



Teams, 4.30pm

		Publish on Web?	Type	Lead
1	Apologies, Declaration of Interests and Changes to Members' Register of Interest	N/A	Discussion	Lorna Dougall
2	Draft Minutes and Matters Arising of meeting of 21 November 2024 (Elements of paper 2 are withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)	Yes	Approval	Lorna Dougall
3	Review of Action Tracker	Yes	Discussion	Alison Stewart
4	External Audit Plan	Yes	Approval	Forvis Mazars
5	Presentation of Internal Audit Reports 5.1 Fraud Awareness 5.2 Corporate Governance	Yes	Discussion	WBG
6	Quarterly Update on Cyber Security Landscape (Paper 6 is withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)	No	Discussion	Graeme Robertson
7	ESF Independent Report Recommendations (Paper 7 is withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)	No	Discussion	Kenny MacInnes
8	Fuel Change Lessons Learned Recommendations (Paper 8 is withheld from publication on the Forth Valley College website under Section 36 Confidentiality of the Freedom of Information (Scotland) Act 2002.)	No	Discussion	Alison Stewart
9	Progress Report on Audit Recommendations	Yes	Discussion	Stephen Jarvie
10	Risk Management	Yes	Discussion	Alison Stewart
11	Review of Risk	Yes	Discussion	All
FOR INFORMATION				
12	Forward Agenda	Yes	Information	



Agenda

15 May 2025
AUDIT COMMITTEE

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2. Minute of Meeting of 21 November 2024 For Approval

15 May 2025
AUDIT COMMITTEE

Falkirk Campus, Steeple Suite, 4.30pm

Present: Rhona Geisler (Chair)
Lorna Dougall (Online)
Liam McCabe

In Attendance: Alison Stewart, Vice Principal Finance and Corporate Affairs (VPFACA)
Colin McMurray, Vice Principal Business and Innovation (VPBI)
Stephen Pringle, Wbg Services
Michael Speight, Forvis Mazars
Stephen Jarvie, Corporate Governance and Planning Officer (CGPO)

A/24/019 Annual Report and Financial Statements 2023/24 (Joint Item with Finance, Resource & Infrastructure Committee)

The DOF presented the Annual Report and Finance Statements for 2023/24 to members.

She highlighted with the exception of the accounting treatment for the support staff and middle management job evaluation exercise, all other matters pertaining to the Financial Statements and audit process are now complete with no issues to bring to the attention of the committees.

Members requested further information on job evaluation and the impact on the accounts.

The DOF reported that the sector has been involved in a job evaluation exercise for support staff for a number of years and that, to fund the outcome of this, SFC had been top slicing funding from the sector and retaining this.

During 2022/23 SFC decided to return the cumulative £57m sector job evaluation funding to Scottish Government stating that the responsibility for funding now sits with Scottish Government. The impact of this is that the previously recognised income due from SFC in College's accounts must be derecognised. SFC accounts direction instructed how this should be treated. This has now been revisited and revised guidance has been issued.

Michael Speight (MS), Forvis Mazars, confirmed that the change to the accounts direction was only issued 8 days ago and that technical guidance from Audit Scotland is needed to help interpret this.

MS also highlighted the approaching 31 December deadline for submitting accounts.

Members expressed their disappointment with the late change to the account direction given what is known about when the funding was returned by SFC to Scottish Government.



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Members queried whether this would be an issue for the balance sheet or if there were cash implications.

The VPFACA articulated the concern within the sector that, should job evaluation be recognised in College accounts without confirmation of the funding, there would be a liability on the balance sheets which is not fundable by the College itself.

Members queried whether job evaluation in its current form, given the underlying data was collected in 2018, was still relevant.

The Principal commented that this was being considered and a reset was being asked for.

Members queried what the implications would be if the Board was unable to sign off on the accounts by 31 December. MS noted that there was still outstanding technical direction information to come out which may clarify the matter but that, overall the decision on whether or not to sign the accounts rested with the Board.

a) Members agreed to endorse the accounts for presentation to the Board and requested a briefing on the job evaluation issue accompany this.

A/24/020 Draft External Auditors Annual Report to the Board of Management (Joint item with Finance, Resource & Infrastructure Committee)

MS presented his draft report for member's consideration. He outlined a number of areas which had been under discussion with College management, including Job Evaluation as discussed previously and pensions following revised Audit Scotland guidance on the treatment of these.

He discussed the two recommendations in the report

He noted that financial sustainability remained an issue for the sector and there was nothing specific regarding the College to bring to members attention on this issue.

a) Members approved the report for issue to the Board of Management

A/24/021 Apologies, Declaration of Interests and Changes to Members' Register of Interest

Grace Hepburn
Trudi Craggs

A/24/022 Draft Minutes and Matters Arising of meeting of 5 September 2024

Members considered the minute of the meeting of 5 September 2024

a) Members approved the minute of the meeting



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A/24/023 Review of Action Tracker

The VPFACA outlined progress against the items listed in the tracker.

a) Members noted the content of the action tracker

A/24/024 Response to Forvis Mazars letter to those charged with Governance

The VPFACA presented members with the draft response to the annual letter from the external auditors to the Committee and asked if members were content with the content.

Members noted that some text regarding procurement should be included in the response to question 4.

The VPFACA confirmed she would add this text.

a) Members approved the response subject to the additional text outlined above

A/24/025 Presentation of Internal Audit Report

Stephen Pringle (SP) presented three audit reports relating to funding. He confirmed to members that all returns related to these audits had been submitted on time.

Credits

He outlined the audit and noted only two low level recommendations had been made

a) Members noted the content of the report

Student Support Funds

He confirmed that there was only one recommendation made in relation to this audit

a) Members noted the content of the report

Education Maintenance Allowance

He presented the report to members

a) Members noted the content of the report

A/24/026 Independent Report on ESF Clawback

The Chair informed members that, given the scale of the clawback and following discussion with the VPFACA ahead of the meeting, her recommendation would be that this item be considered by the full Board of Management.

To support this, she also recommended some additional information be provided to allow members to understand the responses to some of the recommendations.



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a) Members agreed to remit this item to the Board of Management on 5 December 2024

A/24/027 Progress Report on Audit Recommendations

The CGPO presented the regular update on audit recommendation progress. He noted that the College was seeking to cancel one of the recommendations as it had been subsumed into a larger piece of work.

Members requested that the recommendation not be cancelled so that it remains tracked and the status changed to show it is part of a larger review.

Members noted the length of time passed for the two JISC related recommendations and, while accepting the externally driven delay, requested more information be provided in the updates to show how the College was handling these matters internally in the interim.

a) Members noted the content of the update

A/24/028 Risk Management

The VPFAA presented the strategic risk register to members. She commented that two risks had reduced scores and one had increased.

The first reduction related to the risk of OSCR action in relation to the delay to the accounts. She confirmed that they had been kept apprised as things progress and are aware this is now sitting with Audit Scotland.

She also reported that the risk associated with National Bargaining had been reduced following acceptance of the pay offer by both College unions.

She confirmed that the risk score associated with the College People Strategy had been increased. She informed members that this was due to funding pressures meaning some activities outlined in the strategy were not possible at this time.

a) Members noted the content of the report

A/24/029 Compliance Report (Complaints, Data Protection and Freedom of Information)

The CGPO presented the annual compliance report.

He noted that, in relation to complaints, while overall levels of complaints had remained stable there had been an increasing trend of complaints against members of staff, many of which seemed to be retaliatory in nature and which were mainly not upheld.

The CGPO also outlined the levels of Freedom of Information and Data Protection related activity.

Members commented that the number of complaints and Freedom of Information requests seemed quite low for an organisation the size of the College.



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a) Members noted the content of the report

A/24/030 Review of Fuel Change Lessons Learned Action Plan

The VPFACA presented the report outlining progress against the agreed action plan. She highlighted that all but two were now completed. The first, in relation to setting of the Principal's objectives was being worked on by the Chair.

The second recommendation related to training for staff and Board members on fraud awareness. She confirmed that the updated fraud policy had been approved and that training would be the next stage.

She noted that there were also some recommendations that would remain active as they relate to ongoing activities.

a) Members noted the content of the report

A/24/031 Review of Risk

Members highlighted the risk to the accounts being signed late owing to the issues outlined in the minute. Members also noted risks related to financial sustainability.

A/24/032 Any Other Competent Business

[Redacted content]



2. Minute of Meeting of 21 November 2024 For Approval

15 May 2025
AUDIT COMMITTEE

A/24/033 Forward Agenda

The forward agenda was attached for information.

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3. Review of Action Tracker

Meeting	Date	Minute Ref	Action	Assigned to	Deadline to report?	Status	Output Required	Comment
Audit	05/09/24	A/24/013	College to review the 'treatment' options used for Risk Management to allow for reflection of mitigation. Consider a session with members on risk treatment	Alison Stewart	February Board	Delayed	Risk session to be arranged for the Board of Management.	Presentation on Risk to be scheduled for September 25 Board meeting. To be confirmed with Abhi



Annual Audit Plan
Forth Valley College – Year ending 31 July 2025

8 May 2025

The Board of Management
Forth Valley College
Grangemouth Road
Falkirk
FK2 9AD

8 May 2025

Dear Committee Members,

Annual Audit Plan – Year ending 31 July 2025

We are pleased to present our Annual Audit Plan for Forth Valley College for the year ending 31 July 2025. This report summarises our audit approach, including the significant audit risks and areas of key judgement we have identified, and provides details of our audit team. In addition, as it is a fundamental requirement that an auditor is, and is seen to be, independent of an audited entity, the section of the report titled '*Confirmation of our independence*' summarises our considerations and conclusions on our independence as auditors.

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

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

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

Forvis Mazars LLP – Capital Square, 58 Morrison Street, Edinburgh, EH3 8BP - Tel: 0131 313 7900 – www.forvismazars.com/uk

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Annual Audit Plan – Year ending 31 July 2025 (continued)

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

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

Yours faithfully,

Michael Speight
Forvis Mazars

Forvis Mazars LLP – Capital Square, 58 Morrison Street, Edinburgh, EH3 8BP - Tel: 0131 313 7900 – www.forvismazars.com/uk

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

Engagement and responsibilities summary

01

Engagement and responsibilities summary

We are appointed to perform the external audit of Forth Valley College for the year to 31 July 2025. The scope of our engagement is set out in the Code of Audit Practice, issued by the Auditor General and the Accounts Commission available from the Audit Scotland website: [Code of audit practice | Audit Scotland \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk). Our responsibilities are principally derived from the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council and the Code of Audit Practice, as outlined below and overleaf.

Audit opinion

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

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

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

- whether a material uncertainty related to going concern exists, and
- the appropriateness of the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements.

Fraud

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

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

Engagement and responsibilities summary (continued)



Internal control

Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We are responsible for obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Forth Valley College's internal control.



Wider scope and Best Value

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

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Your audit engagement team

Your audit team



Michael Speight

Engagement Director

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Ben Fowler

Engagement Manager

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03

Audit scope, approach, and timeline

Audit scope, approach, and timeline

Risk-based approach



Audit scope, approach, and timeline (continued)

Audit scope

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

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

Audit approach

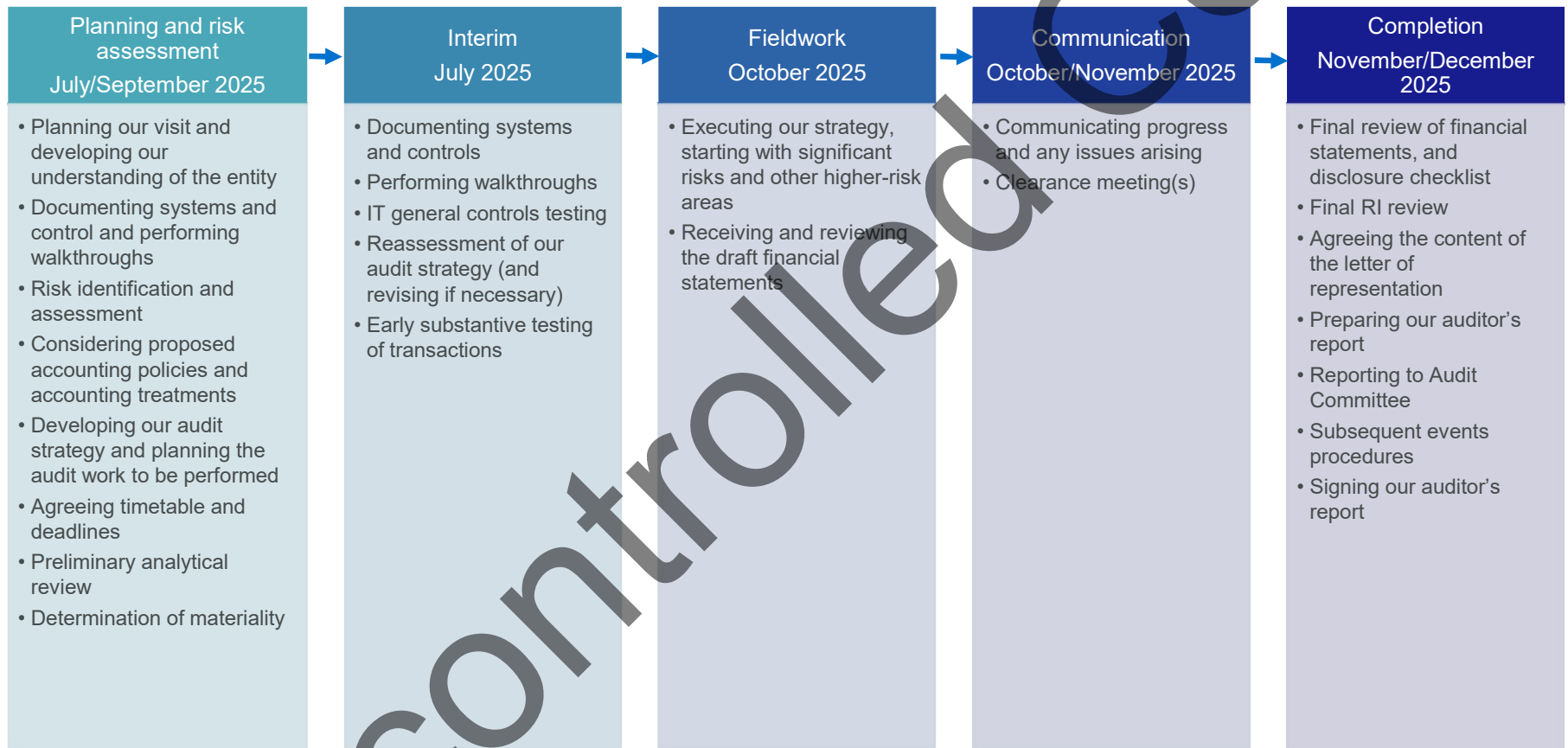
Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess the inherent risk factors (subjectivity,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

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

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

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

Audit scope, approach, and timeline



Materiality and misstatements

05

Materiality and misstatements

Definitions

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

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

Materiality

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

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

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

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;

- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

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

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

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

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

Materiality and misstatements (continued)

Materiality (continued)

We consider that total income is the key focus of users of the financial statements. We therefore anticipate determining our initial materiality levels using total income as the benchmark.

We expect to set a materiality threshold of 1.75% of total income.

We have included the prior year materiality in the table to illustrate the expected values based on total income of £40,678k. The materiality calculation for 2024/25 will be based on the actual income figure included in the financial statements.

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

Forth Valley College's single-entity financial statements

	2023/24 £
Overall materiality	£711,865
Performance materiality	£533,899
Clearly trivial	£21,356

Materiality and misstatements (continued)

Misstatements

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

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

Based on our preliminary assessment of overall materiality, we anticipate basing of trivial threshold on 3% of overall materiality. If you have any queries about this, please raise these with Michael Speight.

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

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

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

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

Reporting

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

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

Significant risks and other key judgement areas

Significant risks and other key judgement areas

Definitions

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

Risk Level	Definition
Significant	A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by auditing standards), including management override of controls and revenue recognition.
Enhanced	An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to: <ul style="list-style-type: none">• Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and• Risks relating to other assertions and arising from significant events or transactions that occurred during the period.
Standard	A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Significant risks and other key judgement areas (continued)

Audit risks and planned responses

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

Significant risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
1	Management override of controls	Yes	No	Yes	Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits. You should assess this risk as part of your oversight of the financial reporting process.	In line with our methodology, we plan to address the management override of controls risk through performing audit work over: <ul style="list-style-type: none">• accounting estimates;• journal entries; and• significant transactions outside the normal course of business or otherwise unusual.

Significant risks and other key judgement areas (continued)

Significant risks (continued)

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
2	Risk of fraud in revenue recognition	Yes	Yes	No	<p>There is a presumption under International Standards on Auditing that there is a significant risk of fraud and error in the timing of revenue recognition leading to the material misstatement of revenue overall. This is because revenue is an area of particular focus by users of financial statements and can be subject to judgements as to when certain income streams should be recognised and if clawback conditions apply to any funding.</p> <p>The risk above applies only to the non-core grant income and other non-grant income generated by the College. The risk has been rebutted in relation to the core grant income received by the College, given the highly regulated nature of this income, and therefore the lower inherent and fraud risks associated with it.</p>	<p>We will address this risk through performing audit work over:</p> <ul style="list-style-type: none"> the design and implementation of the controls management has in place to ensure income is recognised in the correct period; cash receipts around the year end to ensure they have been recognised in the right year; the judgements made by management in determining when non-grant income is recognised; for major grant income, obtaining counterparty confirmation; and expected credit loss provisions applied to receivables at the year end, considering the appropriateness of judgements made by management.
3	Defined benefit pension scheme assets	No	Yes	Yes	<p>There is a significant asset value used in calculating the Falkirk Council Pension Fund (FCPF) position as at 31st July 2025 and due to the nature of the pension scheme there is significant complexity in identifying the College's share of the assets.</p> <p>The complexity is created by factors such as:</p> <ul style="list-style-type: none"> The types of assets held by the pension scheme and their valuation bases; and The calculation of the College's share of the overall Scheme assets requiring the rolling forward of quarter-end valuations. 	<p>We will address this risk by obtaining confirmation from the pension fund of the total value submitted to the actuary and details of how the College's share of assets has been calculated.</p> <p>We will then review this confirmation and consider if the information provided is sufficient and challenge any inconsistencies noted.</p>

Significant risks and other key judgement areas (continued)

Other key areas of management judgement and enhanced risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
4	Defined benefit pension scheme assumptions	No	Yes	Yes	<p>The College makes contributions to two pension schemes – the Scottish Teachers Superannuation Scheme (STSS) and the Falkirk Council Pension Fund (FCPF). While both are defined benefit schemes, it is not possible to identify the College's share of the underlying assets and liabilities in the STSS scheme and it is therefore accounted for as a defined contribution scheme.</p> <p>The College's share of the FCPF's underlying assets and liabilities is identifiable and the net position is recognised in the accounts.</p> <p>There are significant assumptions used in calculating the value of the liability element of the year-end position of the FCPF.</p> <p>Additionally, at 31 July 2024 the College did not recognise the notional surplus of assets above liabilities in respect of the FCPF. The results of the valuation exercise at 31 July 2025, once known, will be considered from the perspective of whether or not it is appropriate to include any such notional surplus on the Balance Sheet.</p>	<p>We will consider the actuarial assumptions used by the actuary when calculating the liability element of the year-end position of the FCPF.</p> <p>We will utilise our internal Actuarial Valuations team in order to assess the validity of these assumptions, both individually and in combination with each other.</p> <p>We will seek from management information to support the membership numbers included in the Actuarial report and understand how management have gained comfort that the data is correct.</p> <p>We will reassess to ensure that it is still not appropriate to recognise the notional surplus as an asset on the Balance Sheet.</p>

Significant risks and other key judgement areas (continued)

Other key areas of management judgement and enhanced risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
5	Early Retirement Provision	No	Yes	Yes	<p>The College includes a provision in their financial statements in respect of staff who receive an enhanced pension for accepting early retirement.</p> <p>The calculation of the value of this provision uses a model which incorporates actuarial assumptions.</p>	We will consider the actuarial assumptions used by the actuary when calculating the provision value.

Significant risks and other key judgement areas (continued)

Other key areas of management judgement and enhanced risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
6	Valuation of land and buildings	No	Yes	Yes	<p>The College held land and buildings with a net book value of £164m as at 31 July 2024.</p> <p>In line with the requirements of the Government Financial Reporting Manual, the College intends to obtain an desktop valuation. For the 2025 year-end DM Hall (Chartered Surveyors) will provide the College with a valuation which will be used to update the carrying values.</p> <p>We understand that a review of the use of the estates is currently taking place as part of the College's review of financial sustainability and we will factor any decisions made in respect of this into our consideration of the relevant properties.</p> <p>The College policy meets the requirement of the FE SORP that assets are valued sufficiently regularly so that the carrying value of the asset is not materially different from its fair value.</p> <p>Given the significance of the value of fixed assets held, a misstatement in the valuation could be material to the financial statements.</p>	<p>We will undertake a range of substantive procedures including:</p> <ul style="list-style-type: none"> • We will review of management's assessment as to whether the interim valuation sufficiently takes account of changes to land and buildings since the most recent full valuation undertaken at July 2023; • Challenging the assumptions within the valuation prepared by management's expert through reference to external sources such as the BCIS average prices index as well as our own understanding of the estate; • review of the reconciliation between the College's asset register and general ledger; and • consider the College's impairment review process for land and buildings.

Significant risks and other key judgement areas (continued)

Other considerations

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

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

Significant difficulties encountered during the course of audit

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

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

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

Internal audit function

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

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

Wider scope and Best Value

06

Wider scope and Best Value

The framework for wider scope work

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

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

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

Wider scope and Best Value (continued)

Wider scope risks

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

Although we have not commenced our planning and risk assessment work, the table below outlines the wider scope audit risks that we have identified to date from our discussions with management and knowledge of previous year’s engagements. We will report any further identified risks to the Audit Committee on completion of our planning and risk identification work.

Description		Financial management	Financial sustainability	Vision, leadership and governance	Use of resources to improve outcomes	Planned procedures
1	<p>Financial sustainability</p> <p>We are aware that the overall College Sector in Scotland is having to respond to the financial pressures of inflating costs in a period when core grant income is flat.</p> <p>We have been made aware that the College is projecting a full-year position for 2024/25 with a significant adjusted operating deficit of £1.1m and are expecting a further adjusted operating deficit in 2026 of £1.5m without remedial actions.</p> <p>The College’s forecasts currently show a negative cash position for the month of July 2026 without further remedial actions taking place.</p> <p>The above position means that the College will have to make decisions in order to appropriately balance finances.</p> <p>Given the level of sector wide uncertainties around the sufficient of future funding and of the general economic environment that has arisen there is a risk the timing of the future funding gap could be accelerated and / or additional funding not being made available from the SFC.</p>	No	Yes	No	No	<p>We intend to consider:</p> <ul style="list-style-type: none"> the forecast financial position in the financial plans submitted to SFC; alternative plans being considered by the College to ensure a balanced budget is achieved; the financial reporting arrangements in place at the College.

Audit fees and other services

07

Audit fees and other services

Our fees (inclusive of VAT but exclusive of disbursements) for the audit of Forth Valley College's financial statements for the year ended 31 July 2025, are outlined below.

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

We are currently in discussions to provide tax compliance services to assist in the preparation of the corporation tax return which HRMC have requested for the Colleges 31 July 2024 year end. This has not been reflected below as we are requesting approval from Audit Scotland. The fee will be significantly below the total audit fee. We will update the Audit Committee in the Annual Audit Report in due course should this service be provided.

Area of work	2024-25 Proposed Fee	2023-24 Actual Fee
Auditor remuneration	£52,100	£50,000
Pooled costs	(£6,580)	(£6,330)
Sectoral cap adjustment	(£2,780)	(£2,730)
Total fees	£42,740	£41,940

Confirmation of our independence

08

Confirmation of our independence

Requirements

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

Compliance

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

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

Non-audit and Audit fees

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

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

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

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

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

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

Confirmation of our independence

Prior to the provision of any non-audit services, I will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

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

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

Appendices

A: Key communication points

Appendix A: Key communication points

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

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

Form, timing and content of our communications

We will present the following reports:

- Our Annual Audit Plan in May 2025;
- Our Annual Audit Report in November 2025; and
- Our independent auditor's report in December 2025.

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

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

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

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

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

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

Appendix A: Key communication points

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

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Annual Audit Plan
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Annual Audit Plan
With respect to misstatements: <ul style="list-style-type: none"> Uncorrected misstatements and their effect on our audit opinion; The effect of uncorrected misstatements related to prior periods; A request that any uncorrected misstatement is corrected; and In writing, corrected misstatements that are significant. 	Annual Audit Report
With respect to fraud communications: <ul style="list-style-type: none"> Inquiries with the Audit Committee to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the entity; Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and A discussion of any other matters related to fraud. 	Annual Audit Report and discussion at Audit Committee Audit planning and clearance meetings
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Annual Audit Report

Appendix A: Key communication points (continued)

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity. 	Annual Audit Report
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to Forth Valley College or the Audit Committee in the context of fulfilling their responsibilities. 	Annual Audit Report
Significant deficiencies in internal controls identified during the audit.	Annual Audit Report

Appendix A: Key communication points (continued)

Required communication	Where addressed
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and inquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that the Audit Committee may be aware of.	Annual Audit Report and Audit Committee meetings
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty; • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • The adequacy of related disclosures in the financial statements. 	Annual Audit Report
<p>Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, our firm's System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm's System of Quality Management:</p> <ul style="list-style-type: none"> • Ensure there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership • Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities • Identify, review, and update quality risks each quarter, taking into consideration the number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm's root cause analysis and remediation functions, etc.) • Identify, design, and implement responses as part of the process to strengthen our firm's internal control environment and overall quality • Evaluate responses and remediate control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website here.</p> <p>The details of our evaluation of our system of quality management as of 31 August 2024, and our conclusion, will be available in our 2023/24 Transparency Report, which will be available on our website by 31 December 2024.</p>	Annual Audit Plan

Contact

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

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Forth Valley College

Internal Audit 2024-25

Fraud Awareness
January 2025

Overall Conclusion

Strong

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The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Forth Valley College's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

1 Executive summary

Overview

Purpose of review

We have undertaken a review of the Fraud Policy in place and also reviewed some of the areas of fraud which we have seen across the sector and tested whether there are appropriate controls in place to reduce the risk of fraud in these areas at the College. We also considered the robustness of the fraud awareness plan.

This review formed part of our 2024/25 Annual Internal Audit Plan.

Scope of review

Our objectives for this review were to ensure:

- | The College has a Fraud Prevention Policy and Anti-Bribery and Corruption Policy in place that is being adhered to and supported by a Fraud Response Plan.
- | The College's Financial Regulations are being adhered to and set out the College's approach to controlling fraud, theft and bribery.
- | The College has controls in place surrounding the setting up of new suppliers, changes to existing suppliers, processing of invoices to suppliers and processing of payments to suppliers that are being adhered to.
- | The College has controls in place for month-end reconciliations of creditors, monitoring of dormant bank accounts and credit card transactions that are being adhered to.
- | The College take robust action where any potential fraud, theft or bribery is highlighted, and this is reported to the relevant Committee.

1 Executive summary

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There was no limitation of scope.

1 Executive summary

Background

We have included for your reference a table including the top 5 fraud risks we have seen throughout our education clients:

Top 5 Fraud Risks		
Risks	Expected Controls	Control at Forth Valley College
Setting up new suppliers on systems	<ul style="list-style-type: none"> Ensure that new suppliers provide details directly from a supplier known email or invoice.	<ul style="list-style-type: none"> The Budget Manager approves the new supplier. The College sends out a new supplier form to be completed by the supplier.
Changes to supplier payments details	<ul style="list-style-type: none"> Ensure any changes are confirmed with the supplier – using known contact details. Ensure approval of the change is received by the Finance Team. Consider asking for confirmation that payment has been received via follow up phone call.	<ul style="list-style-type: none"> The College will change supplier details if they are contacted by the supplier through email or letter. The Finance Officers in the College will call the supplier to check the details are correct and update them on the finance system.
Fraudulent use of dormant bank accounts	<ul style="list-style-type: none"> If possible, close all bank accounts that are not in use. Complete full reviews of dormant bank accounts, where required monthly.	<ul style="list-style-type: none"> The College has ensured all dormant bank accounts are closed.

1 Executive summary

IT Procurement	<ul style="list-style-type: none"> Closer attention required by Finance Teams to ensure purchasing guidelines are being followed; and Stronger controls over assets – ensuring all items are recorded when received and moved.	<ul style="list-style-type: none"> The College has a 'New Supplier Request Form' in place for new suppliers. The form is checked by the Finance Team prior to being added as a supplier.
Employee expenses	<ul style="list-style-type: none"> Tighter controls around use of credit cards. Ensure Senior Management expenditure is appropriately reviewed and approved. Ensure employees expenses are appropriately approved by Line Managers. Tighter inventory control over purchase of equipment. Challenge from Chief Finance Officer regarding credit card spend.	<ul style="list-style-type: none"> A monthly credit card limit has been set. Monthly credit card statements are reconciled. All supporting documentation for every individual transaction is retained.

Fraud Prevention Policy

The College maintain a Fraud Prevention Policy which was last reviewed in May 2024 and is next due for review in May 2027. The Policy is robust and clearly outlines the College's approach to tackling fraud, the responsibilities of staff within the College, arrangements for reporting a fraud, responding to allegations and other key aspects of fraud.

1 Executive summary

Fraud Response Plan

Within the Fraud Prevention Policy is a detailed Fraud Response Plan which is reviewed and updated in line with the Policy document. The Plan provides direction in circumstances where the College is dealing with suspected cases of theft, fraud or corruption. It also provides a framework of procedures to ensure evidence is gathered and collated to facilitate informed decisions and ensure evidence gathered is admissible in future criminal or civil actions.

Financial Regulations

The College have a Financial Regulations document which was last approved in March 2024 and next due for review in March 2027. The Regulations outline the process for the following:

- | authorisation of payments;
- | processing payments to suppliers and the authorisation process; and
- | credit card transactions.

We found that the following key areas are not included in the Financial Regulations:

- | change in suppliers' details -- specifically bank details;
- | setting up new suppliers; and
- | monitoring of dormant bank accounts.

Please see **Section 3: Detailed Recommendations** for further information.

1 Executive summary

Sample Testing

We undertook sample testing on the following areas:

- | New supplier set ups;
- | Changes in supplier bank details;
- | Purchases and invoices; and
- | Credit card transactions.

We found no issues with setting up a new supplier, and credit card transactions.

We found minor issues with the process for changing supplier details, and the purchasing process. Please see **Section 3: Detailed Recommendations** for further information.

We note that the College have recently updated their procurement processes to include a 'No PO, no purchase' clause, which requires that a purchase order is raised and approved before any goods or services are acquired. This procedural change has significantly improved compliance and accountability, ensuring that purchases are properly authorised and considers value for money.

Fraud Incident and Reporting

Through discussions with the Vice Principal of Finance & Corporate Affairs and the Director of Finance, we have been advised that the College have had one incident of fraud, in 2023, regarding a Net Zero project 'Fuel Change'. It was found that the external consultant who was heading the project had attempted to withhold project income from the Scottish Government that was due to the College. This amount was recuperated in full. **Please see Section 4: Observations** for further information.

All instances of actual or potential fraud are reported to the Vice Principal of Finance & Corporate Affairs upon discovery, which is escalated to the Principal to decide on the initial response. Normally, the response will come in the form of an investigation led by the College's Internal Auditors.

1 Executive summary

During our review, we found that this process was appropriately followed, with the Vice Principal of Finance & Corporate Affairs escalating the incident to the Chair of Board Management, the Principal and the Chair of the Audit Committee, with the Internal Auditors at the time appointed to do an independent investigation. The investigation was reported to the Audit Committee and the Board of Management. A lessons learned report was also prepared and presented to the Board of Management which outlined actions taken to mitigate the risk exposure to the College.

1 Executive summary

Work Undertaken

In line with each objective, we undertook the following work:

Objective 1: The College has a Fraud Prevention Policy and Anti-Bribery and Corruption Policy in place that is being adhered to and supported by a Fraud Response Plan.

- | We reviewed the College's Fraud Prevention Policy to ensure it was robust.
- | We reviewed the College's Fraud Response Plan to ensure it sets out the College's approach to reporting, investigating and concluding suspected cases of fraud, theft and bribery.

Objective 2: The College's Financial Regulations are being adhered to and set out the College's approach to controlling fraud, theft and bribery.

- | We reviewed the College's Financial Regulations to ensure that there is sufficient coverage of supplier control, authorisations, and processing of payments.

Objective 3: The College has controls in place surrounding the setting up of new suppliers, changes to existing suppliers, processing of invoices to suppliers and processing of payments to suppliers that are being adhered to.

- | We tested the controls in place specifically surrounding supplier set up controls, detail changes and processing of payments.
- | We sample tested 10 new suppliers between January and December 2024 to ensure that the controls are operating effectively.
- | We reviewed the controls in place surrounding supplier bank detail changes and sampled a total of 5 between January and December 2024 to ensure that there are controls in place and these are operating effectively.
- | We tested a sample of 10 purchase invoices to ensure that payments have been appropriately authorised prior to payment.

1 Executive summary

Objective 4: The College has controls in place for month-end reconciliations of creditors, monitoring of dormant bank accounts and credit card transactions that are being adhered to.

- | We reviewed the controls in place for month-end financial reconciliations to ensure they are operating effectively.
- | We reviewed the controls in place for credit card transactions at the College to ensure they are operating effectively.
- | We sampled a total of 10 credit card transactions, from the period October – December 2024, to ensure that credit cards have been used in line with procedures.
- | We discussed with the College the bank accounts in place and the controls in place to manage dormant accounts.

Objective 5: The College take robust action where any potential fraud, theft or bribery is highlighted, and this is reported to the relevant Committee.

- | We reviewed the Fraud Response Plan to confirm the process for reporting areas of potential fraud to the Audit Committee.

1 Executive summary

Conclusion

Overall conclusion

Overall Conclusion: Strong

Following our review, we can provide a strong level of assurance over the College's preventative fraud controls. While we have raised a number of good practice points, we have raised three low grade recommendations for further improvement, and one observation. Please see **Section 3: Detailed Recommendations** and **Section 4: Observations** for further details.

Summary of recommendations

Grading of recommendations

	High	Medium	Low	Total
Fraud Awareness	0	0	3	3

As can be seen from the above table there were no recommendations raised which we have given a grading of high.

1 Executive summary

Areas of good practice

The following is a list of areas where the College is operating effectively and following good practice.

1.	The College's fraud incident was quickly and thoroughly reported to the Board of Management and the Audit Committee. A lessons learned report was also presented to the Board.
2.	The College currently has no dormant bank accounts, therefore reducing the possibility for fraud to take place.
3.	The Finance Team conduct daily and monthly reconciliation on bank accounts. These are approved by the Finance Manager on a monthly basis.
4.	Our sample testing of 10 credit card transactions confirmed that each transaction had been reviewed and approved in line with College procedures.
5.	Our sample testing of 10 new suppliers in the last 12 months confirmed that they had been set up on the finance system in line with College procedures.
6.	The College's Fraud Prevention Policy is up to date, robust and clearly outlines their approach to tackling fraud, the responsibilities within the College, arrangements for reporting a fraud, responding to allegations and other key aspects of fraud.
7.	The College have a robust Fraud Response Plan which is outlined in the Fraud Prevention Policy.

2 Benchmarking

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Fraud Awareness

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	1	3	4
Number of recommendations at Forth Valley College	0	0	3	3

From the table above it can be seen that the College has a lower number of recommendations compared to those colleges it has been benchmarked against.

3 Detailed recommendations

Retrospective Purchase Orders			
Ref.	Finding and Risk	Grade	Recommendation
1.	<p>The College should ensure purchase orders are raised for the purchases of all goods or services.</p> <p>During our review, we completed sample testing of 10 purchases between January 2024 – December 2024. We found that for one purchase of £213.77, the invoice date was before the purchase order date, meaning expenditure was committed prior to a purchase order being produced.</p> <p>By not raising a purchase order before making a purchase, there is a risk that unauthorised or unbudgeted spending may occur, potentially leading to financial mismanagement.</p>	Low	<p>We recommend that a process is put in place to ensure that no purchases can be made/works be completed without an approved purchase or work order.</p> <p>We also recommend that where required; training is provided to employees involved in the purchasing process to ensure they understand the importance of raising purchase orders.</p>

3 Detailed recommendations

Management response	Responsibility and implementation date
The invoice prior to PO in question was during the transition period to the no PO no Payment policy. The issue of retrospective POs being raised by departments is being addressed, and reminders to staff and suppliers will be sent. Following this, the finance staff will start to return invoices to suppliers without appropriately quoted PO numbers, and this inconvenience should reinforce the process for all.	<i>Responsible Officer:</i> Senga McKerr, Director of Finance <i>Implementation Date:</i> 31 March 2025

3 Detailed recommendations

Phone Call Record			
Ref.	Finding and Risk	Grade	Recommendation
2.	<p>When a supplier changes their bank details, the College request written confirmation of this via either email or letter. Once received, they then contact the company via phone call to ensure this change is correct.</p> <p>During our review, we found that when a member of the Finance Team contacted the company via phone call to ensure the bank detail change is legitimate, a record of the call is not logged anywhere.</p> <p>There is a risk that, without a logged record of the call, any errors or miscommunication during the verification process may go undetected. This could result in incorrect bank details being updated in the system, potentially leading to delayed or misdirected payments.</p>	Low	<p>We recommend that the College document the date/time of the telephone call with the supplier and the outcome of the discussion when reviewing changes in supplier bank details.</p>

3 Detailed recommendations

Management response	Responsibility and implementation date
The Finance team will add a comment within the new supplier record in our accounting system and for non-supplier payments a call log has been created. We will note the phone number that was called, the date and the contact spoken with confirming the change to supplier bank details.	<i>Responsible Officer:</i> Senga McKerr, Director of Finance <i>Implementation Date:</i> With immediate effect

3 Detailed recommendations

Financial Regulations			
Ref.	Finding and Risk	Grade	Recommendation
3.	<p>The College should have detailed Financial Regulations in place to govern the financial activities throughout the College.</p> <p>During our review, we found that the College has a detailed Financial Regulations document. We do note, however, that there is no reference to the following within the Regulations:</p> <ul style="list-style-type: none">Monitoring of Dormant Bank Accounts;New Supplier Set Up; andChanging of Bank Details for Staff and Suppliers. <p>There is a risk that the Financial Regulations do not adequately outline all financial processes within the College.</p>	Low	<p>We recommend that the College includes sections on the aforementioned areas within their Financial Regulations.</p>

3 Detailed recommendations

Management response	Responsibility and implementation date
These 3 items will be added to the Financial Regulations at the next review. We do not feel the need to do a separate update specifically for these items as they are all documented within the Finance department procedures.	<i>Responsible Officer:</i> Senga McKerr, Director of Finance <i>Implementation Date:</i> March 2027, or before if there is an interim update.

4 Observations

The following is a list of observations from our review

1.	Following a meeting on 25 April 2023 with the College's internal auditors, Henderson Loggie, a fraud investigation commenced relating to a project called 'Fuel Change' which was funded through the Scottish Government. Financial records revealed that £160,500 of project income, from the Scottish Government, that was due to the College had been collected by the consultant through a third-party company. Management reported this instance of fraud to the Audit Committee on 19 May 2023 and an extraordinary meeting on the Board then took place on 1 June 2023. The College fully recovered the withheld income from the fraud and as such no financial loss was incurred by the College.
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5 Audit arrangements

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit Committee meeting.

Audit stage	Date
Fieldwork start	13 January 2025
Closing meeting	17 January 2025
Draft report issued	30 January 2025
Receipt of management responses	3 February 2025
Final report issued	5 February 2025
Audit Committee	15 May 2025
Number of audit days	4

6 Key personnel

We detail below our staff who undertook the review together with the College staff we spoke to during our review.

Wbg			
Partner	Graham Gillespie	Partner	gg@wbg.co.uk
Director	Stephen Pringle	Director of Internal Audit	sp@wbg.co.uk
Senior	Colin McNeill	Internal Audit Senior	cmn@wbg.co.uk
Auditor	Ailsa Gourlay	Internal Auditor	amg@wbg.co.uk

Forth Valley College			
Key Contact	Alison Stewart	Vice Principle of Finance & Corporate Affairs	alison.stewart@forthvalley.ac.uk
	Senga McKerr	Director of Finance	senga.mckerr@forthvalley.ac.uk
Wbg appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

A Grading structure

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance Classification	
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

A Grading structure

For each recommendation, we assign a grading either as High, Medium, or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by Senior Management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

Purpose of review

We will undertake a review of the Fraud Policy in place and also review some of the areas of fraud which we have seen across the sector and test whether there are appropriate controls in place to reduce the risk of fraud in these areas at the College.

This review forms part of our 2024/25 Annual Internal Audit Plan.

Scope of review

Our objectives for this review are to ensure:

- | The College has a Fraud Prevention Policy and Anti-Bribery and Corruption Policy in place that is being adhered to and supported by a Fraud Response Plan.
- | The College's Financial Regulations are being adhered to and set out the College's approach to controlling fraud, theft and bribery.
- | The College has controls in place surrounding the setting up of new suppliers, changes to existing suppliers, processing of invoices to suppliers and processing of payments to suppliers that are being adhered to.
- | The College has controls in place for month-end reconciliations of creditors, monitoring of dormant bank accounts and credit card transactions that are being adhered to.
- | The College take robust action were any potential fraud, theft or bribery is highlighted and this is reported to the relevant Committee.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

- | Obtain and assess the College's policies and procedures in respect of Fraud, i.e. Anti-Fraud and Corruption, Anti-Bribery etc. We shall consider whether these are robust, up to date, accessible to all staff and are fit for purpose.
- | Obtain and review the College's Fraud Response Plan. We shall assess whether this is robust, up to date and fit for purpose.
- | We shall discuss with relevant staff the fraud training provided to the staff. We shall consider when this training was given, and which members of staff received this training.

Potential key risks

The potential key risks associated with the area under review are:

- | The College does not have a robust Fraud, Theft and Bribery Policy in place or a Fraud Response Plan.
- | The College's Financial Regulations are not being adhered to and do not set out the College's approach to controlling fraud, theft and bribery.
- | The College does not have controls in place surrounding the setting up of new suppliers, changes to existing suppliers, processing of invoices to suppliers and processing of payments to suppliers.

B Assignment plan

- | The College does not have controls in place for month-end reconciliations of creditors, monitoring of dormant bank accounts and credit card transactions.
- | The College do not take robust action were any potential fraud, theft or bribery is highlighted and this is not reported to the relevant Committee.



Forth Valley College

Internal Audit 2024-25

Corporate Governance
April 2025

Overall Conclusion

Strong

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The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Forth Valley College's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

1 Executive summary

Overview

Purpose of review

The purpose of this assignment was to assess whether Forth Valley College (the College) has appropriate governance arrangements in place and that these have been embedded throughout the whole College. This review looked to provide assurance that the College's Corporate Governance arrangements are appropriate and represent good practice.

This assignment formed part of the agreed 2024/25 Annual Internal Audit Plan.

Scope of review

Our objectives for this review were to assess whether:

- | Board and Committee terms of reference are clear and not overlapping.
- | Board and Committees have a programme of work in accordance with their terms of reference that allows them to make an effective and timely contribution.
- | Members are provided with sufficient, high quality management information in their areas of responsibility.
- | Board and Committees are appropriately attended, and members are sufficiently engaged.
- | Board and Committees have effectively assessed their performance, and the balance of skills required within the Board and Committees.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

1 Executive summary

Limitation of scope

There was no limitation of scope.

1 Executive summary

Background

The Board of Management

The College Governance Structure is headed by the Board of Management (the Board) and consists of the 5 Committees that support the work of the Board. These are:

- | Audit Committee;
- | Finance, Resources and Infrastructure Committee;
- | Learning & Student Experience Committee;
- | Nomination Committee; and
- | Remuneration Committee.

The Board is comprised of up to twenty members, including the Principal, staff and student representatives, Trade Union members, and industry experts from various sectors. Members serve voluntarily, typically for a four-year term, with the exception of the Chair which is a remunerated role. The Board meetings, including quorum, voting rights, attendance, and agenda, are governed by its standing orders.

Audit Committee

The Committee provides assistance to the Board of Management on issues of compliance, risk, financial probity and the overall effectiveness of College internal control systems. The Audit Committee is appointed by the Board and has at least five members that normally meet at least three times per year. The meeting shall be quorate if three or more members eligible to vote are in attendance.

Finance, Resources and Infrastructure Committee

The Committee is responsible for providing advice on the financial management of the College, strategic overview of the College's financial direction whilst ensuring a position of financial security, including meeting all relevant audit and legislative requirements. The Committee also oversee human resources issues including Health and Safety and Equalities matters and a strategic overview of the College's infrastructure utilisation.

1 Executive summary

The Committee is comprised of at least seven members of the Board and normally meets quarterly, though other meetings may be arranged as necessary. The meeting shall be quorate if four or more members eligible to vote are in attendance.

Learning & Student Experience Committee

The Committee provides assistance to the Board on the educational performance of the College and acts as the primary linkage between the Board and the Student Association Executive, and to consider matters relating to the interests of learners in the College.

The Committee is comprised of at least five Board members including at least one student Board member. The Committee normally meets three times per year, on dates consistent with the College's Outcome Agreement and Evaluative Report and Enhancement Plan cycle. Other meetings may be arranged as necessary. The meeting shall be quorate if three or more members eligible to vote are in attendance.

Nomination Committee

The Committee is responsible for the appointment of non-executive Board Member appointments and the appointment of the College Principal.

Remuneration Committee

The Committee provides oversight and approval of the remuneration arrangements of the Principal and Senior staff, in line with the FE Code of Good Governance, the Scottish Public Finance Manual and sectoral guidance.

Both Nomination and Remuneration Committees are comprised of the Chair and Vice Chairs of the Board and the Chairs of all other Board Committees. Meetings of the Committee are held at the request of the Chair of the Board of Management. The meeting shall be quorate if 50% or more members eligible to vote are in attendance.

1 Executive summary

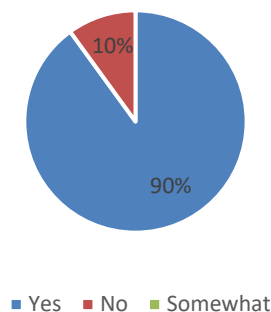
Board of Management Member Survey

We issued a questionnaire to all members of the Board, and we received 10 responses out of 18 Members (56%). The purpose of the survey is to confirm that there is a thorough understanding of the governance arrangements at a Board level. We have highlighted the results below.

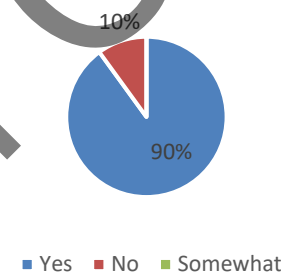


1 Executive summary

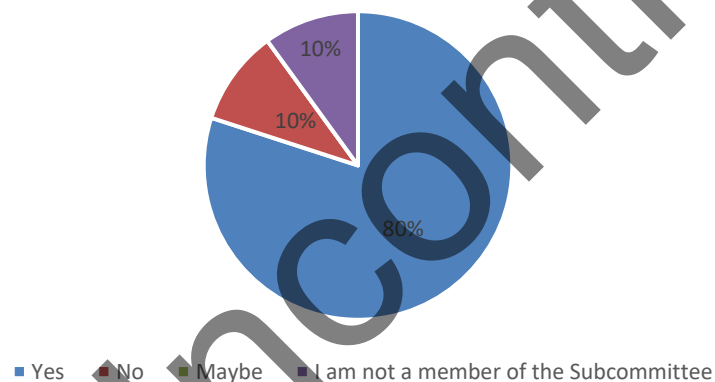
Do you believe that sufficient training and induction is provided to the Board Members?



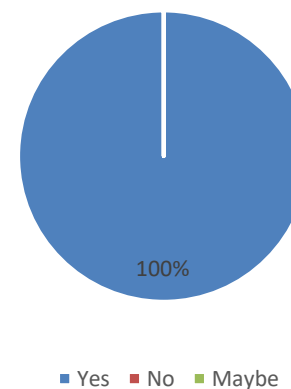
Is there a programme of work/annual work plan in place for Board Members that outlines the key topics and decisions required per meeting for the financial year?



If you are a member of a Subcommittee. Is there an appropriate annual work plan in place?

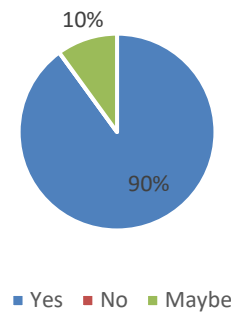


Do you believe that attendance at meeting is properly monitored?

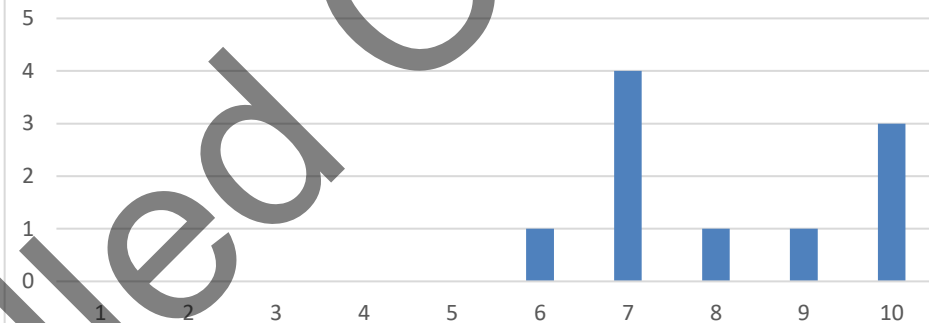


1 Executive summary

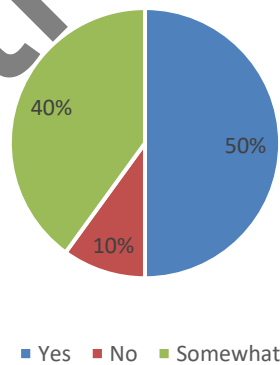
Is Board performance and individual member performance appropriately reviewed and appraised annually?



On a scale of 1 to 10, how would you rate the range of skills present on the Board. (1 - being poor and 10 - excellent)



Is the Risk Register discussed on a regular basis?



1 Executive summary

Work Undertaken

In line with each objective, we undertook the following work:

Objective 1: Board and Committee terms of reference are clear and not overlapping.

- | We reviewed the College's Governance Structure and confirmed that this was effective in allowing the appropriate flow of information, decision making and the achievement of College goals.
- | We reviewed the remittances for the following to ensure that responsibilities did not overlap, and that consistent information was covered:
 - The Board;
 - Audit Committee;
 - Finance, Resources and Infrastructure Committee;
 - Learning & Student Experience Committee;
 - Nomination Committee; and
 - Remuneration Committee.
- | We reviewed the standing orders for the College to confirm whether these were robust and outlined the relevant information.
- | We met with the College's Board Secretary and Deputy Board Secretary and reviewed their responsibilities in relation to governance and supporting the Board.
- | We reviewed the coverage of the Code of Conduct for the members of the Board to confirm that this was robust.
- | We reviewed the coverage of Governance on the College's website.
- | We reviewed the College's compliance with the Code of Governance for Scotland Colleges.

1 Executive summary

Objective 2: Board and Committees have a programme of work in accordance with their terms of reference that allows them to make an effective and timely contribution.

- | We reviewed the College's Work Programme for their Board and Committees to confirm that information reported per Board and Committee meetings were appropriately planned throughout the year.
- | We reviewed the Board and Committee meeting agendas against their terms of reference to confirm that responsibilities are effectively fulfilled.
- | We reviewed how papers are provided to the Board Members via screenshare testing of the governance information system.

Objective 3: Members are provided with sufficient, high quality management information in their areas of responsibility.

- | We reviewed the February 2025 Board pack to confirm that the information included was in line with the agenda, that the information reported was consistent, and that information was appropriately summarised and understandable.
- | We issued a questionnaire to the Board of Governors and Committee members to gain feedback on the quality of management information provided at each meeting. Our questionnaire also considered the management of attendance records and if this was being accurately recorded.

Objective 4: Board and Committees are appropriately attended, and members are sufficiently engaged.

- | We reviewed the College's attendance register to confirm that attendance is closely monitored.
- | We reviewed the attendance registers against the meeting minutes to confirm that attendance for the latest meetings of the Board and Committees was accurately logged.

1 Executive summary

Objective 5: Board and Committees have effectively assessed their performance, and the balance of skills required within the Board and Committees.

- | We reviewed the Board Effectiveness Review completed by the College. This included reviewing the Board Member Self-Evaluation Template 2023/2024, skills matrix for non-executive Board Members and the Board Effectiveness Report for 2021/2022.
- | We held discussions with the College's Board Secretary and Deputy Board Secretary to confirm whether the College has a governance Development Plan to confirm whether there is a structured approach for training.
- | We issued a questionnaire to the Board and Committee Members to gain feedback on the skills mix of the Board and its Committees.
- | We reviewed the College's induction process for newly installed Board Members. This included reviewing the induction materials and interviewing two newly inducted Board Members.

1 Executive summary

Conclusion

Overall conclusion

Overall Conclusion: Strong

Following our review, we can provide the College with a strong level of assurance in relation to the College's governance arrangements.

The College complies with all the principles of the 2016 Code of Governance for Scottish College with the exception of the role of the Secretary of the Board. **Please refer to Section 4: Observations for further information.**

We have raised several good practice points and one low grade recommendations for improvement. We have also raised observations for consideration. **Please refer to Section 3: Detailed Recommendations and Section 4: Observations for further information.**

Summary of recommendations

Grading of recommendations

	High	Medium	Low	Total
Corporate Governance	0	0	1	1

As can be seen from the above table there were no recommendations made which we have given a grading of high.

1 Executive summary

Areas of good practice

The following is a list of areas where the College is operating effectively and following good practice.

1.	The College has effective controls in place for recording and monitoring attendance at governance meetings, with an attendance register being maintained. All meetings met the required quorum.
2.	The survey results indicated a high level of satisfaction from the Board Members with the information provided by Management during Board meetings, particularly in relation to decision making. Additionally, our interviews with two newly appointed Board Members confirm that the papers are presented clearly and concisely. Whilst some reports are extensive, they are considered essential for conveying all relevant details.
3.	Following our review, we can confirm that a programme of work is in place for the Board and Committees meetings. The duties outlined in the terms of reference have been effectively incorporated into the agendas and are being carried out as intended. Additionally, forward agendas have been established and agreed upon for future meetings, ensuring continued alignment with governance objectives.
4.	Our review of the Committee remits confirmed that their roles and responsibilities are clearly defined and do not overlap.
5.	The College maintains a standing orders document ensuring the orderly and effective conduct of the meetings of the Board and Committees.
6.	Our review confirms that declarations of interest are a standard agenda item in all Board and Committee meetings. The Register of Interests is publicly accessible on the College website.

1 Executive summary

The following is a list of areas where the College is operating effectively and following good practice.

7.	The College has implemented a well-defined scheme of delegation, which clearly outlines the responsibilities assigned to the Chair, Committees, the Principal, and the Board Secretary. This structure ensures that decision-making is transparent and accountable, reinforcing the College's commitment to upholding strong governance principles and facilitating effective oversight and management.
8.	From our interview with two newly installed Board Members, both individuals confirmed that there is a well-structured induction process in place. They also expressed satisfaction with the amount of information and support provided during their induction period, stating that it adequately prepared them for their roles.
9.	The College requires all appointed Board Members to provide Protecting Vulnerable Groups (PVG) Scheme Certificate.
10.	The College maintains a skills matrix for Non-Executive Board Members to ensure a diverse and well-balanced range of expertise within the Board. This matrix is regularly reviewed and updated, primarily when a member leaves the Board or when a new appointment is confirmed.
11.	The College provides an online platform that allows Board Members to access Board meeting and Committee minutes, policies and procedures, board calendars, and other relevant documents.

2 Benchmarking

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Corporate Governance

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	0	2	2
Number of recommendations at Forth Valley College	0	0	1	1

From the table above it can be seen that the College has a lower number of recommendations compared to those colleges it has been benchmarked against.

3 Detailed recommendations

Development Plan			
Ref.	Finding and Risk	Grade	Recommendation
1.	<p>The Board must ensure all Members undertake appropriate training and development in respect of their governance role. The governance professional should support the chair in the provision of relevant training and development opportunities for Board Members, which should be tailored to meet Board Members skills and needs. The governance professional must keep records of the development activity of Board Members, including the chair.</p> <p>Our review found that whilst there is training provided on an as-needed basis to Board Members, there is no development plan in place. Whilst we acknowledge that no formal development plan was produced, one of the outcomes of the 2022/23 one-to-one meetings was a desire from members to know more about their duties as charity trustees and this was facilitated by the training session provided to the Board facilitated by MacRoberts in April 2024.</p>	Low	We recommend that the College establish a Development Plan for Board Members which will be subject for an annual review.

3 Detailed recommendations

	<p>Our assessment of the root cause is the absence of a report outlining the outcome of the one-to-one meeting with the Interim Chair in 2022/23. By the time the evaluation process was complete a new Chair was being appointed, and it was felt that they should have an input into the Development Plan. This recruitment was subsequently delayed.</p> <p>There is a risk that without establishing a Development Plan, training as well as opportunities for improvement may not be addressed leading to Board members especially “new ones” not having the appropriate skills to perform their role effectively.</p>		
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3 Detailed recommendations

Management response	Responsibility and implementation date
Agreed. A development plan will be put in place for the Board of Management.	<i>Responsible Officer:</i> Vice Principal Finance and Corporate Affairs/Board Secretary <i>Implementation Date:</i> September 2025

4 Observations

The following is a list of observations from our review

1.	<p>Following our review, we identified that the VP Principal and Corporate Affairs is also appointed as the College Board Secretary. Despite deviation in the Code of Governance for Scotland Colleges, this arrangement was approved by the Board, and they felt that the arrangements were working well. This also has been reviewed by the external auditors and raised no issue in relation to Governance.</p> <p>The VP Principal and Corporate Affairs is supported by the Corporate Governance and Planning Officer as the Deputy Board Secretary.</p> <p>The Board believes any risk of non-disclosure or non-compliance not being reported to the Board due to a conflict of interest is mitigated by the appointment of two individuals with direct reporting to the Chair.</p> <p>The Board considers that governance is strengthened rather than weakened by the Vice Principal Finance & Corporate Affairs having a dual role within the Senior Management Team. The Board reviewed the existing arrangement in September 2024 and agreed that this should continue unchanged.</p>
2.	<p>We conducted a review of the College's publicly facing website to determine if it is current and aligns with good governance practices. Our findings indicated that the governance structure outlined on the website does not accurately reflect the current arrangements, especially with regard to the composition of the Board's Committees. We encourage that this is corrected promptly to ensure transparency and alignment with governance standards.</p>

5 Audit arrangements

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit Committee meeting.

Audit stage	Date
Fieldwork start	24 March 2025
Closing meeting	31 March 2025
Draft report issued	7 April 2025
Receipt of management responses	14 April 2025
Final report issued	22 April 2025
Audit Committee	15 May 2025
Number of audit days	4

6 Key personnel

We detail below our staff who undertook the review together with the College staff we spoke to during our review.

Wbg			
Partner	Graham Gillespie	Partner	gg@wbg.co.uk
Director	Stephen Pringle	Director of Internal Audit	sp@wbg.co.uk
Senior	Zendl Abaigar	Internal Audit Senior	za@wbg.co.uk

Forth Valley College			
Key Contact	Alison Stewart	VP Principal and Corporate Affairs	Alison.Stewart@forthvalley.ac.uk
Key Contact	Stephen Jarvie	Corporate Governance and Planning Officer	Stephen.Jarvie@forthvalley.ac.uk
Wbg appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

A Grading structure

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance Classification	
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

A Grading structure

For each recommendation, we assign a grading either as High, Medium, or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by Senior Management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

B Assignment plan

Purpose of review

The purpose of this assignment is to assess whether Forth Valley College (the College) has appropriate governance arrangements in place and that these have been embedded throughout the whole College. This review will look to provide assurance that the College's Corporate Governance arrangements are appropriate and represent good practice.

This assignment forms part of the agreed 2024/25 Annual Internal Audit Plan.

Scope of review

Our objectives for this review are to assess whether:

- | Board and Committee terms of reference are clear and not overlapping.
- | Board and Committees have a programme of work in accordance with their terms of reference that allows them to make an effective and timely contribution.
- | Members are provided with sufficient, high quality management information in their areas of responsibility.
- | Board and Committees are appropriately attended, and members are sufficiently engaged.
- | Board and Committees have effectively assessed their performance, and the balance of skills required within the Board and Committees.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

- | Discussions with relevant individuals, to establish the current governance arrangements in place at the College.
- | Evaluation of these arrangements to assess their adequacy and whether they comply with current guidance and good practice.
- | Review of Governance documentation to assess whether it is fit for purpose and in line with current guidance and good practice.
- | Review of a sample of Board and Committee minutes, along with management information presented to each meeting.
- | A review of the College Website.
- | Where possible, meetings with Governors to discuss arrangements in place.
- | Review of the recruitment process, including induction, for governors.
- | Assessment of skills training for governors.
- | Review of the succession planning arrangements in place.

Potential key risks

The potential key risks associated with the area under review are:

- | Board and Committee terms of reference may be unclear or overlapping.
- | Board and Committees may not have a programme of work in accordance with their terms of reference that allows them to make an effective and timely contribution.
- | Members may not be provided with sufficient, high quality management information in their areas of responsibility.
- | Board and Committees may be poorly attended or members not sufficiently engaged.
- | Board and Committees may not have effectively assessed their performance and the balance of skills required within the Board and Committees.



9. Progress Report on Audit Recommendations For Discussion

15 May 2024
AUDIT COMMITTEE

1. Purpose

To update members on progress with the implementation of recommendations contained within internal and external audit reports.

2. Recommendation

That members note the content of the report and associated appendix.

3. Background

The College monitors progress against internal and external audit recommendations and reports on progress to each meeting of the Audit Committee. This report provides assurance to the Committee that the College is appropriately managing all internal and external audit recommendations.

4. Summary of Changes

Recommendations contained within the reports presented to the November 2024 Committee meeting have been incorporated into the tracker. The attached annex contains an update on progress against recommendations.

The College continues to discuss with JISC on the implementation of audit recommendation 1. As noted in the comment in the tracker, concerns have been raised regarding rising costs for JISC's solution and other options are being explored to ensure best value for money.

For recommendation 2, given the delay with SIEM, the College has continued to run a suite of testing including penetration testing. Given this, the College considers this recommendation to be completed.

There has been a slight change to the completion dates for recommendations 3 and 4, with reasons listed in the appendix.

As requested at the November 2024 meeting, the recommendation on mid-term financial planning has been retained on the tracker as risk ID8 to reflect the part it plays in the wider financial planning work which is ongoing.

Overall 3 of the 8 current recommendations have reached a stage where the college considers them to be completed. A summary of progress is overleaf.



9. Progress Report on Audit Recommendations For Discussion

15 May 2024
AUDIT COMMITTEE

	No Priority	Priority 1/ High	Priority 2/ Medium	Priority 3/ Low	Total
Live within date	0	0	0	1	1
Live recommendation passed implementation date	0	1	1	2	4
Completed since last report to Committee	0	0	0	3	3
Recommended for removal	0	0	0	0	0

5. Resource Implications (Financial, People, Estates and Communications)

This is a summary report so there are no specific resource implications

6. Equalities

This is a summary report so there are no equalities implications

7. Communities and Partners

None

8. Risk and Impact

Please complete the risk table below. Risk is scored against Likelihood x Impact, with each category scored from Very Low through to Very High. Risks should be robustly scored and, if the combined score (Likelihood x Impact) is higher than the Board Risk appetite for the risk category identified, additional justification must be provided on why this risk is necessary.

If the paper is an approval, please reflect on whether the approval will have any direct or indirect impact for any other areas of operational activity internally or externally within the College – No

	Likelihood	Impact
Very High (5)		
High (4)		
Medium (3)		
Low (2)	X	X
Very Low (1)		

Total Risk Score – 4

The College has a Strategic Risk appetite for categories of risk as defined by the Board of Management. Decisions being taken at LMT/SMT/Board level must have cognisance of this. Please indicate the single most relevant risk category in the table below.



9. Progress Report on Audit Recommendations For Discussion

15 May 2024
AUDIT COMMITTEE

BoM Risk Categories & Risk Appetite (Select one area only)					
Cautious <15		Open 15> <20		Eager >20	
Governance	X	Strategy		People	
Legal		Financial		Project/Programme	
Property		Reputational			
		Technology			

Audit recommendations continue to be actively managed by the College and are reported as a standing agenda item to the Audit Committee

Is the score above the Board Risk Appetite level? No

Risk Owner – Alison Stewart
Paper Author – Stephen Jarvie

Action Owner – Stephen Jarvie
SMT Owner – Alison Stewart

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ID	Audit Name	Date of Audit	SMT Owner	Action Owner	Recommendation	Management Response	Priority	Evaluation	Scheduled Completion Date	Revised Completion Date	Evidence	Completed
1	IT Network Arrangements/Cyber Security	Nov-21	David Alison	Graeme Robertson	A risk-based approach should be adopted to enabling critical logs to improve endpoint security. Examples of critical logs include: <ul style="list-style-type: none">• Local user and group enumeration.• Logon attempts with local accounts.• Logon with explicit credentials.• Plug-and-play device connections (e.g., USBs).• Process creation.• File creation.• PowerShell providers loaded.• Script block logging.	The College is currently on-boarding with Jisc to introduce a Security Information Events Management (SIEM) system, starting with logging at server level. It's planned to extend logging to key workstations once all parties are comfortable with how they system functions. This recommendation reflects where we are with our implementation.	3	<p>April 25 - Discussions are ongoing with Jisc due to the rising cost of their offering, with alternative solutions being explored.</p> <p>November 24 - Jisc have re-engaged with on-boarding to their new offering, and revised pre-boarding paperwork and tasks have been completed by the College.</p> <p>August 24 - Still engaging with Jisc, however no confirmed date for on-boarding.</p> <p>April 24 - No change</p> <p>November 23 - The College has continued to engage with preparations for entering a SIEM, and updated logs have been provided to Jisc, however there is no confirmed date for on boarding.</p> <p>August 23 - No change at this time</p> <p>May 23 - JISC have had to radically change it's SIEM offering, which put a stop to on boarding. They recommended on boarding early May with the new service but there is no indication at this time when the College will be able to do so. Other JISC recommended tools (pingcastle) have been used and action in response to recommendations made.</p> <p>Nov 22 - We are awaiting a date from Jisc with the provisional</p>	31/08/2022	TBC - Awaiting clarification from external provider agreed with Audit Committee May 2018		
2	IT Network Arrangements/Cyber Security	Nov-21	David Alison	Graeme Robertson	Use manual testing methods (for example penetration testing or red team simulated cyberattack exercises) in addition to automated tools, such as network IDS / IPS of SIEM, to test and obtain assurance that vulnerabilities are identified and managed.	As per previous response, the College is currently on-boarding with Jisc to introduce a managed SIEM. Penetration testing will be re-introduced.	3	<p>April 25 - Although work on SIEM remains ongoing, manual testing methods such as penetration testing, are undertaken regularly, with any issues acted upon.</p> <p>November 24 - As above</p> <p>August 24 - As above</p> <p>April 24 - No change</p> <p>November 23 - As above.</p> <p>August 23 - No change at this time</p> <p>May 23 - As above</p> <p>November 22 - As above</p> <p>August 22 - As above</p> <p>May 22 - As above</p>	31/07/2022		Regular penetration testing	22/04/2025
3	Strategic Planning	Feb-24	Kenny MacInnes	Kenny MacInnes	Progress against the Strategic Plan - We recommend the College uses SMART objectives to enable monitoring, and that the progress against these objectives is regularly reported to the Board of Management.	The College acknowledges that the current Strategic and Operational plans not having measurable objectives is a weakness. While there is significant reporting at Board and Committee levels on progress against key metrics, we acknowledge that this information is not easily attributable to the Strategic Plan objectives.	High	<p>April 25 The College's new strategic plan is now complete and was launched in Jan 25. A strategic plan dashboard has been created and was planned to be taken to the April Board but due to Board time constraints has been pushed back to the June Board.</p> <p>Nov 24 The new strategic plan has been to the BoM and signed off in terms of purpose, values, aims and objectives. The draft corporate document will be brought to the Board in December with a planned launch in January 2025.</p> <p>August 24 - New strategic plan is work in progress and will be taken to the Board at the end of September. Strategic Plan dashboard showing progress of Board approved metrics will be discussed with the new Chair to review required metrics.</p>	Aug-24	Jun-25		
4	Strategic Planning	Feb-24	Kenny MacInnes	Kenny MacInnes	Strategic Planning process - We recommend that the College documents the strategic planning process including: key steps, stakeholder engagement and other key areas. Documentation gathered in the planning process should be retained.	The College will ensure the planning process, stakeholder consultation and Board of Management involvement is codified in a comprehensive procedure and that appropriate records are maintained.	Medium	<p>April 25 The strategic planning process for the 25-30 strategic plan is now complete and is currently being collated into a storage file.</p> <p>Nov 24- Archive of strategic planning process will be completed by Dec 2024.</p> <p>August 24 - The relevant planning, consultation, BoM involvement in the strategic planning process is available for this strategic cycle, but has yet to be collated in a centralised record. New date estimated for Sept 24.</p>	Apr-24	Aug-25		
5	Credits Audit 23/24	Sep-24	David Alison	Leslie Burn	We recommend the College ensures courses are correctly classified on the FES and ensures that credits are claimed for fundable students in line with the SFC guidance.	Prior to any future FES returns an additional check on HEl funded students will be undertaken to ensure that HEl funding is still the relevant recorded funding route.	Low	<p>Apr 25 - This will be actioned for the next FES return at the end of the academic year</p>	31/07/2025	Oct-25		
6	Credits Audit 23/24	Sep-24	David Alison	Leslie Burn	We recommend that care is taken when inputting data into the FES so that credits are appropriately claimed, and the College receives its full entitlement.	Originally these courses had been established as FWDF funded courses, run through our Apprenticeship, Skills, and Commercial Department, however with FWDF funding being discontinued, these short courses had been run as Credit funded courses, however the source of funding had not been amended, and therefore 7.1 Credits which could be claimed had been missed. An additional check will be added to future FES returns to ensure that courses are not coded as FWDF.	Low	<p>April 25 - 2 reports have been written, one against course (DA.FWDFcheck), and one against enrolment (DA.FWDFcheck2) to identify and FWDF courses/enrolments. FWDF Funding has ceased so we don't expect any further courses/enrolments.</p>	31/07/2025		Reports written	Apr-25
7	Student Support Funds	Sep-24	Alison Stewart	Senga McKerr	We recommend that periodic spot checks be conducted on students applying for childcare funding to ensure that eligibility is verified and that all supporting documentation is properly recorded and maintained.	Checks are currently carried out by the Senior Student Funding Officer, and we accept that on this one occasion the missing birth certificate was not identified. No system is fool proof against human error, however to provide further comfort, we will introduce a number of spot checks by the Systems & Management Accountant.	Low	<p>April 25 - Implemented and spot checks are being completed by the Systems and Management Accountant</p>	30/09/2024			Ongoing since Feb 25
8	Budgetary Control	May-23	Alison Stewart	Senga McKerr	The College should develop realistic medium-term financial plans and forecasts to supplement the annual FFR and help to identify and mitigate emerging risks to its medium to long term financial sustainability.	The ability to develop sensible medium term plans depends on receiving 3-year funding allocations. SFC has acknowledged that Budget plus one further year is sufficient, and this is expected to be the FFR requirement in June. We will discuss with the Finance Committee members the level of forward planning they would like to see and we will look to develop these plans when we have additional clarity around key assumptions.	3	<p>Apr 25 - Following discussion at the November 24 meeting where removal had been recommended as per the comment below, it was agreed to keep this on the register. This now forms part of the wider College financial review so the end date has been removed. The Committee will be informed at the relevant time when the recommendation can said to be complete</p> <p>November 24 - Due to the ongoing budgetary issues it is not possible to prepare medium term financial plans.</p> <p>August 24 - No change</p> <p>April 24 - with the late announcement of the indicative funding levels this year, it has not yet been possible to develop these plans and discuss them with the Board Committee. The college will take information to the Finance, Resource and Infrastructure Committee later this year</p> <p>November 23 - discussion with FRAIC outstanding.</p> <p>August 23 - To be discussed at Finance, Resource and Infrastructure committee in Sept 23.</p>	30/11/2023	None		



10. Risk Management For Discussion

15 May 2025
AUDIT COMMITTEE

1. Purpose

To present the current strategic risk register to members.

2. Recommendation

That members consider the strategic risk register and comment on the content.

3. Background

The strategic risk register is presented at each meeting of the Audit Committee and annually to the Board so that members may review and comment on those risks deemed to be strategically important to the College.

The table below is a summary of the risk register. Individual risk documents are stored in the Governance teams area under the Risk Sheets channel if anyone wants to review an individual risk.

4. Notable Changes to Strategic Risks

Risk No	Date Identified	Risk Title	Initial Risk Score	Last Residual Score	Current Residual Score	Movement in period	Risk Appetite Category	Risk Appetite Score	Risk Treatment
1	Apr-21	Financial Sustainability	25	25	25	<->	Financial	20	Accept with mitigation
2	Apr-21	Estates Maintenance - affordability	25	25	25	<->	Property	15	Accept with mitigation
3	Apr-21	High quality learning experience	20	15	15	<->	Strategy	20	Accept with mitigation
4	May-24	OSCR	20	8	8	<->	Governance	15	Accept with mitigation
5	Apr-21	National Bargaining / Strike Action	20	8	8	<->	People	25	Accept with mitigation
6	Apr-21	Growing/influencing strategic partners	12	12	12	<->	Reputational	20	Accept with mitigation
7	May-23	Fuel Change	12	9	9	<->	Reputational	25	Accept with mitigation
8	May-23	Student Accommodation	12	8	8	<->	Financial	20	Accept with mitigation
9	Apr-21	People Strategy delivery	16	12	12	<->	People	25	Accept with mitigation
10	Apr-21	Major incident , eg campus closure	16	8	8	<->	Strategy	20	Accept with mitigation
11	May-22	Malpractice	12	8	8	<->	Reputational	20	Accept with mitigation
12	Aug-24	IT legacy equipment	16	8	8	<->	Technology	20	Accept with mitigation
13	Sep-23	Board Secretary arrangements	6	3	3	<->	Governance	15	Accept with mitigation
14	May-25	Financial pressures impacting on retaining campuses	25	N/A	25	New	Reputational	20	Accept with mitigation

As requested by the Board of Management, a new risk (No 14) has been added to the register to reflect the risk of ongoing financial constraints on the College's ability to maintain a three campus estate. A fuller explanation is contained within the risk sheets area referred to above.

5. Resource Implications (Financial, People, Estates and Communications)

The register itself does not require significant resource to manage however mitigating actions may require additional resource on a case by case basis.



10. Risk Management For Discussion

15 May 2025
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6. Equalities

Assessment in Place? –No

The Risk Registers do not require equalities impact assessment. Individual risks may result in Equalities assessments being completed for new/revised College policies and procedures.

7. Communities and Partners

Not applicable

8. Risk and Impact

Please complete the risk table below. Risk is scored against Likelihood x Impact, with each category scored from Very Low through to Very High. Risks should be robustly scored and, if the combined score (Likelihood x Impact) is higher than the Board Risk appetite for the risk category identified, additional justification must be provided on why this risk is necessary.

	Likelihood	Impact
Very High (5)		
High (4)		
Medium (3)		
Low (2)	X	X
Very Low (1)		

Total Risk Score – 4

The College has a Strategic Risk appetite for categories of risk as defined by the Board of Management. Decisions being taken at LMT/SMT/Board level must have cognisance of this. Please indicate the single most relevant risk category in the table below.

BoM Risk Categories & Risk Appetite (Select one area only)				
Cautious <15		Open 15> <20		Eager >20
Governance		Strategy	X	People
Legal		Financial		Project/Programme
Property		Reputational		
		Technology		

Risk continues to be comprehensively managed and reviewed, including comparing risk scores against the Board risk appetite levels, on an ongoing basis.

Is the score above the Board Risk Appetite level? No

Risk Owner – Kenny MacInnes
Paper Author – Alison Stewart

Action Owner – Kenny MacInnes
SMT Owner – Kenny MacInnes

Forth Valley College

12. Forward Agenda

	Sep-25	Nov-25	May-26
Apologies, Declaration of Interests and Changes to Members' Register of Interest	✓	✓	✓
FOR APPROVAL			
Minutes and Matters Arising	✓	✓	✓
Review of Action Tracker	✓	✓	✓
Review of Committee Remi	✓		
Annual Report and Financial Statements		✓	
External Audit Annual Report to the Board of Management		✓	
Response to letter to those charged with governance		✓	
Cyber Security			✓
Policy Approval	✓	✓	✓
Audit Needs Assessment	✓		
Governance Statement	✓		
Audit Committee Self-Assessment	✓		
College Data Policy		✓	
Risk Management			✓
FOR DISCUSSION			
Presentation of Internal Audit Reports	✓	✓	✓
Progress Report on Audit Recommendations	✓	✓	✓
Risk Management	✓	✓	✓
Fuel Change Recommendations tracker	✓	✓	✓
Internal Audit Annual Report	✓		
Compliance Report (Complaints, FOI, Data Protection)		✓	
FOR INFORMATION			
Forward Programme of Committee Business	✓	✓	✓