

# New College Lanarkshire

2024/25 Annual Audit Report



Prepared for New College Lanarkshire and the Auditor General for Scotland  
December 2025

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# Key messages

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## Audit of the annual report and accounts

- 1 All audit opinions stated that the annual report and accounts were free from material misstatement.
- 2 All audit adjustments required to correct the financial statements were processed by the college.

## Wider scope and Best Value audit

- 3 The college has appropriate arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- 4 The college required significant financial support from the SFC and Amcol to meet its financial commitments. Cash advances of £4.6 million were made to the college by 31 July 2025, and these balances were repaid in August 2025. An advance of £4.5 million was received from the SFC in June and July 2024 and discussions continue with the SFC regarding repayment of this balance.
- 5 The college launched its NCL and UWS Undergraduate school (UGS) in 2024/25 which increased income, however the income generated was lower than anticipated.
- 6 The college's Financial Forecast Return shows that the college has projected year end deficits for the next three years. However, this does not include any mitigating actions. Detailed medium term financial plans are going to be developed in early 2026 and these should support the college in its decision making around savings plans and any activities to increase revenue.
- 7 The Lanarkshire Regional Board was dissolved on 30 July 2025. The college has started work to review arrangements and procedures across a number of areas including risk management to ensure these are relevant for the college.
- 8 The college has been developing its new Strategy 2030 due to launch in December 2025.

- 9** The college has arrangements in place to monitor and report against its performance. Performance has improved in 2024/25 when compared to the prior year but remains below the national average for all modes of learning except part time higher education.
  - 10** The college has effective and appropriate arrangements in place for securing Best Value. As part of the audit, we reviewed the Best Value characteristics for equality and inclusion and concluded that the college has arrangements in place to meet the requirements of the Equality Act 2010.
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# Introduction

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## 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 New College Lanarkshire's annual report and accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to New College Lanarkshire, hereafter referred to as 'the college' and the Auditor General for Scotland, and will be published on [Audit Scotland's website](#) in due course.

## Appointed auditor and independence

3. Louisa Yule, of Audit Scotland, has been appointed as external auditor of the college for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Louisa Yule and the audit team are independent of the college 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 the college, including no provision of non-audit services.

## Acknowledgements

4. We would like to thank the college and its staff, particularly those involved in preparation of the annual report and accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

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# Audit scope and responsibilities

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## Scope of the audit

**5.** 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 accounts, namely the Performance Report and Governance Statement.
- An opinion on the audited part of the Remuneration and Staff Report.
- Conclusions on the college's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on the college's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

## Responsibilities and reporting

**6.** The Code of Audit Practice sets out the respective responsibilities of the college and the auditor. A summary of the key responsibilities is outlined below.

### Auditor's responsibilities

**7.** 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 accounts, and concluding on the college's arrangements in place for the wider scope areas and Best Value.

**8.** The matters reported in the Annual Audit Report are only 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 the college from its responsibilities outlined below.

**9.** The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

### **The college's responsibilities**

**10.** The college 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 accounts, comprising financial statements for the college and its group that gives a true and fair view and other specified information.
- 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.

### **National and performance audit reporting**

**11.** The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, many of which may be of interest to the college and Audit and Risk Committee. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).

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# Audit of the annual report and accounts

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## Main judgements

All audit opinions stated that the annual report and accounts were free from material misstatement.

All audit adjustments required to correct the financial statements were processed by the college.

## Audit opinions on the annual report and accounts

**12.** The college and its group annual report and accounts were approved by the Board of Management on 8 December 2025 and signed by the appointed auditor on the same day. The Independent Auditor's Report is included in the college's annual report and accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



## Audit timetable

**13.** The unaudited annual report and accounts and all working papers were received in accordance with the agreed audit timetable as set out within our Annual Audit Plan.

**14.** We received the Performance Report and the Governance Statement on 13 October 2025 and a complete word version of the accounts on 20 October 2025. In previous years, an excel version of the statements and notes to the accounts have been provided initially with a complete version of the accounts, including all narrative disclosures, following two weeks later. The earlier delivery of the complete accounts package including all requested working papers supported the delivery of the audit in a more timely and efficient manner.

## Audit Fee

**15.** The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £76,920. 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

**16.** The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual report and accounts.

**17.** Broadly, 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 accounts. 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.

**18.** Materiality levels for the audit of the college and its group 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 accounts. The update materiality levels can be seen in [Exhibit 1](#).

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### Exhibit 1

#### 2024/25 Materiality levels for the college and its group

Materiality	The college	Group
<b>Materiality</b> – set at 2% of Gross Materiality	£1.162 million	£1.250 million
<b>Performance materiality</b> – set at 55% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£0.639 million	£0.687 million
<b>Reporting threshold</b> – set at 5% of materiality.	£0.055 million	£0.060 million

Source: Audit Scotland

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## Significant findings and key audit matters

**19.** ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for the college is Audit and Risk Committee.

**20.** 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 require most attention when performing the audit.

**21.** In determining key audit matters, auditors consider:

- 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.

**22.** The significant findings and key audit matters to report are outlined in [Exhibit 2](#).

## Exhibit 2

### Significant findings and key audit matters

Significant findings and key audit matters	Outcome
<p><b>Accounting treatment of indexation</b></p> <p>As noted within our Annual Audit Plan, there is a significant degree of subjectivity in the valuation of non-current assets.</p> <p>Valuations are based on specialist assumptions, and changes in the assumptions can result in material changes to valuations. Asset values can change materially year on year.</p> <p>Per the college's accounting policies all land and buildings are valued every five years with the last full valuation completed on 31 July 2023. Where asset values are likely to have changed materially between valuations, the Government Financial Reporting Manual (FReM) allows for the completion of an indexation or desktop valuation exercise.</p> <p>The college applied indexation to their buildings for the first time in 2024/25. This was undertaken in line with finance officers' interpretation of the technical guidance.</p> <p>Following further discussions between the finance and audit teams it was agreed that an adjustment was required to the original indexation calculation to reflect the movement on the net book value following the application of indexation.</p>	<p>An adjustment has been processed through the accounts.</p> <p>When indexation was applied to the value of non-current asset at 31 July 2025, this resulted in a reduction in the revaluation disclosure within note 11 of £4.323 million which resulted in the net book value of college assets being £4.323 million lower than in the unaudited version of the accounts.</p>

Significant findings and key audit matters	Outcome
<p><b>Accounting for software licences</b></p> <p>Our expenditure testing identified a software licence which commenced a three-year agreement from March 2025. This procurement arrangement was approved at the February 2025 meeting of the Executive Board. However, due to changes in personnel, the normal procedures in place between procurement and finance did not identify this transaction as one requiring further review by finance officers to ensure the correct accounting approach.</p> <p>When we discussed this with finance officers, they had recently become aware of the contract and were considering the technical accounting treatment to apply.</p> <p>Within the accounts £57k has been expensed in 2024/25 and the remaining £77k was prepaid.</p>	<p>An adjustment has been processed through the accounts. £401k is recognised as intangible assets and £268k is within payables in recognition of the remaining cost commitment across the agreement term.</p> <p>Finance officers have reviewed all software licence agreements and confirmed that no other similar agreements are in place which would require adjustment in the accounts. We have concluded that this software licence was the only contract of its nature and therefore no further testing was required.</p> <p>Management have established a process in accordance with the Delegated Financial Authority Policy whereby the Financial Controller will present the contracts to the Executive Board for approval. The Financial Controller and Senior Accountants then consider the relevant accounting treatment to ensure any contracts entered into, and the ongoing commitment for these, is accounted for correctly.</p>
<p><b>Arrangements for identifying and recording related parties within the notes to the financial statements</b></p> <p>As part of our audit response to the significant risk of material misstatement of fraud caused by management override of controls, we review the arrangements in place for identifying and recording related party transactions.</p> <p>We review registers of interests as part of this work and noted that the registers of interest on the college website were last updated on in March/April 2024.</p> <p>There is a risk that related parties are not correctly identified and disclosed in the accounts.</p>	<p>We discussed arrangements in place for preparing the related parties disclosure within the accounts.</p> <p>We reviewed the available registers of interests alongside minutes from Board and committee meetings to identify any further declarations that should be considered a related party.</p> <p>Management should establish arrangements for registers of interest to be updated annually by all board members and made available on the college website. A process should be established for all related parties to be shared with finance so that financial transactions with all related parties can be tracked and reported in the financial statements.</p> <p><a href="#">Appendix 1 Recommendation 1</a></p>

## Qualitative aspects of accounting practices

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

### Accounting policies

**24.** The appropriateness of accounting policies adopted by the college was assessed as part of the audit. These were considered to be appropriate to the circumstances of the college, and there were no significant departures from the accounting policies set out in the Government Financial Reporting Manual (FReM).

### Accounting estimates

**25.** Accounting estimates are used in number of areas in the college's financial statements, including the valuation of land and buildings assets, the measurement of the job evaluation provision and the valuation of the pension liability. Audit work considered the processes management of the college has in place around making accounting estimates, 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.

**26.** 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 4](#).

### Disclosures in the financial statements

**27.** The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity, such as the valuation of the pension liability.

## Group audit

**28.** The college is part of a group and prepares group financial statements. The group is made up of two components, including the college (New College Lanarkshire) which is the parent of the group and its subsidiary Amcol (Amcol Scotland Limited).

**29.** As outlined in the Annual Audit Plan, audit work was required on both components for the purposes of the group audit, and this work was performed by a combination of the audit team and the components' audit teams. Group audit instructions were issued to component auditors, to

outline the expectations and requirements in performing the audit work for the purposes of the group audit. The audit work performed on the group's components is summarised in [Exhibit 3](#).

### Exhibit 3

#### Summary of audit work on the group's components

Group component	Auditor and audit work required	Summary of audit work performed
New College Lanarkshire	<b>Audit Scotland</b> Full scope audit of the college's annual report and accounts.	The outcome of audit work performed is reported within the Annual Audit Report, with details of significant findings and key audit matters reported in <a href="#">Exhibit 2</a> .
Amcol Scotland Limited ('Amcol')	<b>McDaid &amp; Partners</b> Specific audit procedures on material account areas.	The specific audit procedures required on material classes of transactions, balances and disclosures which included income, expenditure, staff costs, receivables, reserves and cash were performed by the component auditor. No significant issues were identified with the audit procedures performed by the component auditor.

Source: Audit Scotland

**30.** ISA (UK) 600 requires auditors to report the following matters if these are identified or encountered during an audit:

- any instances where review of a component auditor's work gave rise to issues and how this was resolved.
- any limitations on the group audit.
- any frauds or suspected frauds involving group or component management.

**31.** We have no issues to report in respect of these matters.

### Significant matters discussed with management

**32.** All significant matters identified during the audit and discussed with the college's management have been reported in the Annual Audit Report.

### Audit adjustments

**33.** Management of the college processed audit adjustments for all misstatements identified greater than the reporting threshold of £0.055 million.

**34.** As outlined in [Exhibit 2](#), two audit adjustments were required to the financial statements to correct misstatements identified from the audit. As a result, there are no uncorrected misstatement to report.

### **Significant risks of material misstatement identified in the Annual Audit Plan**

**35.** 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 4](#).

**Exhibit 4****Significant risks of material misstatement to the financial statements**

Risk of material misstatement	Planned audit response	Outcome of audit work
<p><b>Fraud caused by management override of controls</b></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"> <li>• Evaluate the design and implementation of controls over journal entry processing.</li> <li>• Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries.</li> <li>• Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end.</li> <li>• Evaluate significant transactions outside the normal course of business.</li> <li>• Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements.</li> <li>• Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.</li> <li>• Substantive testing of income and expenditure around year-end to confirm they are accounted for in the correct financial year.</li> <li>• Focussed testing of accounting accruals and prepayments.</li> </ul>	<p>Audit work performed concluded that:</p> <ul style="list-style-type: none"> <li>• The design and implementation of controls over journal processing were appropriate.</li> <li>• No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting.</li> <li>• No significant issues were identified from testing of journal entries.</li> <li>• No significant issues were identified from transactions outside the normal course of business.</li> <li>• The controls in place for identifying and disclosing related party relationships and transactions could be enhanced as outlined in <a href="#">Exhibit 2</a>.</li> <li>• No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias.</li> </ul> <p><b>Conclusion:</b> no evidence of fraud caused by management override of controls.</p>

### Valuation of property, plant and equipment

The college's land and buildings assets at 31 July 2024 were valued at £132.865 million.

There is a significant degree of subjectivity in the valuation of these assets. Valuations are based on specialist assumptions, and changes in the assumptions can result in material changes to valuations.

Asset values can change materially year on year, and it is important that the college ensures the value of its land and building assets are not materially misstated.

All land and buildings are valued every five years with the last full valuation completed on the 31 July 2023. Where asset values are likely to have changed materially between valuations, the Government Financial Reporting Manual (FReM) allows for the completion of an indexation or desktop valuation exercise.

There is a risk, in years where a valuation is not carried out, that there is a material difference between the carrying value and fair value of the college's land and buildings.

The audit team will:

- Challenge management's assessment of why it considers that land and buildings not revalued in 2024/25 are not material misstated and critically assess the approach adopted by management.
- Where a desktop valuation or valuer informed indexation exercise has been completed, evaluate the competence, capability, and objectivity of the valuer.
- Where a desktop valuation has been completed, obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred.
- Where a desktop valuation or valuer informed indexation exercise has been completed, critically assess the assumptions made by the valuer and conclude on whether the assumptions made are appropriate.
- Where a desktop valuation or valuer informed indexation has been completed, test the revaluation adjustments made and ensure they have been accounted for accurately.
- Evaluate the impairment assessment of land and buildings undertaken by management and assess whether there are any indications of impairment in the college's land and buildings.
- Critically assess the adequacy of the college's

Audit work performed concluded that:

- The college's accounting policies outline that a full revaluation takes place every 5 years, with interim desktop revaluations as required during that period to ensure that the market value is not materially different to the current value.
- Management applied indexation to the college's buildings at 31 July 2025.
- The indexation applied was based on a desktop review undertaken by the valuer and which provided an indexation rate to apply to the buildings.
- We have concluded that management had appropriate oversight over the process. Terms of engagement were set out. The valuer had completed the previous full valuation on the college assets and had a good understanding of the assets.
- We have assessed the competence, capability, and objectivity of the valuer and found these to be satisfactory.
- Management have an appropriate level of oversight of the indexation exercise undertaken. We have concluded that the valuer was provided with accurate and complete information.
- The data and assumptions used in the 2024/25 indexation process have been reviewed and we

Risk of material misstatement	Planned audit response	Outcome of audit work
	disclosure regarding the assumptions in relation to the valuation of fixed assets.	<p>have concluded that these were appropriate.</p> <ul style="list-style-type: none"> <li>• The revaluation adjustments processed through the accounts were reviewed. As noted in <a href="#">Exhibit 2</a>, an adjustment has been processed through the accounts for the indexation exercise due to a difference in interpretation of technical guidance.</li> <li>• We confirmed that the college had considered whether any assets had been impaired.</li> <li>• Non-current asset disclosures including those relating to valuations were adequate.</li> </ul> <p><b>Conclusion:</b> the valuation of PPE is not materially misstated.</p>

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Risk of material misstatement	Planned audit response	Outcome of audit work
<p><b>Job evaluation provision</b></p> <p>The college had a job evaluation provision of £4.459 million at 31 July 2024. This was an estimate of the costs associated with the national bargaining support staff and middle management exercise which is yet to be concluded. The outcome of this exercise will be implemented from 1 September 2018.</p> <p>The estimate in the 2023/24 financial statements was based on Colleges Scotland's February 2019 costings. The National Joint Negotiating Committee (NJNC) for Scotland's colleges have suggested this estimate can no longer be considered reliable.</p> <p>For the 2024/25 accounts, it is a requirement of the college's financial reporting framework that a reliable estimate of this obligation is made.</p> <p>There is a risk that the job evaluation provision at the 31 July 2025 does not represent management's best estimate of the obligation, and this results in a material misstatement in the 2024/25 annual report and accounts.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>Evaluate the approach to calculating the job evaluation provision, and assess whether the amount recognised in the financial statements represents the best estimate of the obligation.</li> </ul>	<p>Audit work performed concluded that:</p> <ul style="list-style-type: none"> <li>Discussions with finance officers around the job evaluation provision and the current process for establishing the provision.</li> <li>Information was shared from the College Network Technical Accounting Group about the current year provision and work being undertaken going forward to progress the job evaluation exercise.</li> <li>The College Register and Human Resources Manager shared details of the job evaluation project plan going forward as well as sharing details of further work the college have undertaken review the information held.</li> </ul> <p><b>Conclusion:</b> We concluded that the job evaluation provision is based on the most up to date information available.</p>

Source: Audit Scotland

## Prior year recommendations

**36.** The college has made good progress in implementing the agreed prior year audit recommendations. Four of the seven actions have been fully implemented. For actions not yet implemented, revised responses and timescales have been agreed with the college and are outlined in [Appendix 1](#).

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# Wider scope and Best Value audit

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## Conclusion

The college has appropriate arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.

The college required significant financial support from the SFC and Amcol to meet its financial commitments. Cash advances of £4.6 million were made to the college by 31 July 2025, and these balances were repaid in August 2025. An advance of £4.5 million was received from the SFC in June and July 2024 and discussions continue with the SFC regarding repayment of this balance.

The college launched the NCL and UWS Undergraduate school (UGS) in 2024/25 which increased income, however the income generated was lower than anticipated.

The college's Financial Forecast Return shows that the college has projected year end deficits for the next three years. However, this does not include any mitigating actions. Detailed medium term financial plans are going to be developed in early 2026 and these should support the college in its decision making around savings plans and any activities to increase revenue.

The Lanarkshire Regional Board was dissolved on 30 July 2025. The college has started work to review arrangements and procedures across a number of areas including risk management to ensure these are relevant for the college.

The college has been developing its new Strategy 2030 due to launch in December 2025.

The college has arrangements in place to monitor and report against its performance. Performance has improved in 2024/25 when compared to the prior year but remains below the national average for all modes of learning except part time higher education.

The college has effective and appropriate arrangements in place for securing Best Value. As part of the audit, we reviewed the Best Value characteristics for equality and inclusion and concluded that the college has arrangements in place to meet the requirements of the Equality Act 2010.

## Audit approach to wider scope and Best Value

### Wider scope

**37.** As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

**38.** Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements the college has in place for each of these is reported in this chapter.

### Duty of Best Value

**39.** The [Scottish Public Finance Manual](#) (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. [Best Value in public services: guidance for Accountable Officers](#) is issued by Scottish Ministers and sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

**40.** Consideration of the arrangements the college has in place to secure Best Value has been carried out alongside the wider scope audit.

## The college has established arrangements to meet the requirements of the Equality Act 2010

**41.** As reported in the Annual Audit Plan, specific work covering the 'fairness and equality' Best Value characteristic was carried out as part of the 2024/25 audit.

**42.** The college have an Equality and Diversity Advisor who chairs the Equality, Diversity and Inclusion Committee. The committee comprises various members including directors, academic & professional services staff, board members, trade union representatives and student board associates and reports to the Board as required.

**43.** An Equality, Diversity and Inclusion policy is in place and was most recently reviewed in March 2025. The college website contains a range of equality and diversity reports including The Equality Mainstreaming Report and Public Sector Equality Duty Report 2025-2029 Report. Whilst the staff intranet includes guidance to support staff completing Equality Impact Assessments.

**44.** The college demonstrates its commitment to equalities through the mandatory training modules staff are required to complete annually as part of their essential learning. Equality, Diversity and Inclusion Champions are also in place.

**45.** A consultation event took place across the college to obtain feedback and suggestions on actions the college should take to promote and support equality and diversity. Focus groups took place at each campus and staff and students participated.

**46.** Our audit work concluded that the college has appropriate arrangements and that these are in line with the Equality Act 2010.

### **Significant wider scope and Best Value risks**

**47.** Audit work has been performed in response to the significant wider scope and Best Value risks identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 5](#).

## Exhibit 5

### Significant wider scope and Best Value risks

Significant risk	Planned audit response	Outcome of audit work
<p><b>Financial sustainability</b></p> <p>The college has experienced significant cashflow challenges and the most recent financial forecast reported a deterioration in its 2024/25 underlying operating position from its initial 2024/25 budget. The college's budget is prepared using the SFC financial forecast return assumptions.</p> <p>The college has previously required a funding advance of £4.5 million from the SFC which is yet to be repaid, and is expecting to require a further funding advance from the SFC in July 2025. The college required Amcol, its subsidiary, to transfer funds in March 2025 to maintain liquidity.</p> <p>Together with Amcol, the college budgeted for an underlying operating position surplus of £0.948 million. The forecast year-end position in its mid-year return to the SFC is now a small £0.007 million surplus.</p> <p>The college continues to rely on the support of the SFC to be able to meet its financial commitments and is not projecting to deliver the surplus budgeted for.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>• Review the college's year-end outturn and consider whether new income streams such as the undergraduate school, have delivered the additional income forecast.</li> <li>• Consider the college's updated three-year financial forecast return (FFR) submitted to the Scottish Funding Council.</li> <li>• Evaluate plans to address any forecasted budget deficits in the FFR.</li> <li>• Assess whether the college has sufficient plans in place to deliver its objectives within the financial constraints it faces.</li> </ul>	<p>Audit work performed concluded that:</p> <ul style="list-style-type: none"> <li>• We reviewed the financial forecasts and actual income generated from new income streams as outlined at paragraph 52-55.</li> <li>• Reviewed the financial forecast return (FFR) and considered the planned actions to bring the college into financial balance.</li> <li>• Discussions with finance officers around plans to develop a more detailed medium term financial plan.</li> </ul> <p><b>Conclusion:</b> The college has plans in place to develop more detailed medium term financial plans in early 2026.</p>

Source: Audit Scotland

## Conclusions on wider scope audit

### Financial Management

**48.** The audit work performed on the arrangements the college has in place for securing sound financial management found that these were effective and appropriate. This judgement is evidenced by the college:

- having a system of internal control in place that is operating effectively and has no significant weaknesses or deficiencies.
- having an experienced finance team with the skills, capacity, and capability to effectively fulfil its role.
- having adequate arrangements in place for the prevention and detection of fraud and irregularities.

### Cash advances of £4.6 million were made to the college by 31 July 2025. These balances were repaid in August 2025

**49.** As forecasted in the college's 2024/25 budget, the college did not have sufficient cash to meet its operational commitments and payroll costs for the full financial year. In total, cash advances of £4.6 million were made to the college in July 2025:

- £3 million from the (Scottish Funding Council) SFC in July 2025 which was repaid to the SFC in August 2025.
- £1.6 million from the college's subsidiary, Amcol, which was repaid in August 2025.

**50.** As outlined in our Annual Audit Report for 2023/24, an advance of £4.5 million from the SFC was received by the college in June and July 2024. The repayment of these funds has still to be agreed.

**51.** These are all funds the college was required to repay at the year-end and have been accounted for as creditors in the 2024/25 Annual Report and Financial Statements.

**52.** This demonstrates the college's significant reliance on support from the SFC and Amcol to meet its financial commitments. Further funding advances are likely to be required in 2025/26, and the amounts required will continue to increase if the college's delivers the deficits projected as detailed in [Exhibit 6](#).

### The college launched its NCL and UWS UGS in 2024/25 which increased income, but didn't deliver the income budgeted

**53.** The college established its Undergraduate school (UGS) in partnership with University of the West of Scotland (UWS) in August 2024

teaching six new degree programmes. We consider this to be a positive new and innovative income stream which has the potential to reduce the college's reliance on SFC income.

**54.** The college budgeted £1.911 million in UWS income in 2024/25 of which £1.713 million was for the UGS. Overall, income received was lower than forecast with UGS generating income of £1.255 million and The Learning Well income of £0.127 million.

**55.** We discussed with college officers the reasons for the outturn differing from the amount budgeted. We were advised that the income projections included a wide range of assumptions. As a result of this being a new initiative no trend analysis was available to support this. Key factors that impacted the income forecast included:

- the number of students recruited to courses.
- the differing price group of each particular course and the associated variations in funding.
- ongoing negotiations with UWS around the contract.
- The Learning Well courses only being recognised by SAAS as part time courses as opposed to full time.
- competition with universities for student recruitment following the decline in international student numbers.

**56.** Finance officers have oversight of financial costs and an understanding of factors that can impact the achievement of budget projections. When developing new financial agreements, modelling should be undertaken to outline the potential impact new income streams may have on existing income activities and to scenario plan for a variety of outcomes. Whilst financial modelling was undertaken for this new initiative, we would recommend that the college undertake a lessons learned exercise to identify areas of good practice or areas where further development of assumptions would be required in the future.

## Recommendation 2

### Financial modelling

Further scenario planning should be undertaken as part of the development of financial plans and agreements.

**57.** The college should embed lessons learned and ensure that there is collaborative oversight from all relevant departments in future projects. This will contribute to robust financial assumptions being developed.

**58.** The college continue to look for opportunities to generate new or increased income streams in the future. In the UGS alone, the college has budgeted for gross income of £1.702 million for 2025/26, £1.753 million for 2026/27 and £1.806 million for 2027/28.

### **A small number of control improvements were notified to management**

**59.** As part of our 2024/25 interim audit work, we evaluated the design and implementation of the key controls operating over the main accounting systems, including those relating to IT. Our objective was to gain assurance that systems for processing and recording transactions provide a sound basis for the preparation of the financial statements.

**60.** We did not identify any significant control weaknesses from the financial controls reviewed. We did however identify a small number of control improvements during our review of the college's controls:

- Payroll to ledger reconciliation – we have been advised by officers that this reconciliation has been undertaken throughout the financial year, but no audit evidence is available for audit to review. We have recommended that the monthly reconciliation of the payroll to general ledger system is prepared and that a complete audit trail is retained to demonstrate this. This was implemented by the year end.
- Bank reconciliations – the bank reconciliations are prepared monthly, however on review of these there was no evidence of second officer review. It is good practice for reconciliations to be reviewed by a second officer. This was implemented following our interim audit, and in place from April 2025.
- The college received £3.364 million in income from tuition fees in 2024/25. The majority of this income is received through SAAS income, and reconciliation controls exist to ensure the college is paid accurately for all SAAS funded students studying at the college. An overall reconciliation between the college's tuition fees system UnitE and the college's financial ledger is however not completed. Finance officers have looked at ways to introduce a reconciliation to improve the college's control environment but due to the resources required to reconcile the data on both systems this has not yet been possible.

**61.** The suggested improvements have been communicated to management who have agreed to consider control improvements in these areas in 2025/26.

## The college has taken steps to improve the resilience of its IT function, but a detailed IT Strategy has not yet been developed

**62.** In our 2023/24 Annual Audit Report, we noted that external reviews had raised concerns over the capacity of the college's IT function. The college has taken steps to improve the resilience and capacity of its IT function by appointing a new Cyber Security Officer. This appointment was made in July 2025. The Cyber Security Officer will take forward arrangements for the Incident Response Plan.

**63.** Cyber essentials accreditation is one way in which the college can assure itself that it has appropriate cyber security arrangements in place. Cyber essentials is a government-backed, industry-supported scheme that helps organisations protect themselves against common online threats. The college achieved cyber essentials plus accreditation, an independent accreditation, in July 2025.

**64.** The college has identified where IT investment is required. Medium term investment planning is however constrained by annual funding settlements which creates a lack of certainty over future funding allocations. These funding settlements have fallen short of the investment the college has identified it requires to replace end of life IT devices which has resulted in the college spending money on short term extended support to protect its systems.

**65.** As reported in previous Annual Audit Reports, the regular review of disaster recovery arrangements and cyber incident response plans require to be updated, and arrangements established for the regular testing of these plans.

### Financial Sustainability

**66.** The audit work performed on the arrangements the college has in place for securing financial sustainability found that whilst the college has a good understanding of its financial challenges, the development of a detailed medium-term plan would support the college to focus on longer term projections and solutions. This judgement is evidenced by the college:

- making appropriate arrangement to develop medium term financial plans in early 2026.
- having effective arrangements in place for identifying risks to financial sustainability over the medium and longer-term, and understanding medium and longer-term demand pressures that could impact on available resources.
- having savings plans in place to manage forecast budget deficits and identifying opportunities to work with partners and seek new income streams.

## **The college's Financial Forecast Return shows the college has projected year end deficits for the next three financial years. However, this does not include any mitigating actions**

**67.** The Financial Forecast Return (FFR) is an established part of the SFC's financial health monitoring framework. All colleges need to submit three-year FFRs to the SFC every year as part of the SFC's arrangements for monitoring and assessing the financial health of colleges. The college's most recent FFR was submitted to the SFC in June 2025.

**68.** The FFR, which includes the college's subsidiary Amcol, shows the college are projecting significant deficits for the next three years. [Exhibit 6](#) outlines these projections and the college have advised that these are based on the worst-case scenario. The main cost pressures are in salary increases, employer national insurances increases and increased pension fund contributions which are not matched by increases in funding.

**69.** The projected cash positions are also shown in [Exhibit 6](#) which does not include the £4.5 million cash advance from the SFC received in 2023/24. We recommended in our 2023/24 Annual Audit Report that the college should continue to engage with the SFC and seek agreement on the repayment terms of the funding advance. Limited progress on this has been made, and no agreement has been reached. While this funding advance is outstanding, this creates additional uncertainty in financial planning.

**70.** We are aware that the college has introduced a voluntary severance scheme in 2025/26, and work is ongoing with universities to build strategic partnerships to generate additional income. To deliver a break-even position in 2025/26, cost reductions and additional income opportunities will need to be delivered at pace.

**71.** The college met with the SFC in November 2025 to discuss planned mitigating actions in the short and medium term. Plans are in place for more detailed medium term financial plans to be developed in early 2026.

**Exhibit 6**

New College Lanarkshire FFR (including Amcol) 2025/26 to 2027/28 projected underlying operating and closing cash balance

Description	2025/26 £'million	2026/27 £'million	2027/28 £'million
Underlying operating surplus / (deficit)	(£1.349)	(£2.100)	(£2.295)
Closing cash position (does not include repayment of the £4.5 million SFC cash advance)	(£2.516)	(£4.616)	(£6.911)

Source: New College Lanarkshire 2024/25 Financial Forecast Return

**Vision, Leadership and Governance**

**72.** The audit work performed on the arrangements the college has in place around its Vision, Leadership and Governance found that these were effective and appropriate. This judgement is evidenced by the college:

- progress against delivering the actions set out in the Forward Plan to progress activities to generate new income whilst also implementing cost reduction measures.
- having arrangements in place to regularly report financial and performance to Board members.
- having effective arrangements in place in general, to self-assess the college against the Code of Good Governance for Scotland's Colleges and to identify actions for further improvement to take forward as part of a board development plan.

**The Lanarkshire Regional Strategic Board was dissolved on 30 July 2025**

**73.** The Lanarkshire Regional Strategic Board (RSB) was established through legislation in 2014. The Board of New College Lanarkshire was also the RSB and had overarching responsibility for the planning and delivery of college provision in the region via its two colleges. Legislation assigned South Lanarkshire College to New College Lanarkshire with the New College Lanarkshire Board becoming one of three RSBs in multi-colleges regions in Scotland.

**74.** Following a review, an October 2020 [SFC report](#) recommended that the Lanarkshire Regional Strategic Board be dissolved, with both colleges managing themselves as separate regional entities. It was the SFC's view that the regional governance arrangements had not been able to deliver any significant regional benefits or added value for students and other stakeholders, including employers. The college were supportive of this recommendation, but there had been a number of Scottish Government delays in implementing the transition plan.

**75.** After the passing of the Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025, the Lanarkshire RSB was dissolved on 30 July 2025 alongside the Glasgow regional arrangements. In accordance with accounting requirements, as the RSB was not operational at 31 July 2025, the group financial statements for 2024/25 did not include South Lanarkshire College.

**76.** We have observed from our attendance at the Audit and Risk Committee, and review of other committee meetings, that the dissolution of the RSB has reduced the complexity of the Board's governance arrangements. As also stated in the SFC report, it will remain important for the college to work closely with South Lanarkshire College to ensure that education and skills is delivered effectively in the locality.

### **The college has been developing its Strategy 2030**

**77.** The Board approved the development of Strategy 2030 at a special meeting on 3 February 2025. The new strategy has been developed with a recognition of the financial challenges facing the college. The strategy sets out an intention for further collaboration work with partners. This will include identifying and pursuing opportunities to create new income streams as well as looking to build on and maximise existing project income.

**78.** The detailed strategy was presented at the Board Strategy Day on 3 November 2025, and was approved at the Board meeting on 8 December 2025.

### **The February Audit and Risk Committee was not quorate. Arrangements outlined within the standing orders were followed**

**79.** The college's Audit and Risk Committee (ARC) has agreed terms of reference which set out that there must be a minimum of three members present for a meeting to be considered quorate. In accordance with the college's standing orders, "if a meeting does not have a quorum of members present ... the Chair has the power to either adjourn the meeting to a new date and time, or to proceed with the agenda, ensuring that any substantive discussion or decisions taken are endorsed by members at the next meeting of the Committee or the full board, whichever is sooner".

**80.** The February 2025 ARC was not quorate for the duration of the meeting due to technology issues. In line with the college's standing orders the meeting continued. No decisions had to be deferred to the Board for approval. In line with the standing orders, where business critical decisions are required in these circumstances, arrangements can be made to re-convene the committee; convene a meeting of the Chairs Committee or Board. This allows for any business-critical decisions to be made under the appropriate governance structure.

**81.** The college has arrangements in place to review the timing and structure of committee meetings. The March 2025 Chairs Committee mostly recently considered this and decided no significant changes were required. Meetings have continued in a hybrid format to facilitate board member attendance.

**82.** Following the dissolution of the Strategic Regional Board there is an opportunity for a review of the committee structure and committee cycle to ensure it meets the needs of the college.

### Recommendation 3

#### Committee governance structure

Following the dissolution of the Strategic Regional Board management should review the governance framework and committee structure as well as the membership and committee calendar to ensure arrangements continue to be effective for the college.

### Risk Management arrangements are being reviewed

**83.** During financial year 2024/25, the risk management arrangements in place up to 30 July 2025 were regional strategic risk arrangements. A Regional Strategic Risk Management Group was in place, and the regional strategic risk register was reviewed quarterly by the Audit and Risk Committee and the Regional Strategic Board.

**84.** Since the dissolution of the regional board, the college has established a College Risk Management Group. The group assessed the regional risk register and considered all risks in the context of the college being a standalone organisation. The first iteration of the risk register summary report was produced. This was presented to the September 2025 meeting of the Audit and Risk Committee.

**85.** The new risk management arrangements are continuing to be developed, and a review of the risk management framework is planned to ensure it is revised and simplified to meet the purposes of the college.

## Use of Resources to Improve Outcomes

**86.** The audit work performed on the arrangements the college has in place around its Use of Resources to Improve Outcomes found that these were appropriate. This judgement is evidenced by the college:

- having arrangements in place to regularly report performance to Board members.
- having a range of supportive and intervening actions in place to support student retention.

## The college delivered its core credits target in 2024/25

**87.** The SFC's recurring grant to the college is based on the amount of learning that it delivers. This is measured in units called 'credits' which equate to 40 hours of learning. Failure to deliver the target credit allocation can result in the college being required to return funding to the SFC.

**88.** During 2024/25, the college delivered 117,519 credits (2024/25 117,632) against its core credits target of 117,288 (2024/25 117,290). Wbg, the college's internal auditor, completed an annual check of the reported credits and reported their findings to the December 2025 Audit and Risk Committee.

## Successful student outcomes have improved in 2024/25 compared to the prior year but remain below the Scottish average for all modes of learning except part time HE

**89.** The college has reported on its 2024/25 position in its Performance Report. [Exhibit 8](#) provides an overview of the college's performance across all modes of learning since 2020/21. The college's successful outcomes statistics have fluctuated over the past four years. However, an improved position is noted for all modes of learning when comparing the current and prior year statistics with the exception of a slight decrease in part time higher education (HE).

**90.** The data shown in [Exhibit 8](#) has been sourced from the Scottish Funding Council website. The published information excludes early withdrawals. This methodology has been applied to the data for the period 2020/21 to 2022/23 to allow for comparisons across the years. The 2023/24 Scottish average statistics are the most up to date available. This shows that the college's performance is below the Scottish average for all modes of learning except part time HE.

## Exhibit 8

Successful outcomes - trend analysis 2020/21 to 2024/25

Mode	2020/21	2021/22	2022/23	2023/24	Scottish average 2023/24	2024/25
Full-time FE	65.3%	60.5%	66.7%	56.3%	67.1%	64.7%
Full-time HE	69.6%	64.4%	69.2%	62.2%	66.9%	63.2%
Part-time FE	79.2%	75.6%	80.0%	79.6%	80.4%	83.5%
Part-time HE	80.2%	78.1%	66.5%	77.9%	81.7%	77.3%

Source: NCL: Performance Dashboard 2024/25

SFC: College Region National Tool 2023-24 Early Withdrawals Excluded (previous years data also from this source and updated to allow for comparison)

### Overall withdrawal rates reduced in 2024/25. The early and further withdrawal rates amongst full time learners continues to show an improving trend

**91.** [Exhibit 8](#) shows that the total withdrawal rate for New College Lanarkshire's full-time students has continued to reduce each year since 2021/22. Withdrawal rates for part time students remained relatively stable over the past four years but overall, the withdrawal rate has reduced when comparing the current and prior year.

**92.** The total early and further withdrawals for full time students reduced from 30.81% in 2021/22 to 27.89% in 2024/25. In 2023/24 there was a noticeable reduction in the level of early withdrawals. This was expected following changes implemented around the recording of key performance indicator information. However, whilst the early withdrawal rate has increased in 2024/25, it has remained significantly lower than the levels recorded in 2022/23.

**Exhibit 8**

Full-time early and further withdrawals - trend analysis 2021/22 to 2024/25

Mode	2021/22	2022/23	2023/24	2024/25
Early withdrawals	11.0%	11.25%	4.86%	5.73%
Further withdrawals	19.81%	17.06%	23.79%	22.16%
<b>Total early and further withdrawals</b>	<b>30.81%</b>	<b>28.31%</b>	<b>28.64%</b>	<b>27.89%</b>

Part-time early and further withdrawals - trend analysis 2021/22 to 2024/25

Mode	2021/22	2022/23	2023/24	2024/25
Early withdrawals	4.38%	5.28%	5.20%	5.25%
Further withdrawals	6.51%	6.77%	6.83%	6.07%
<b>Total early and further withdrawals</b>	<b>10.89%</b>	<b>12.05%</b>	<b>12.03%</b>	<b>11.32%</b>

Source: New College Lanarkshire Regional Outcome Agreement Dashboard.

**93.** The college has a retention strategy in place which aims to mitigate against student withdrawals. This provides a framework to support student retention through a range of intervention and student support actions.

**94.** Information hubs are available on each of the main campus sites. These provide students with details of academic programmes, campus events and career advice. This is further supported by a virtual information hub.

**95.** The audit work performed on the arrangements the college has in place around its Use of Resources to Improve Outcomes found that these were effective and appropriate. This judgement is evidenced by the college:

- having a range of arrangements in place to support the retention of students and to improve performance.
- being able to demonstrate improvements in performance benchmarks.

## Conclusions on duty of Best Value

**96.** The audit work performed on the arrangements the college has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced by:

- the college having well established governance arrangements in place, with the Best Value being a key aspect of the governance arrangements.
- the arrangements the college has in place around the four wider scope audit areas, which are appropriate and contribute to it being able to secure Best Value.
- progress the college is making to develop medium term financial plans and to align these to the college's strategic plans.

# Appendix 1

## Action plan 2024/25

### 2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p><b>1. Arrangements are established for identifying and recording related party transactions for disclosure within the financial statements</b></p> <p>As part of our audit response to the significant risk of material misstatement, we review the arrangements in place for identifying and recording related party transactions.</p> <p>We review registers of interests as part of this work and noted that the registers of interest on the college website were last updated in March/April 2024.</p> <p>There is a risk that related parties are not correctly identified and disclosed in the accounts.</p>	<p>Arrangements should be established for registers of interest to be updated annually by all board members and made available on the college website. A process should be established for all related parties to be shared with finance so that financial transactions with all related parties can be tracked and reported in the financial statements.</p> <p><a href="#">Exhibit 2, Action Plan Point 3</a></p>	<p><b>Partially Accepted</b></p> <p><b>Details of agreed action:</b></p> <p>The Register of Interests has been updated but the time has varied annually. The Register of Interest will now be put onto the Board agenda as a standing item from the March 2026 Board meeting and members reminded to update any changes in their register.</p> <p><b>Responsible officer:</b> Governance Professional</p> <p><b>Agreed date:</b> March 2026</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p><b>2. Financial modelling</b></p> <p>Finance officers have oversight of financial costs and an understanding of factors that can impact the achievement of budget projections. When developing new financial agreements, modelling should be undertaken to outline the potential impact new income streams may have on existing income activities and to scenario plan for a variety of outcomes. Robust financial plans will ensure income is received as it is earned and aligned with the contracted agreement</p> <p>Further scenario planning should be undertaken as part of the development of financial plans and agreements.</p>	<p>Scenario planning should be undertaken when development financial plans and agreements.</p>	<p><b>Partially Accepted</b></p> <p><b>Details of agreed action:</b> Financial planning and modelling was done for this project and as with any new project, there will be unknown variables. The Senior Finance Team will be involved from the outset of new projects and will therefore have oversight.</p> <p><b>Responsible officer:</b> Financial Controller</p> <p><b>Agreed date:</b> Actioned from 26 November 2025 onwards</p>
<p><b>3. Committee structure and committee diary</b></p> <p>The Strategic Regional Board was dissolved on 30 July 2025. Under the Strategic Regional Board arrangements South Lanarkshire College officers attending committee meetings. The dissolution provides an opportunity for the college to review and re-assess governance arrangements to ensure these remain appropriate for NCL.</p> <p>There is a risk that committee arrangements are not revised to suit the needs of NCL.</p>	<p>Following the dissolution of the Strategic Regional Board management should review the governance framework and committee structure as well as the membership and committee calendar to ensure arrangements continue to be effective for the college.</p> <p><a href="#">Paragraph 78</a></p>	<p><b>Accepted</b></p> <p><b>Details of agreed action:</b> Committee structure will be included in the evaluation for 2026 and this will start in the February / March 2026 Board cycle.</p> <p><b>Responsible officer:</b> Governance Professional</p> <p><b>Agreed date:</b> Feb/March 2026 to start the review as part of the evaluation.</p>

## Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>1. Accounted for Fixed Assets</b></p> <p>Our audit work identified some issues with the board's accounting treatment for fixed assets. This included issues with assets not being de-recognised when disposed of due to poor underlying records of assets still in use.</p> <p><b>Risk</b> – There is a risk that assets not in use are still included within the college's accounts, and this results in a material misstatement.</p>	<p><b><u>Recommendation</u></b></p> <p>The college should review its record keeping arrangements for assets held. The college should introduce procedures to ensure finance are notified timeously of all asset disposal.</p> <p><b><u>Agreed Action</u></b></p> <p>Responsibility for the whereabouts and maintenance of assets lies with departments. A coordinated exercise between assets managers and finance is required at least once a year to ensure financial records are updated for impairment and disposal. The Financial Controller and Senior Finance Team will create a working group to ensure this is done. This will involve managers from Estates, ICT and the Academic departments, particularly engineering, construction and automotive.</p> <p><b><u>Responsible Officer</u></b> Financial Controller</p> <p><b><u>Agreed Date</u></b> January 2025</p>	<p>As part of the year-end financial arrangements, finance officers contacted asset managers in departments across the college to confirm assets that have been fully depreciated and to establish if these are still in use or have been disposed of or decommissioned.</p> <p><b>Action implemented</b></p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>2. Employee Pension Contributions</b></p> <p>Our financial statement audit procedures identified that due to an earnings threshold not being applied accurately in the payroll system some employees in the Scottish Teachers Pension Scheme have overpaid employee pension contributions.</p> <p><b>Risk</b> – There is a reputational risk to the college from the failure to accurately deduct employee pension contributions.</p>	<p><b><u>Recommendation</u></b></p> <p>All staff that have overpaid employee pension contributions should be notified, and steps taken to reimburse all overpayments. The college should also review its payroll controls to identify why this has occurred and mitigate any similar instances re-occurring.</p> <p><b><u>Agreed Action</u></b></p> <p>This was missed due to a period of understaffing within the team, with no communication received directly from SPPA to confirm the banding changes (the percentages did not change). The team is now aware of this issue and our end of year processes guidance has been updated to reflect this. The College is liaising with SPPA to determine what options, if any, are available to staff in terms of monies overpaid to SPPA. Once we have a response, relevant staff will be notified in writing, and the relevant monies claimed back from SPPA.</p> <p><b><u>Responsible Officer</u></b></p> <p>College Registrar</p> <p><b><u>Agreed Date</u></b></p> <p>31 March 2025</p>	<p>The total overpayment was confirmed to be £37k and affected around 300 current and former employees.</p> <p>We have obtained evidence to confirm that the college sent letters out to each employee impacted, and overpayments have been reimbursed.</p> <p>The college have revised their payroll procedures to mitigate similar instances re-occurring.</p> <p><b>Action implemented</b></p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>3. SFC Funding Advance</b></p> <p>In June 2024, to meet the costs of nationally agreed pay awards, the college required a £4.5 million funding advance from the SFC. An agreement has not been reached with the SFC on the return of these funds.</p> <p><b>Risk</b> – There is a risk repayment of the cash advance could be requested at any time, and the college has insufficient liquidity to meet this obligation.</p>	<p><b><u>Recommendation</u></b></p> <p>The college should continue to engage with the SFC and seek agreement on the repayment terms of the funding advance. This will ensure that the college’s finances can be effectively managed in the short to medium term.</p> <p><b><u>Agreed Action</u></b></p> <p>The College is working closely with the SFC on the cash position and have presented a number of options to reduce the cash deficit. These options remain under consideration with the SFC.</p> <p><b><u>Responsible Officer</u></b></p> <p>College Board and Executive</p> <p><b><u>Agreed Date</u></b></p> <p>Ongoing discussions as part of the Forward Plan</p>	<p><b><u>Update and agreed action</u></b></p> <p><b>Update:</b> The SFC has not requested repayment yet. This continues to be a liability due within one year in the accounts.</p> <p><b>Agreed action:</b> Update following SFC communications, Spring 2026.</p> <p><b>Responsible Officer:</b> Financial Controller</p> <p><b>Agreed Date:</b> 31 March 2026</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>4. Policy Review</b></p> <p>Our review of policies identified some that required to be reviewed and updated. There are some historic versions of policies available on the website.</p> <p><b>Risk</b> – There is a risk that policies do not reflect current arrangements.</p>	<p><b><u>Recommendation</u></b></p> <p>The college and Regional Strategic Board should establish an annual reporting arrangement to the Audit and Risk Committee to demonstrate that all policies and documents have been regularly updated and are reflective of current arrangements and legislative requirements.</p> <p><b><u>Agreed Action</u></b></p> <p>The recommendation is accepted, although it should be recognised that the legacy policies relating to disciplinary and grievance cannot be updated internally and are with the National Joint Negotiation Committee for review.</p> <p><b><u>Responsible Officer</u></b></p> <p>College Registrar</p> <p><b><u>Agreed Date</u></b></p> <p>January 2025 onwards, with an end of year report to the Audit and Risk Committee</p>	<p><b>Partially implemented</b></p> <p><b>Update:</b> Work has been undertaken to identify all policies that should be included on the register and also to ensure that the correct officers are assigned responsibilities for the update of the respective policy.</p> <p>An exercise was undertaken to review and re-assign policies to the relevant officers.</p> <p><b>Responsible Officer:</b> College Registrar</p> <p><b>Agreed Date:</b> 31 July 2026</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>5. Disclosures in the Annual Report and Accounts (2022/23)</b></p> <p>Our review of the disclosures within the unaudited Annual Report and Financial Statements identified areas where improvements were required to ensure compliance with the applicable guidance. These areas included the Performance Report, Governance Statement and the Remuneration and Staff Report. This was not new guidance.</p> <p><b>Risk:</b> Disclosures do not comply with the applicable guidance.</p>	<p><b><u>Recommendation</u></b></p> <p>As part of the preparation for the 2023/24 Annual Report and Financial Statements, management should consider the disclosures against the required guidance and Audit Scotland’s good practice notes on these areas, instead of reliance on previous audited templates.</p> <p><b><u>Agreed Action</u></b></p> <p>Previous templates were used as these disclosures were accepted by previous auditors.</p> <p><b><u>Responsible Officer</u></b></p> <p>All college officers responsible for those areas to align with guidance</p> <p><b><u>Agreed Date</u></b></p> <p>To be enforced for the 2023/24 financial statements</p>	<p>Whilst some amendments were required to the disclosures within the Performance Report, Governance Statement and Remuneration and Staff Report as part of the audit, the unaudited versions of these statements were provided to audit in a complete format and with evidence of reference to technical guidance.</p> <p><b>Action Implemented</b></p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>6. ICT Disaster and Recovery Plans (2022/23)</b></p> <p>The ICT Disaster Response Plan was last updated in 2019. The Cyber Incident Response Plan is under development. We have not been able to review details of when disaster response or recovery arrangements were last tested.</p>	<p><b><u>Recommendation</u></b></p> <p>Establish a programme to regularly review, refresh and test disaster recovery and response plans to ensure these remain appropriate.</p> <p><b><u>Agreed Action</u></b></p> <p>In line with recommendations relating to the JISC Infrastructure review, the introduction of a new Cyber Security Officer (CSO) role is being proposed as part of the ongoing Professional Services Review. Upon successful approval and appointment, the CSO will be responsible for developing and implementing the Cyber Incident response plan. The college server, storage and backup infrastructure was upgraded in March 2024. Since then, the ICT team have been working to migrate the on-premise systems to the new infrastructure. When the migration has been fully completed the Disaster Recovery processes and procedures will be updated and the annual testing regime will be re-instated.</p> <p><b><u>Responsible Officer</u></b></p> <p>Head of ICT and Deputy Principal Services</p> <p><b><u>Agreed Date</u></b></p> <p>June 2025</p>	<p><b>Update:</b> This is a recommendation from our 2022/23 Annual Audit Report.</p> <p>A Cyber Security Officer (CSO) was appointed by the college in July 2025. The ICT Disaster Recovery Plan and Cyber Incident Response Plan remain under review.</p> <p><b>Agreed Management Action:</b> Following the successful appointment of the Cyber Security Officer and the associated backfill role, the Cyber Incident Response Plan is at an advanced stage of development. This plan will be ready for consideration and approval by the R&amp;GP committee for the Feb-March Board Cycle 2026. The Disaster Response Plan is similarly in development and will be ready for consideration and approval by the R&amp;GP committee for the May-June Board Cycle 2026</p> <p><b>Responsible Officer:</b> Head of IT</p> <p><b>Agreed Date:</b> 30 June 2026</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>7. Availability of Information (2022/23)</b></p> <p>There are opportunities to improve the availability of information through the college website. Key information is missing, and the functionality of the website could be enhanced.</p> <p><b>Risk:</b> College stakeholders are not able to locate key information on the college website.</p>	<p><b><u>Recommendation</u></b></p> <p>Review the information available on the college website, and optimise its functionality, to enhance the availability of key information.</p> <p><b><u>Agreed Action</u></b></p> <p>Agreed</p> <p><b><u>Responsible Officer</u></b></p> <p>Governance Professional</p> <p><b><u>Agreed Action</u></b></p> <p>After each Board cycle</p>	<p><b>Update</b></p> <p>The Board and committee minutes and papers are available on the college website up to the September / October 2025 committee cycle.</p> <p><b>Action implemented</b></p>

# Appendix 2

## Supporting national and performance audit reports

Report name	Date published
<a href="#">Local government budgets 2024/25</a>	15 May 2024
<a href="#">Scotland's colleges 2024</a>	19 September 2024
<a href="#">Integration Joint Boards: Finance and performance 2024</a>	25 July 2024
<a href="#">The National Fraud Initiative in Scotland 2024</a>	15 August 2024
<a href="#">Transformation in councils</a>	1 October 2024
<a href="#">Alcohol and drug services</a>	31 October 2024
<a href="#">Fiscal sustainability and reform in Scotland</a>	21 November 2024
<a href="#">Public service reform in Scotland: how do we turn rhetoric into reality?</a>	26 November 2024
<a href="#">NHS in Scotland 2024: Finance and performance</a>	3 December 2024
<a href="#">Auditing climate change</a>	7 January 2025
<a href="#">Local government in Scotland: Financial bulletin 2023/24</a>	28 January 2025
<a href="#">Transparency, transformation and the sustainability of council services</a>	28 January 2025
<a href="#">Sustainable transport</a>	30 January 2025
<a href="#">A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study</a>	20 February 2025
<a href="#">Additional support for learning</a>	27 February 2025
<a href="#">Integration Joint Boards: Finance bulletin 2023/24</a>	6 March 2025
<a href="#">Integration Joint Boards finances continue to be precarious</a>	6 March 2025
<a href="#">General practise: Progress since the 2018 General Medical Services contract</a>	27 March 2025
<a href="#">Council Tax rises in Scotland</a>	28 March 2025

# New College Lanarkshire

2024/25 Annual Audit Report



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