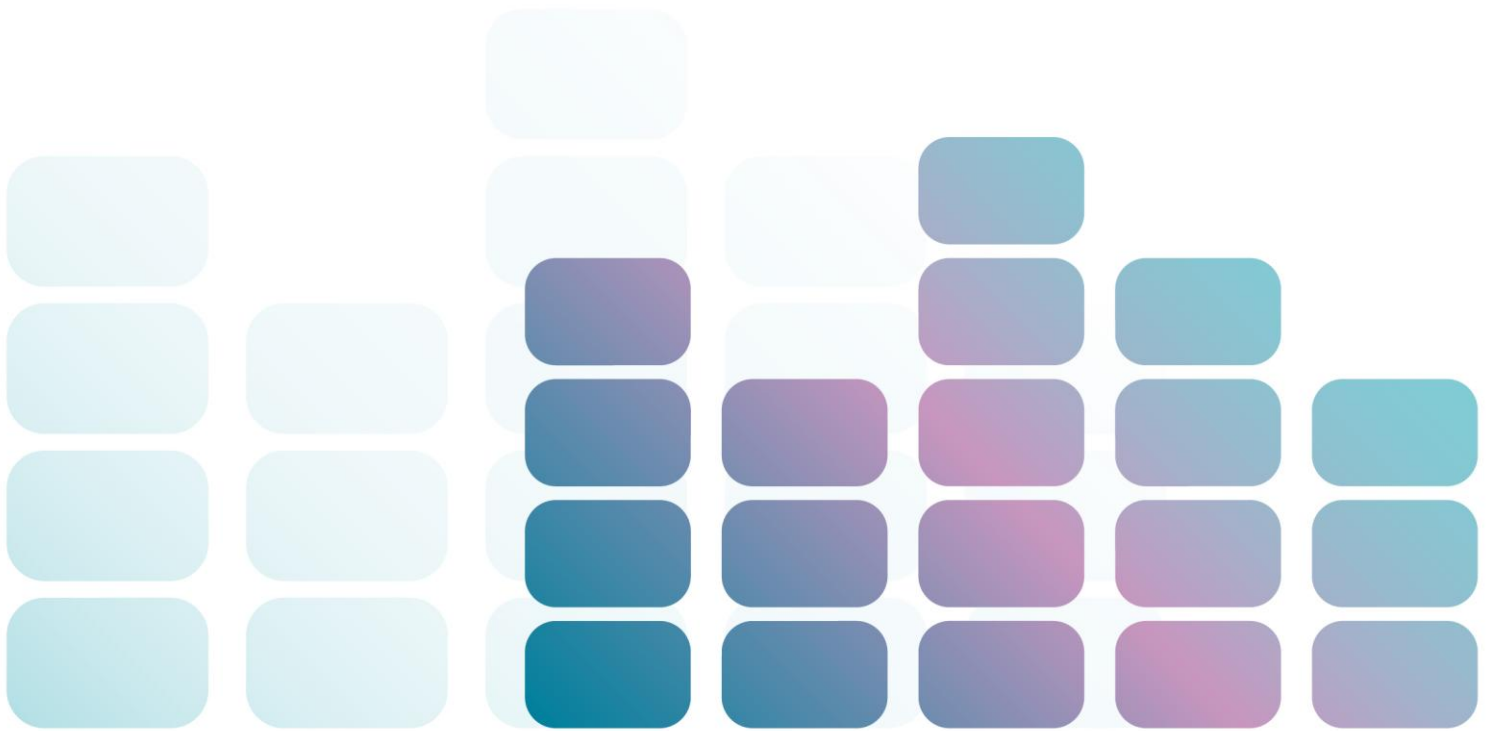


Glasgow Colleges Regional Board

2024/25 Annual Audit Report



Prepared for Scottish Funding Council and the Auditor General for Scotland
November 2025

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Key messages

Audit of the annual report and financial statements

- 1** All audit opinions stated that the annual report and financial statements were free from material misstatement. An Emphasis of Matter paragraph was included in the Independent Auditor's Report, drawing attention to the disclosures in respect of the going concern basis of preparation.
- 2** There were no significant findings to report. All audit adjustments required to correct the financial statements were processed by GCRB.

Wider scope audit

- 3** Governance arrangements leading up to the dissolution of GCRB were appropriate.
- 4** Internal Audit investigated a concern raised under the Whistleblowing Policy. Following the issuing of the report on their investigation, an assurance statement up to 30 July 2025 was completed by GCRB and provided to Scottish Funding Council.

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Glasgow Colleges Regional Board (GCRB)'s annual report and financial statements and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to Scottish Funding Council (SFC), and the Auditor General for Scotland, and will be published on [Audit Scotland's website](#) in due course.

Scope of the audit

3. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:
 - An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement, including the regularity of income and expenditure.
 - An opinion on statutory other information published with the financial statements in the annual report and financial statements, including the Performance Report and the Governance Statement.
 - An opinion on the audited part of the Remuneration and Staff Report.
 - Concluding on wider scope areas relevant to GCRB and a review of the Governance Statement.
 - Provision of an Annual Audit Report setting out significant matters identified from the audit of the annual report and financial statements and the wider scope areas specified in the Code of Audit Practice.

Appointed auditor and independence

4. Mark Laird, of Audit Scotland, has been appointed as external auditor of GCRB for the period from 2022/23 until 2026/27. However, as GCRB was dissolved on 30 July 2025, the 2024/25 financial year is therefore the final year. As reported in the Annual Audit Plan, Mark Laird and the audit team are independent of GCRB in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical

Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from GCRB or the SFC, including no provision of non-audit services.

Responsibilities and reporting

5. The Code of Audit Practice sets out the respective responsibilities of the auditor and GCRB, with a summary outlined below.

Auditor's responsibilities

6. The responsibilities of auditors in the public sector are established in the Public Finance and Accountability (Scotland) Act 2000. These include providing an independent opinion on the financial statements and other information reported within the annual report and financial statements and concluding on GCRB's arrangements in place for the wider scope areas.

7. The matters reported are those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve GCRB from its responsibilities outlined below.

GCRB's responsibilities

8. GCRB has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of an annual report and financial statements, comprising financial statements for GCRB that gives a true and fair view and other specified information. This responsibility was assumed by the SFC following dissolution of GCRB on 30 July 2025.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Acknowledgements

9. We would like to thank GCRB, SFC and their staff, particularly those involved in preparation of the annual report and financial statements, for their cooperation and assistance during the audit.

Audit of the annual report and financial statements

Main judgements

All audit opinions stated that the annual report and financial statements were free from material misstatement. An Emphasis of Matter paragraph was included in the Independent Auditor's Report, drawing attention to the disclosures in respect of the going concern basis of preparation.

There were no significant findings to report. All audit adjustments required to correct the financial statements were processed by GCRB.

10. All audit opinions stated that the annual report and financial statements were free from material misstatement. GCRB's annual report and financial statements were approved by the SFC Acting Director of Finance and signed by the appointed auditor on 27 November 2025. The Independent Auditor's Report is included in GCRB's annual report and financial statements, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.

11. We included an Emphasis of Matter paragraph in our Independent Auditor's Report, drawing attention to the Statement of Accounting Policies, which describes the basis of preparation. The Scottish Funding Council has prepared the financial statements using a going concern basis of accounting as it considers the functions GCRB delivered will continue to be delivered within the public sector following the dissolution of GCRB on 30 July 2025. The audit opinion is not modified in respect of this matter.



The audit has been delivered in accordance with the agreed timetable

12. The unaudited annual report and financial statements and all working papers were received on 7 September 2025 in accordance with the agreed audit timetable.

The audit fee is unchanged from the level reported in our Annual Audit Plan

13. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £38,420. There have been no developments that

impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

14. Materiality is applied by auditors in planning and performing an audit. The concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual report and financial statements. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

15. Materiality levels for the audit of GCRB were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual report and financial statements. No changes were required to the materiality levels, as outlined in [Exhibit 1](#).

Exhibit 1 2024/25 Materiality levels for GCRB

Materiality	
Materiality – set at 2% of gross expenditure.	£17,000
Performance materiality – set at 75% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements exceeds performance materiality, this could indicate further audit procedures are required.	£13,000
Reporting threshold – set at 5% of materiality, rounded up to £1,000.	£1,000

Source: Audit Scotland

Significant findings and key audit matters

16. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance. Following dissolution of GCRB on 30 July 2025, responsibility for this now lies with the SFC.

17. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and include:

- Areas of higher or significant risk of material misstatement.

- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

18. The results of our audit procedures to address significant risks of material misstatement in the financial statements, including those relating to accounting estimates, are outlined in [Exhibit 2, \(page 11\)](#).

19. As a result of the dissolution of GCRB on 30 July 2025, exit packages were agreed with 4 staff during the year. The total cost of these, including pension strain costs, was £233k. Our audit work in respect of the exit packages found that the severance amounts were calculated in line with the scheme rules, were appropriately and accurately disclosed within the Remuneration and Staff Report, and correctly accounted for within the financial statements.

20. We also included an Emphasis of Matter paragraph in our Independent Auditor's Report, as outlined at paragraph 11.

Qualitative aspects of accounting practices

21. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of GCRB's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

22. The appropriateness of accounting policies adopted by GCRB was assessed as part of the audit. These were considered to be appropriate to the circumstances of GCRB, and there were no significant departures from the accounting policies set out in the Accounts Direction for Scotland's Colleges 2024/25, the 2019 Statement of Recommended Practice: Accounting for Further and Higher education (SORP) and the Government Financial Reporting Manual (FReM).

Accounting estimates

23. Accounting estimates are used in GCRB's financial statements, including the valuation of the pension balance. Audit work considered the process GCRB has in place, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

24. Details of the audit work performed and the outcome of the work on accounting estimates that gave rise to significant risks of material misstatement are outlined in [Exhibit 2, \(page 11\)](#).

One audit adjustment was made during the audit process

25. One audit adjustment was required to the financial statements during the audit process. This related to an accrual for the pension strain costs associated with an employee's exit package, which had been based on an estimate at the year-end. The final invoice was received after the year-end, with an adjustment posted to bring the accrual in line with the invoice amount. The impact of the adjustment was to increase expenditure by £2k and increase creditors due within one year by £2k.

26. In addition, a number of amendments and additions to the disclosures within the accounts and financial statements were made in response to our audit work. However, there were no uncorrected misstatements within the financial statements.

Our audit work responded to the significant risks of material misstatement identified in the Annual Audit Plan

27. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 2](#).

Exhibit 2**Significant risks of material misstatement to the financial statements**

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>1. Fraud caused by management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • Assess the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Test journals throughout the year and post-closing entries and focus on significant risk areas. • Evaluate any significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. • Review accounting estimates for management bias. • Substantively test income and expenditure transactions around the year-end to confirm they have been correctly included in the financial statements. • Test accounting accruals and prepayments. 	<p>We carried out the assurance procedures as planned and did not identify any instances of management override of control.</p> <p>Conclusion: no evidence of fraud caused by management override of controls.</p>
<p>2. Estimation in the valuation of the pension balance</p> <p>The actuarial valuation depends on a range of financial and demographic estimations about the future. The subjectivity around these estimates gives rise to a significant risk of material misstatement.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • Consider the accuracy and completeness of information provided to the actuary. • Evaluate the professional competence of the actuary. • Consider the appropriateness of assumptions used by the actuary. • Consider the reasonableness of actuarial estimates on material elements of the valuation. 	<p>We carried out the assurance procedures as planned and did not identify any significant issues.</p> <p>Conclusion: the estimation of the pension balance is appropriate.</p>

Source: Audit Scotland

Wider scope audit

Introduction

28. Reflecting the fact that public money is involved, the Code of Audit Practice requires that public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit set out by the Code of Audit Practice broadens the audit of the annual report and financial statements to include consideration of additional aspects or risks in four wider scope areas.

29. As reported in the Annual Audit Plan, due to the nature of and size of GCRB and its limited financial activity, it is considered a less complex body for the purpose of the wider scope audit. Where the application of the full wider scope is judged by auditors not to be appropriate to an audited body, the audit work can usually focus on the appropriateness of the disclosures in the governance statement and the financial sustainability of the body and its services. Given the intention to dissolve GCRB on 30 July 2025, our wider scope work has focussed on the appropriateness of the disclosures in the governance statement and consideration of the transition planning arrangements.

Governance arrangements leading up to the dissolution of GCRB were appropriate

30. On 12 December 2024, the Scottish Minister for Higher and Further Education wrote to GCRB and College Chairs to confirm the intention to dissolve GCRB in July 2025. On 4 June 2025 the Scottish Parliament approved a Scottish Statutory Instrument (SSI) which confirmed the dissolution of GCRB on 30 July 2025. As a result, arrangements were implemented to end the operation of GCRB, including the operation of a voluntary severance scheme for staff.

31. In the lead up to dissolution, Tripartite meetings were held between representatives of Scottish Government, SFC and GCRB to consider the legislative requirements and timelines, financial and forward planning, staffing arrangements and the transition plan. During this time, GCRB's risk management focussed on risks relating to the transition arrangements. After 30 July 2025, the administrative arrangements for facilitating the winding up of GCRB have been undertaken by SFC, including the production and approval of the 2024/25 Annual Report and Financial Statements.

32. As part of the transition arrangements, SFC requested the provision of an assurance statement from GCRB providing assurances up to 30 July 2025 which would allow them to sign the 2024/25 Annual Report and Financial Statements. Following receipt of Internal Audit's

Whistleblowing Investigation report, outlined below, the assurance statement was completed.

33. We have concluded that governance arrangements in respect of the dissolution of GCRB were reasonable and appropriate, and that information given in the Governance Statement for the year to 30 July 2025 is consistent with the financial statements and complies with the Government Financial Reporting Manual 24/25 and the Accounts Direction issued by the Scottish Funding Council.

Internal Audit investigated a concern raised under the Whistleblowing Policy

34. On 21 June 2025, the Senior Independent Member (SIM) of GCRB contacted Henderson Loggie, as appointed internal auditors of GCRB, to highlight an issue of potential concern.

35. The investigation was carried out between 30 June and 24 July 2025 with the final report issued on 28 July 2025. The findings stated there was insufficient evidence to conclude any of the below had occurred:

- A criminal offence
- A miscarriage of justice
- An act creating risk to health and safety
- An act causing damage to the environment
- A breach of any other legal obligation, or
- Concealment of any of the above.

36. Following the issuing of the report, GCRB Board members concluded there were no outstanding issues which precluded the signing of the assurance statement, which was subsequently completed.

Glasgow Colleges Regional Board

2024/25 Annual Audit Report



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