

News release

FOR IMMEDIATE USE: 23 March 2016

Auditor General reports on significant issues with three college bodies

The Auditor General has reported to the Scottish Parliament today on matters raised during the annual audits of three bodies in the college sector.

The following significant issues were identified during the 2014/15 annual audits of Glasgow Colleges' Regional Board (GCRB), Glasgow Clyde College (GCC) and Edinburgh College:

- problems relating to GCRB's governance arrangements and its relationships with the three assigned colleges in Glasgow and the Scottish Funding Council during 2014/15;
- concerns about governance at GCC during 2014/15, including the use of public funds by GCC in relation to legal advice and services during that financial year.
- concerns relating to severe financial challenges facing Edinburgh College, which led to the body requesting additional support from Scottish Funding Council in order to meet its operating costs;

Caroline Gardner, Auditor General for Scotland, said: "Colleges play a critical role in developing a highly educated and skilled workforce, which in turn helps achieve sustainable economic growth.

"The circumstances set out in these three reports differ, but they all fall short of the standards of good governance or financial management expected of public bodies which deliver services for thousands of students."

The three reports are available here:

[The 2014/15 audit of Glasgow Colleges' Regional Board](#)

[The 2014/15 audit of Glasgow Clyde College](#)

[The 2014/15 audit of Edinburgh College](#)

Audit Scotland plans to publish its annual overview of the college sector in August 2016.

For further information contact Kirsty Gibbins Tel: 0131 625 1658 kgibbins@audit-scotland.gov.uk

Notes to editors

1. The 2014/15 accounts for each of the bodies concerned are unqualified. An auditor's opinion statement can either be unqualified or qualified. An unqualified opinion is given when the auditor considers the information in the financial statements to be sound. When the opinion is qualified, the auditor is questioning the accounting principles and/or scope of the information provided.

2. GCRB's financial statements for 2014/15 are unqualified but the auditor's report contains an emphasis of matter with regard to weaknesses of governance. This relates to an absence of key systems of assurance and internal control, namely: an appropriate risk management framework; key committees such as an Audit Committee and Performance and Resources Committee; an internal audit function; an approved scheme of financial delegation, standing orders or standard financial instructions; and appropriate financial monitoring arrangements.

3. The auditor has given an unqualified audit opinion on the GCC financial statements but draws attention to significant concerns relating to governance, as the Board did not comply with the *Code of Good Governance for Scotland's Colleges* throughout 2014/15. The auditor also draws attention to the use of public funds incurred by GCC in relation to legal advice and services provided in 2014/15. GCC did not comply with the Scottish Funding Council's *Financial Memorandum with Fundable bodies in the College Sector* throughout 2014/15.

4. The auditor gave an unqualified opinion on Edinburgh College's financial statements for 2014/15. However, the auditor's annual report highlights that the college had experienced financial difficulties at the end of 2014/15. He notes that an anticipated reduction in forecast cash resources of £3.3 million for 2015/16 would leave the college with severe financial challenges. The college approached the Scottish Funding Council to secure additional financial support for 2015/16 in order to meet its operating expenses.

5. These reports have been made under section 22 of the Public Finance and Accountability (Scotland) Act 2000, which allows the Auditor General to draw the Scottish Parliament's attention to matters of concern arising from an audit of accounts. The Auditor General will present these reports to the Scottish Parliament's Public Audit Committee at a later date. The committee will then decide what further steps it may wish to take.

6. Audit Scotland has prepared these reports for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk

- The Auditor General appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament
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