. This includes recognition of the financial sustainability risk as major and review and engagement in budget management and future financial forecasting activities. Board members are actively engaged in the financial sustainability and savings plans that underpin the long-term viability of the College. Audit Scotland guidance includes a presumption that colleges are seen as going concerns.
	Audit Assurance Sought	**Audit & Risk Committee Response**
14	Has the Committee identified any events or conditions since the assessment was undertaken which may cast significant doubt on the organisation's ability to continue as a going concern? Please provide details	Future financial forecasting returns are considered and approved at Board level and highlight the financial sustainability risks that may arise over time. The Board as a whole is actively engaged in the financial sustainability and savings plans that underpin the long-term financial and operational viability of the College. These plans are an active step underpinning the College as a going concern and preventing the financial sustainability risk from crystalising.

Leeds office
Sustainably routed via:
30 Old Bailey
London
EC4M 7AU

Tel: +44 (0)113 394 2000
forvismazars.com/uk

Private & Confidential
The Audit and Risk Committee
Dundee and Angus College
Kingsway
Old Glamis Road
Dundee
DD3 8LE

Direct line: +44 (0)7881 283 571
Email: Michael.speight@mazars.co.uk

Date: July 2026

Dear Audit and Risk Committee
Dundee and Angus College (the College) – 2025/26: Audit and Risk Committee briefing note - ISA240 (Fraud), ISA250 (laws and regulations), ISA501 (litigation and claims) & ISA570 (going concern)

Introduction

This letter aims to summarise for the Audit and Risk Committee (the Committee) the requirements under International Auditing Standards, in respect of preventing fraud in the annual accounts, compliance with laws and regulations, litigation and claims, and going concern. This letter requests an update from the Committee in order to inform our continuous audit planning as we move into the final stage of our audit of the College's 2025/26 accounts.

International Standard for Auditing 240 - The auditor's responsibility to consider fraud in an audit of financial statements

Background
Under the ISA, the primary responsibility for preventing and detecting fraud rests with both management and 'those charged with governance', which for the College is the Audit and Risk Committee.
This includes fraud that could impact on the accuracy of the annual accounts.

The ISA requires us, as external auditors, to obtain an understanding of how the Committee exercises oversight of management's processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

What is 'fraud' in the context of the ISA?
The ISA views fraud as either:
- the intentional misappropriation of the College's assets; or
- the intentional manipulation or misstatement of the financial statements.

What are auditors required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA240. We are therefore making requests from the Committee and management on the following, or similar, issues:
1) How does the Committee, in its role as those charged with governance, exercise oversight of management's processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
- identifying and responding to risks of fraud in the organisation, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;

- communicating to employees of views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the organisation's code of conduct); and
- communicating to those charged with governance the processes for identifying and responding to fraud or error?

2) How does the Committee oversee management processes to identify and respond to the risk of fraud and possible breaches of internal control? Is the Committee aware of any breaches of internal control during 2025/26? Please provide details.

3) Has the Committee knowledge of any actual, suspected or alleged fraud during the period 1 August 2025 to 31 July 2026? Where appropriate please provide details.

4) Has the Committee any suspicion that fraud may be occurring within the organisation? Please provide details.

- Has the Committee identified any specific fraud risks within the organisation? Please provide details.
- Does the Committee have any concerns that there are areas within the organisation that are at risk of fraud? Please provide details.
- Are there particular locations within the organisation where fraud is more likely to occur? Please provide details.

5) Is the Committee satisfied that internal controls, including segregation of duties, exist and work effectively? Please provide details.

- If not, where are the risk areas?
- What other controls are in place to help prevent, deter or detect fraud?

6) Is the Committee satisfied that staff are encouraged to report their concerns about fraud, and the types of concerns they are expected to report? Please provide details.

7) From a fraud and corruption perspective, what are considered by the Committee to be high risk posts within the organisation? Please provide details.

- How are the risks relating to these posts identified, assessed and managed?

8) Is the Committee aware of any related party relationships or transactions that could give rise to instances of fraud? Please provide details.

- How are the risks associated with fraud related to such relationships and transactions mitigated?

9) Is the Committee aware of any entries made in the accounting records of the organisation that it believes or suspects are false or intentionally misleading? Please provide details.

- Are there particular balances where fraud is more likely to occur? Please provide details.
- Is the Committee aware of any assets, liabilities or transactions that it believes were improperly included or omitted from the accounts of the organisation? Please provide details.
- Could a false accounting entry escape detection? If so, how?
- Are there any external fraud risk factors which are high risk of fraud? Please provide details.

10) Is the Committee aware of any organisational, or management pressure to meet financial or operating targets? Please provide details.

- Is the Committee aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? Please provide details.

International Standard for Auditing 250 – Consideration of laws and regulations in an audit of financial statements

Background

Under the ISA, in the UK and Ireland, the primary responsibility for ensuring that the entity's operations are conducted in accordance with laws and regulations and the responsibility for the prevention and detection of non-compliance rests with management and 'those charged with governance', which for the College is the Audit and Risk Committee. The ISA requires us, as external auditors, to obtain an understanding of how the Committee gains assurance that all relevant laws and regulations have been complied with.

What are auditors required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA250. We are therefore making requests from the Committee, and will be making similar enquiries of management:

11) How does the Committee gain assurance that all relevant laws and regulations have been complied with. For example:

- Is the Committee aware of the process management has in place for identifying and responding to changes in laws and regulations? Please provide details.
- What arrangements are in place for the Committee to oversee this process?
- Is the Committee aware of the arrangements management have in place, for communicating with employees, non-executive directors, partners and stakeholders regarding the relevant laws and regulations that need to be followed? Please provide details.
- Does the Committee have knowledge of actual or suspected instances where appropriate laws and regulations have not been complied with, and if so is it aware of what actions management is taking to address it? Please provide details.

International Standard for Auditing 501 – Specific consideration of the potential for, and actual, litigation and claims affecting the financial statements

Background

This ISA deals with specific considerations by the auditor in obtaining sufficient appropriate audit evidence, in this instance with respect to the completeness of litigation and claims involving the entity. The ISA requires us, as external auditors, to design and perform audit procedures in order to identify litigation and claims involving the entity which may give rise to a risk of material misstatement.

What are auditors required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA501. We are therefore making requests from the Committee, and will be making similar enquiries of management:

12) Is the Committee aware of any actual or potential litigation or claims that would affect the financial statements? Please provide details.

International Standard for Auditing 570 – Consideration of the going concern assumption in an audit of financial statements

Background

Financial statements are generally prepared on the basis of the going concern assumption. Under the going concern assumption, an audited body is ordinarily viewed as continuing in operation for the foreseeable future. Accordingly, assets and liabilities are recorded in financial statements on the basis that the audited body will be able to realise its assets and discharge its liabilities in the normal course of its operations.

What are auditors required to do?

If used, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements if we are to properly discharge our responsibilities under ISA570. We are therefore making the following request from the Committee:

13) How has the Committee assessed and satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

14) Has the Committee identified any events or conditions since the assessment was undertaken which may cast significant doubt on the organisation's ability to continue as a going concern? Please provide details.

The way forward

The information you provide will help inform our understanding of the College and its business processes, prior to the start of the final stage of the audit of the 2025/26 financial statements. I would be grateful for your responses, which should be formally considered and communicated to us on the Committee's behalf to cover the year to 31 July 2026. In the meantime, if you have any queries, please do not hesitate to contact me.

Yours sincerely

Michael Speight

Director

Agenda Item 10.2

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 15 September 2026

2025/26 Accounts – Accounting Estimates

PAPER K

Board of Management
Audit and Risk Committee
Tuesday 15 September 2026

2025/26 Annual Accounts - Accounting Estimates

Paper for approval

1. Introduction

This paper sets out management's review of significant accounting estimates for the 2025/26 Annual Financial Statements, focusing on the valuation and useful economic lives of RAAC-affected Kingsway campus buildings and the impact of the College's Infrastructure Development Project.

2. Recommendations

The Audit and Risk Committee is asked to:

1. Approve the application of indexation at the rates provided by our professional valuers as an appropriate estimate of current value for the College estate at 31 July 2026

2. Endorse the conclusion that there are no material indicators of impairment requiring a reduction in the carrying values of the Kingsway Main Building, Engineering Building or Construction Building at 31 July 2026

3. Note that the College will carry out a detailed review annually while the uncertainty caused by RAAC and the infrastructure development project remains.

3. Valuation of Assets Review

3.1 Background

The College's long-term Infrastructure Vision proposes significant estate change over the next c.10 years, including redevelopment of the Gardyne Campus and future relocation from the Kingsway and Arbroath campuses. Delivery remains subject to formal approval, funding and agreed timescales.

RAAC is present in the Kingsway Engineering, Construction and Main buildings. Annual structural surveys are required to confirm that the buildings remain safe for use. To date, these surveys have estimated a 3 – 5 year period commencing from October 2003.

3.2 Accounting Framework

Under the FE/HE SORP, FRS 102 and FReM, operational land and buildings should be carried at current/fair value, with valuations performed sufficiently regularly to ensure carrying values do not differ materially from fair value at the reporting date.

A full valuation of land and buildings was carried out at 31 July 2025 by Graeme and Sibbald, an independent firm of Chartered Surveyors who are regulated by the Royal Institution of Chartered Surveyors (RICS).

For 2025/26, management has considered whether indexation, an interim valuation or impairment adjustment is required.

3.3 Fair value - key considerations for 2025/26 Accounts

There are three key considerations for management:

- **Whether existing asset values remain materially correct** e.g. changes in the local property market, construction costs and the impact of development of our infrastructure programme.
- **The Impact of planned relocation on existing campuses** e.g. a formal commitment to vacating campuses, approved disposal strategy or plans to market the sites.
- **Potential indicators of impairment** e.g. existing facilities will close earlier than expected, buildings becoming obsolete or planned future use changes significantly.

Management reviewed whether events since the 31 July 2025 valuation indicate a material change in current value. This included property market and construction cost movements, the status of the Infrastructure Development Project, planning assumptions and the latest RAAC information.

Evidence
There have been no material changes to the buildings since the 31 July 2025 valuation.
The SFC provided funding for the development of an Outline Business Case (OBC), and this was submitted to the SFC in September 2026. The College hopes for a response by the end of December 2026. If approved, the College would then need to secure the necessary funding for development of a Full Business Case for approval by the SFC and Scottish Government. Given these requirements, the Infrastructure Development Project remains subject to formal approval, funding and delivery timescales.

The 2025 specialist structural survey of the condition of the RAAC did not identify significant deterioration but did not recommend extending the life of the RAAC panels beyond 2028.

Conclusion
Management does not consider that a material change in fair value occurred at 31 July 2026. Applying valuer-provided indexation is therefore considered an appropriate accounting estimate.

4. Review of Useful Economic Life (UEL): RAAC

4.1 Background

The July 2025 valuation assigned a remaining economic life of one year to the Kingsway Main Building, reflecting RAAC uncertainty and the requirement for annual inspections. The one-year REL will continue be applied until such time the College repairs the RAAC or vacates the building. The July 2025 valuation assigned a three-year REL to the Engineering and Construction Buildings, again reflecting RAAC uncertainty and annual inspections but also valuation methodology previously agreed with auditors.

4.3 Accounting Treatment

The valuer has indicated that once a building REL reaches one year, depreciation should no longer be applied and indexation should be applied at the rate of construction cost increases (3.2% at July 2026). Where our buildings have a REL of more than one year we are to apply the 1.38% indexation which considers depreciation.

The valuer has confirmed that Kingsway main building should remain at current value plus construction cost indexation and the same accounting treatment is to be applied for Construction and Engineering buildings once they reach a one-year REL.

The recurring one-year REL adopted by the valuer reflects the uncertainty associated with future RAAC inspections. Not applying depreciation means the value of the buildings with a one-year REL will remain at current/fair value, as indexation for construction costs will be applied annually. This is aligned to the required accounting treatment to recognise service potential from an asset, with the REL reflecting the uncertainty arising from the presence of RAAC.

4.4 Risks and Mitigations

The main risks are that RAAC condition changes, funding decisions are delayed, or assumptions about continued occupation change. These risks will be mitigated through annual structural surveys, annual review of useful lives and impairment indicators, and continued reporting to the Audit and Risk Committee while uncertainty remains.

Alongside the infrastructure vision development, the College has an active ‘Plan B’ in place should exit be required from all or part of the Kingsway campus at a point in the future.

5 Link to Strategic Risk Register

Consideration of the options suggested in this report will support the mitigation of our financial risk identified within the Strategic Risk Register namely:

2.2 - failure to achieve institutional sustainability.
2.7 - failure to reach aspirational standards in financial strategy, budgeting, planning or audit

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