Joint Meeting of the Audit & Risk and People, Infrastructure & Finance Committees to be held on Tuesday 17 November 2026 4pm-5pm by Hybrid Attendance at Ayr Campus and via Microsoft Teams

AGENDA

1. Welcome and Declarations of Interest

2. Apologies

Part A – For discussion, decision and approval

2025 – 26 Financial Statements

3.	Draft 2025-26 Audit and Risk Committee Annual Report	Paper 1 (R) JG

Internal Audit – Wbg

4.	2025-26 Student Activity / Student Support Funds Audit Reports	Paper 2 (P) SP
5.	2025-26 Internal Audit Annual Report	Paper 3 (P) SP

External Audit – Azets

6.	2025-26 Audit Report to the BOM and Auditor General	Paper 4 (R) ARe
7.	2025-26 BOM Report and Financial Statements	Paper 5 (R) ARi
8.	Letter of Representation	Paper 6 (R) ARi

(C/P) *Confirmed minutes will be published;*
(P) *Papers will be published on the College website;*
(R) *Papers will not be published for reasons of commercial sensitivity or for reasons of personal data confidentiality*

Ayrshire College (*Paper 2)*

Title of Meeting:	**Joint Audit and Risk / People, Infrastructure and Finance Committee**
Date of Meeting:	**17 November 2026**
Title:	**2025-26 Student Activity / Student Support Funds Audit Reports**
Purpose:	This paper presents the 2025-26 SFC Student Activity Audit (credits), attached as Appendix 1, and the Student Support Funds Audit report, attached as Appendix 2, as part of the year-end audit reporting suite.
Recommendation:	The Joint Committee is requested to note the Student Activity and Student Support Funds audit reports and take their conclusions into account when reviewing the Report and Financial Statements for the year ended 31 July 2026 (**Paper 5**).

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1 Executive Summary

Wbg completed the 2025-26 audits of the College's Further Education Statistics (FES) credits return and Student Support Funds returns.

The credits audit certificate was unqualified. The auditors concluded that the College's systems were satisfactory and provided reasonable assurance that the FES return was free from material misstatement, subject to the exceptions noted in their report. The College claimed 111,618 credits, 138 above its target.

The Student Support Funds returns agreed with the underlying records, expenditure complied with the relevant requirements, and the associated systems and controls were assessed as adequate, with an SFC underspend of £10,754 to be returned and the HE Discretionary Fund fully utilised.

One medium-priority recommendation was raised to strengthen monitoring of withdrawals and ensure all credits claimed are supported by documentary evidence; the related eight-credit adjustment was made before submission. No Student Support Funds recommendations or outstanding prior-year recommendations were reported.

2 Strategic Objectives and Underpinning Strategies

This paper supports the College's strategic objectives of Outstanding Experiences, Partner of Choice and Enabling the Future by providing assurance over learner data, student support, regulatory compliance and stewardship of public funding. It aligns with the Learning, Teaching and Student Experience, Employer Engagement, People and Infrastructure strategies through effective controls, reliable management information and continuous improvement.

3 Associated Risks

The paper provides assurance over controls that help manage risks to achieving the College's strategic objectives. Assurance over the administration of student support funds supports Outstanding Experiences by underpinning financial support that helps learners participate and remain in learning. Reliable activity reporting and compliance with funding requirements support Partner of Choice by maintaining funder confidence and accountability. Assurance over credits claimed and stewardship of public funds supports Enabling the Future by helping safeguard funding and financial sustainability. The medium-priority recommendation on withdrawal monitoring and documentary evidence identifies a remaining control weakness; implementing it will further reduce the risk of unsupported credit claims, funding recovery and reputational damage that could affect delivery of these objectives.

4 Equality and Diversity Impact Assessment

Due to the contents of this report, there is no requirement to undertake an equality and diversity impact assessment.

5 Publication

This paper will be published on the College website.

Stephen Pringle
Director of Internal Audit
Wbg

17 November 2026

1. Introduction

1.1. The Scottish Funding Council (SFC) requires colleges to complete and obtain independent audit assurance over their Further Education Statistics (FES) student activity return and student support funding return for Academic Year 2025-26. These returns provide assurance that credits claimed and student support expenditure are complete, accurate, supported by the College's underlying records and administered in accordance with the relevant SFC guidance and conditions of funding. The returns also inform SFC funding decisions and must therefore be underpinned by effective systems, procedures and controls.

1.2. For the FES return, the College is required to submit details of all SFC-fundable activity through FES ONLINE, together with a Principal-signed college certificate, an independent audit certificate and the auditors' formal report. The audit must assess the design and operation of the systems and controls used to collect and record student and course data; include appropriate substantive testing of credits claimed and address relevant higher-risk areas. The auditors' report should set out the scope, approach, testing undertaken, findings, adjustments and the status of any prior-year recommendations.

1.3. For student support funding, the Principal must ensure that adequate records and controls are maintained to minimise incorrect payments and that the final expenditure reported through FES agrees with the College's accounting and individual student records. The independent audit is expected to take a controls-based approach, supplemented by risk-proportionate testing, with particular attention to student eligibility and means-testing, payment authorisation, allowable expenditure, withdrawals and engagement monitoring, and reconciliation of the audited return to the financial ledger. These are the expected audit requirements, rather than a detailed account of the tests reported in the Student Support Funds appendix.

1.4. The credits audit report records that the FES audit and College certificates and audit report were submitted to SFC on 2 October 2026. The Student Support Funds report records that the SFC audit certificate and the audited signed HE Discretionary Fund return to SAAS were also submitted on 2 October 2026.

2. Summary of Work Undertaken, Audit Opinions and Recommendations

Work Undertaken

2.1. Wbg completed risk-based reviews of the College's 2025-26 FES credits return and Student Support Funds returns. The credits audit comprised a review of the systems and controls supporting the return, walkthrough and compliance testing, analytical review and substantive sample testing covering at least 5% of total credits. Testing addressed fundable and non-fundable activity and students, spanning programmes, course and mode classifications, infill provision, attendance and withdrawal criteria, credit calculations and maximum claims, average credits, fee waivers, flexible learning and non-accredited placements.

2.2. The Student Support Funds audit examined the College's books and records, obtained explanations and performed tests considered necessary by the auditors. Wbg concluded that the Scottish Funding Council (SFC) and Student Awards Agency Scotland (SAAS) returns agreed with the underlying records and that the systems and controls over administration and disbursement were adequate. The report summarises SFC bursary, discretionary and childcare funds and the SAAS Higher Education (HE) Discretionary Fund, but does not detail individual tests of eligibility, assessment or payment.

Audit Opinions

2.3. The credits audit certificate was unqualified. The auditors concluded that the College has reasonable procedures and controls over data collection, that its systems are satisfactory, and that reasonable assurance can be taken that the FES credits return is free from material misstatement, subject to the exceptions noted in their report. Wbg reports 111,618 credits claimed against a target of 111,480, exceeding the target by 138 credits.

2.4. For Student Support Funds, the auditors concluded that the returns agreed with the underlying records, funds had been used in accordance with the relevant SFC guidance and SAAS statutory requirements, and the systems and controls over administration and disbursement were adequate. The report records an SFC Student Support Funds underspend of £10,754 to be returned to SFC, while the HE Discretionary Fund was fully utilised.

Audit Recommendation

2.5. The credits audit raised one medium-priority recommendation. Testing of flexible learning identified one student for whom sufficient evidence of achievement or progression was not available; the student should have been recorded as withdrawn and eight credits removed. The College corrected the FES return.

2.6. Management accepted the recommendation and committed to enhanced internal validation of the provision described as Distance Learning in the action plan. Credits will only be included in the final FES claim where the required supporting evidence has been provided and verified; unsupported credits will be excluded and student records reviewed for withdrawal where appropriate. The College has assigned a responsible manager, with implementation scheduled for October 2026.

2.7. The auditors recommended strengthening monitoring and verification so that withdrawals are identified promptly, and all credits claimed are supported by documentary evidence. No prior-year credits recommendations were outstanding.

2.8. No current-year or prior-year recommendations were reported in relation to Student Support Funds.

Ayrshire College

Credits Audit 2025/26
September 2026

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

This report has been prepared solely for Ayrshire College's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.
We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

1 Executive Summary

Introduction

A review of the College's student data returns has been carried out in accordance with the "Credit Guidance for Colleges AY 2025-26" issued by the Scottish Funding Council (SFC) on 13 June 2025 and the "FES Return and Audit Guidance 2025-26" issued 5 August 2026.

The audit certificate, along with the College certificate, was submitted to the Scottish Funding Council on 2 October 2026. This report was submitted to the SFC on 2 October 2026.

Scope of Review

The audit procedures have been designed to ensure the College has adhered to the "Credit Guidance for Colleges AY 2025/26". As planned, the audit took 7 days to complete, comprising fieldwork carried out by the Internal Auditor and a review by the Manager and Partner. All staff involved in the audit had relevant experience.

Our audit sample was selected using analytical techniques and covered a minimum of 5% of the total Credits count, with a minimum of 20 courses being tested. We also undertook sample testing on Credits relating to Open/Distance Learning, Infill courses/students, Credits spanning academic years, non-accredited placements, Fee Waiver, and non-fundable courses/students.

The audit process of reviewing the returns being submitted was carried out using the following processes:

- A review of the systems operated by the College for the return;
- Appropriate walkthrough and compliance checks for the relevant areas;
- Analytical review techniques to ensure testing was undertaken in the most appropriate areas;
- Reviewing the risk areas, issues raised in 2024/25 and the specific issues for 2025/26 highlighted in the audit guidance;
- Sample checking the data included in the return; and
- Specifically tailored Credits audit programmes.

1 Executive Summary

Summary of Recommendations

Current Year recommendations

Grading of Recommendations	High	Medium	Low	Total
Credits	-	1	-	1

Prior Year recommendations

Grading of recommendations	High	Medium	Low	Total
There were no recommendations made on the Credits Audit 2024/25.				

1 Executive Summary

Conclusion

Overall conclusion

The audit certificate in respect of the 2025/26 return included within Appendix A, is unqualified and is in the format set out in the SFC audit guidance. The audit certificate was submitted to the SFC on 2 October 2026.

Overall Conclusion:
The College has reasonable procedures and controls over the collection of data for the credits return and assurance can be taken that the credits count for the College is not materially mis-stated. The systems used by the College are satisfactory. The recommendations arising as a result of our review are included within **Appendix C**.

The College's credit target for the academic year 2025/26, agreed between the SFC and the College, was 111,480. The total credits claimed for the year were 111,618. As can be seen from the table below, the College exceeded its credits target by 138 credits for 2025/26.

	Target	Claimed	Variance
Total Credits	111,480	111,618	138

2 Benchmarking

We include, for your reference, comparative benchmarking data on the number and ranking of recommendations made for audits of a similar nature in the year ending 31 July 2025.

Credits Audit 2025/26

Benchmarking	High	Medium	Low	Total
Average number of recommendations in similar audits	-	1	1	2
Number of recommendations at Ayrshire College	-	1	-	1

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

3 Risk Areas & Audit Tests

Non-Fundable Activity

We used analytical techniques to review, in full, activity which was classified as fundable and non-fundable by the College. From this we discussed any potential issues with the College to confirm that all activity had been correctly classified. ***From our review, we found that all courses were accurately treated as either fundable or non-fundable by the College.***

Spanning Programmes

We used analytical techniques to identify any courses which started in 2024/25 but ended during 2025/26 to assess whether the College had correctly claimed credits for these courses. We also used analytical techniques to identify any courses which commenced during 2025/26 but did not finish until after 31 July 2026 to confirm whether the credits for these courses were correctly deferred until after the 2025/26 academic year by the College. We discussed and obtained explanation for any exceptions found from our review. ***Our testing concluded that credits have been claimed in the correct period.***

Non-Fundable and Fundable Students

We used analytical techniques to review, in full, all students classified as non-fundable by the College to confirm accuracy and completeness. From this testing we assessed whether credits values have only been allocated to fundable students. ***Our testing indicated that the College are classifying its fundable and non-fundable students correctly.***

Full-Time and Other than Full-Time Classification

A sample of 19 courses, covering 5% of total credits, were randomly selected from the four modes of attendance (14 from higher education and further education full-time and 5 from higher education and further education other than full-time). Testing was undertaken to assess if these were correctly classified. ***We can conclude that all courses tested were correctly classified.***

3 Risk Areas & Audit Tests

Higher Education and Further Education Classification

The sample selected was the same as the above test. ***Our audit work indicated that courses had been correctly classified.***

Infill Students

We reviewed in full the College's infill courses to assess whether these had a separate class code and course title for infill courses. Per the guidance the course code should have 'I' in it to illustrate an infill course. The word 'infill' should also appears in the title of the course. ***From our review we found that the College's infill courses class code and course title adhered to the requirements of the guidance.***

We tested a sample of 10 students treated as infilling into courses to assess whether they had been correctly classified, and that Credits had been calculated correctly. ***No issues found from our testing.***

We also reviewed in full the students the College were classifying as infill students to confirm that credits were only being claimed for the subjects the students had undertaken. ***No issues were found from our testing.***

Attendance Criteria

For our sample of 19 courses tested (5% of total credits claimed), we tested to assess whether the College had correctly calculated and recorded the required date. ***We can confirm that the College has calculated course required dates in line with the guidance.***

For a total of 40 students, we assessed whether the College had obtained a valid enrolment form and that where credits had been claimed, the student had attended past the correct required date. ***We can confirm that for each student in our sample an appropriate enrolment record was available.***

3 Risk Areas & Audit Tests

We traced a total of 40 students to attendance registers or engagement evidence to confirm that they had attended beyond the required date, where credits had been claimed for the student. ***We can confirm that each student in our sample was appropriately traced to the attendance register.***

We also performed testing on a sample of 10 withdrawals to ensure that these had been processed in accordance with SFC guidance. ***No issues found.***

Credits Count

For our sample of 19 courses, we recalculated the individual credits for each of these courses to confirm the correct value had been allocated by the College. We reviewed the attendance of the students on these courses to assess whether credits were only attributed to those students who had attended beyond the required date and who were fundable students. ***We found that the College has correctly calculated the credits and found no errors. Please see Attendance Criteria above for details about our findings from our testing of students attending beyond the required date.***

Maximum Credits Claim

All students with more than one enrolment were identified and investigated to assess if credits were not overclaimed. ***Our testing found that there were no overclaims. We also completed a review of related study courses and found no issues during this testing.***

Average Credits

We confirmed that the average number of credits for FE full-time students was 17.0 and for HE full-time students was 14.5 This is in line with the SFC guidance.

3 Risk Areas & Audit Tests

Fee Waiver

A random sample of 15 fee waived students were selected. We checked to assess whether their eligibility for a fee waiver had been assessed appropriately by the College. This was done by tracing to an enrolment form and where appropriate a fee waiver form and relevant eligibility documentation. We also assessed whether the students had been allocated to the most appropriate fee waiver category. ***We found that there were no issues with fee waiver students.***

Distance Learning

A random sample of 10 students from flexible learning courses, as the College do not have distance learning courses, were selected and traced to an enrolment form to ensure the students had a Scottish post code and that the College were correctly claiming credits. We also traced to evidence of achievement/progression. ***From our testing, we identified one student that did not have sufficient evidence and therefore should have been classed as withdrawn. Please See Section C: Current Year Recommendations.***

Non-accredited Placements

A random sample of 10 students with non-accredited placements as part of their study programme were selected and traced to the students' enrolment form and evidence of attendance. We also checked the calculation of the credits for the non-accredited placements to assess whether the College were claiming these in line with the SFC requirements. This represented 12.8% of all students with non-accredited placements. ***We can confirm that there were no issues noted from our testing.***

Collaborative Provision

We confirmed with the College that no Collaborative Provision was undertaken in 2025/26.

4 Audit Arrangements

The table below details the actual dates for our fieldwork and the reporting on the audit area under review.

Audit stage	Date
Fieldwork start	14 September 2026
Closing meeting	23 September 2026
Draft report issued	24 September 2026
Receipt of management responses	29 September 2026
Final report issued	2 October 2026
Submission to the SFC	2 October 2026
Audit & Risk Committee	December 2026
Number of audit days	7

5 Key Personnel

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

Wbg			
Partner	Graham Gillespie	Partner	gg@wbg.co.uk
Senior Manager	Stephen Pringle	Senior Internal Audit Manager	sp@wbg.co.uk
Funding Manager	Audrey Cowan	Funding Manager	ac@wbg.co.uk
Auditor	Harris Andrews	Internal Auditor	haa@wbg.co.uk

Ayrshire College			
Key Contacts:	Richard Simson	Head of Business Intelligence and Information Systems	Richard.simson@ayrshire.ac.uk
Wbg appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

Appendices

A. Audit Certificate

Auditors' Report to the members of the Board of Management of Ayrshire College

We have audited the FES return which has been prepared by Ayrshire College under the SFC's Credits Guidance for colleges issued 13 June 2025 and which has been confirmed as being free from material misstatement by the College's Principal in her Certificate dated 2 October 2026.

We conducted our audit in accordance with the 2025-26 audit guidance for colleges. The audit included an examination of the procedures and controls relevant to the collection and recording of student data. We evaluated the adequacy of these controls in ensuring the accuracy of data. It also included examination of evidence relevant to the figures recorded in the student data returns. We obtained sufficient evidence to give us reasonable assurance that the returns are free from material misstatement.

In our opinion:

- The student data returns have been compiled in accordance with all relevant guidance;
- Adequate procedures are in place to ensure the accurate collection and recording of the data; and
- Subject to the exceptions noted in this report, we can provide reasonable assurance that the FES return is free from material misstatement.

Signature

Date	2 October 2026
Name of Audit Firm	Wbg Services LLP
Contact Name	Graham Gillespie
Contact telephone number	0141 566 7000
Date FES returned	2 October 2026

B. Summary of Errors

The table below highlights the value of credit errors that the auditor found during the course of the audit and notes that these errors were subsequently corrected in the SFC FES return.

Summary of Error	Number of Raw Credits	Adjusted/Unadjusted in FES Return
Student included in the FES count when they should not have been.	8	Adjusted
Total	**8**	

C. Current Year Recommendations

Fee Waiver: Source of Finance			
Ref.	Finding and Risk	Grade	Recommendation
1.	The College should have processes in place to monitor and verify student records and supporting evidence to ensure that credits included within funding claims are supported by sufficient evidence and that withdrawals are identified and reflected appropriately within the final claim. We identified one student record, within our Distance Learning sample, where 8 credits were planned to be included in the College's claim, but sufficient evidence was not available to demonstrate that the student had met the requirements to support the credits claimed. Based on the evidence reviewed, the student should have been recorded as a withdrawal and the associated 8 credits excluded from the claim. The student record was identified through our review and the College subsequently confirmed that the credits will be removed from the final claim. Where student records and supporting evidence are not appropriately monitored and verified, there is a risk that unsupported credits are included within the College's funding claim, resulting in an inaccurate claim and potential financial or regulatory consequences.	**Medium**	We recommend that the College strengthens its monitoring and verification processes to ensure student withdrawals are identified promptly and unsupported credits are removed from funding claims. We recommend that a process is put in place to ensure that any credits claimed in the FES are supported by documentary evidence.

C. Current Year Recommendations

Management response	Responsibility and implementation date
Management Response The College accepts the recommendation. The College currently requires relevant managers to review Distance Learning activity in advance of FES closure and the FES audit and to confirm that appropriate evidence is available to support the credits being claimed. This process is intended to ensure that students included within the final claim have met the relevant requirements and that any students who should be recorded as withdrawn are identified and removed from the claim. The audit finding has, however, highlighted an opportunity to strengthen this control and provide greater assurance over the accuracy of Distance Learning credit claims. Going forward, the College will introduce an enhanced internal validation process for Distance Learning provision. Rather than relying on confirmation from managers that appropriate supporting evidence is held, Distance Learning credits will only be put forward for inclusion within the final FES funding claim where the required supporting evidence has been provided and verified as part of the College's internal checking process. Where sufficient evidence is not available by the required internal deadline, the associated credits will not be included within the final FES claim. Where the evidence indicates that the student has not met the requirements for the credits being claimed, the student record will be reviewed and, where appropriate, updated to reflect withdrawal and the associated credits removed.	*Responsible Officer:* Richard Simson *Implementation Date:* October 2026

C. Current Year Recommendations

The College will communicate this strengthened requirement to relevant curriculum and support managers as part of the annual FES closure process. This will provide an additional level of assurance that Distance Learning credits included within the final claim are supported by appropriate evidence and that the College's FES return is complete, accurate and compliant with Scottish Funding Council requirements. In relation to the specific student identified through the audit sample, the College accepts the finding, and the associated 8 credits will be removed from the final FES claim.	

D. Grading Structure

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

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

Ayrshire College

Student Support Funds

September 2026

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Disclaimer

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

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

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

1. Executive Summary

Introduction

This report has been prepared following the conclusion of our audit of the Student Support Funds for the year ended 31 July 2026.

The audit certificate for the Scottish Funding Council (SFC) funds was submitted on 2 October 2026.

The audited signed return for the HE Discretionary fund was submitted to the Students Award Agency for Scotland (SAAS) on 2 October 2026.

Summary of Recommendations

Current Year Recommendations	High	Medium	Low	Total
SSF Audit 2025/26	-	-	-	**-**

Prior Year Recommendations	High	Medium	Low	Total
There were no recommendations raised in 2024/25.				

1. Executive Summary

Conclusion

Overall Conclusion:
We have examined the records of Ayrshire College and have obtained such explanations and carried out such tests as we considered necessary. On the basis of our examination and of the explanations given to us, we report that the information set out in these forms is in agreement with the underlying records. We also report that, in our opinion, the College used these funds in accordance with the guidance issued by the Scottish Funding Council. We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate. This resulted in a £10,754 underspend that will be returned to the Scottish Funding Council.

Summary of Income & Expenditure

The table below provides a summary of the income and expenditure for each of the funds and provides details of the fund position at the end of the year.

	SFC					SAAS
	Bursary	**Discretionary**	**Childcare**	**Total**		**HE Discretionary**
Income	£8,393,765	£1,616,268	£352,640	**£10,362,673**		**£124,113**
Expenditure	£8,494,829	£1,629,610	£227,480	**£10,351,919**		**(£124,113)**
Under/(Over) Spend	**(£101,064)**	**(£13,342)**	**£125,160**	**£10,754**		**-**

2. Benchmarking

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the year ending 31 July 2025.

Benchmarking	High	Medium	Low	Total
Average no. recommendations in similar audits	-	1	1	2
Recommendations at Ayrshire College	-	-	-	-

As can be seen from the above table, the College has a lower number of recommendations in comparison to the colleges it has been benchmarked against.

3. Audit Arrangements

The table below details the dates of our fieldwork and the reporting of the audit area under review.

Audit Stage	Date
Fieldwork start	25 August 2026
Closing meeting	24 September 2026
Draft report issued	28 September 2026
Receipt of management responses	29 September 2026
Final report issued	2 October 2026
Submission to Scottish Funding Council	2 October 2026
Audit & Risk Committee	December 2026
No of audit days	4 days

3. Audit Arrangements

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

Wbg Services LLP			
Partner	Graham Gillespie	Partner and Head of Internal Audit	gg@wbg.co.uk
Senior Manager	Stephen Pringle	Senior Manager of Internal Audit	sp@wbg.co.uk
Manager	Audrey Cowan	Funding Manager	ac@wbg.co.uk
Auditor	Garry McCallum	Internal Audit Senior	gmc@wbg.co.uk
Auditor	Dominic McCarthy	Internal Auditor	dmc@wbg.co.uk

Ayrshire College			
Key contacts:	Louise Park	Head of Student Funding	louise.park@ayrshire.ac.uk

Wbg appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.

A. Audit Certificates

Scottish Funding Council Return

Auditors' Report

We have examined the books and records of the Ayrshire College and have obtained such explanations and carried out such tests as we considered necessary. On the basis of our examination and of the explanations given to us, we report that the information set out in these forms is in agreement with the underlying records. We also report that, in our opinion, the college used these funds in accordance with the Scottish Funding Council conditions. We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate.

Principal's Signature:	A Cox
Auditors' Name:	Wbg Services LLP
Auditors' Signature:	Wbg Services LLP
Date of Signature:	2 October 2026

A. Audit Certificates

Students Award Agency for Scotland (SAAS)

Auditors' Report

We have examined the books and records of Ayrshire College and have obtained such explanations and carried out such tests as we considered necessary. On the basis of our examination and of the explanations given to us, we report that the information set out above is in agreement with the underlying records and in our opinion is in accordance with the relative statutory requirements. We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate.

Appointed Auditor: Wbg Services LLP Date: 2 October 2026

B. Grading Structure

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

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

Ayrshire College (*Paper 3)*

Title of Meeting:	**Joint Audit and Risk / People, Infrastructure and Finance Committee**
Date of Meeting:	**17 November 2026**
Title:	**2025-26 Internal Audit Annual Report**
Purpose:	This paper presents the 2025-26 Internal Audit Annual Report, issued by Wbg in October 2026 and attached as Appendix 1, as part of the Committee's annual assurance suite of reports.
Recommendation:	The Joint Committee is requested to consider the annual opinion, audit coverage and findings, and to note the 2025-26 Internal Audit Annual Report.

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1 Executive Summary

The Scottish Government's *Audit and Assurance Committee Handbook* identifies the Audit and Risk Committee's role in advising the Accountable Officer and the Board on the effectiveness of governance, risk management and internal control; the adequacy, reliability and integrity of the assurances available; financial reporting; and the quality and effectiveness of Internal and External Audit.

The draft 2025-26 Audit and Risk Committee Annual Report sets out a proposed conclusion that the Committee received sufficient and appropriate assurance to support its assessment of the College's governance, risk management and internal control arrangements. That proposed conclusion draws on scrutiny of Internal and External Audit reports, management assurance, financial and performance reporting, the Strategic Risk Register, the Rolling Audit Action Plan and other specialist assurance considered throughout the year. The draft is being presented for review and comment, with final consideration and approval scheduled for the Audit and Risk Committee on 1 December 2026.

The Internal Audit Annual Report is a key component of this assurance framework. It provides the independent Head of Internal Audit opinion required to inform the Committee's annual report to the Board of Management and the Accountable Officer's Governance Statement. In considering the report, the Committee should assess whether the scope and completion of the audit programme, the assurance opinions provided, the significance of identified control issues and management's response collectively support the overall annual opinion.

The programme delivered 50 audit days against the planned allocation of 50 days. The Strategic Planning review was postponed, and its five-day allocation was used for the Strategic Risk Register: Control and Mitigating Actions Review. Although the replacement review did not receive an overall assurance grade, Internal Audit confirmed that it contributed to the annual opinion. The annual opinion therefore reflects the revised coverage. The report relates to the 2025-26 programme, with fieldwork carried out between October 2025 and September 2026, extending beyond the financial year ended 31 July 2026 as planned.

The Internal Audit Annual Report records the following overall opinion:

> *"We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes.*
>
> *In our opinion, Ayrshire College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money.*
>
> *Our fieldwork was carried out between October 2025 and September 2026, and we have not undertaken any further internal audit assignments at the time of this report."*

The 2025-26 internal audit programme provided positive assurance: the five reviews receiving an overall assurance grade were all assessed as Strong. Other assignments were recorded without an overall assurance grade, including Credits, which generated the medium-priority recommendation. Two recommendations were reported: one medium-priority recommendation relating to Credits and one low-priority recommendation relating to External Communication - Website. No high-priority recommendations were reported. The medium-priority recommendation requires management action and Committee oversight; the positive annual opinion does not remove the need to address individual findings. The Committee is requested to consider the Annual Report alongside the wider assurance evidence and the continuing areas of strategic attention identified in its own annual report, including financial sustainability, funding treatment, organisational resilience, and cyber and information-governance risk.

The College maintains a Rolling Audit Action Plan covering recommendations made by Internal and External Audit. The College reports progress at each Audit and Risk Committee meeting, with management providing evidence of implementation and Internal Audit confirming closure where appropriate. This supports clear accountability, timely follow-up and continued Committee oversight of any outstanding or recurring control issues.

2 Strategic Objectives and Underpinning Strategies

This report supports effective governance and financial sustainability by providing independent assurance on risk management, internal control and value for money.

3 Associated Risks

The presentation of this report does not itself introduce additional risks. The Committee's consideration should nevertheless take account of the audit findings, particularly the medium-priority Credits recommendation, and the continuing strategic risks identified in the Executive Summary.

4 Equality and Diversity Impact Assessment

Due to the contents of this report, there is no requirement to undertake an equality and diversity impact assessment.

5 Publication

This paper will be published on the College website.

Stephen Pringle
Director of Internal Audit
Wbg

17 November 2026

Ayrshire College

Internal Audit 2025/26

Annual Report

October 2026

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1. Introduction

The prime responsibility of the Internal Audit Service (IAS) is to provide the College's Audit & Risk Committee, the Principal and other Senior Management of the College, with an objective assessment of the adequacy and effectiveness of management's internal control systems.

We conduct our work in accordance with the standards and guidelines set down by the Institute of Internal Auditors, including the Global Internal Audit Standards (GIAS), and the Application Note regarding the adoption of GIAS in the UK Public Sector. The Application Note replaces the Public Sector Internal Audit Standards from 1 April 2025.

In line with these Standards, we have developed a robust quality assurance process to ensure that each of our activities and reports are of a high and consistent standard. Quality assurance activity includes interim reviews during the internal audit process and an extensive final review before reports are issued to clients and other stakeholders. We actively seek to improve the services we deliver through a programme of CPD, training, networking and engagement with internal peers, as well as by piloting new ways of working.

We had an extensive external assessment undertaken against the new Global Internal Audit Standards in November 2025. The assessment was undertaken by the Chartered Institute of Internal Auditors who concluded:

"Following an independent review by the Chartered Institute of Internal Auditors in November 2025, the Wbg Services LLP (Wbg) Internal Audit Department is able to report that the design of its internal audit approach and methodology is generally aligned to the Global Internal Audit Standards (GIAS) and, where appropriate, the Application Note that sits alongside the GIAS for public sector organisations.

Given Wbg Internal Audit Department's high level of performance and achievement with the GIAS, we do not make any formal recommendations to enhance conformance in this report."

This Annual Report should be reported to the Audit & Risk Committee for consideration prior to the Committee submitting their annual report to the Board.

A copy of this report requires to be submitted to the Scottish Funding Council.

2. Executive Summary

Overall Opinion
We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes. In our opinion Ayrshire College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money. Our fieldwork was carried out between October 2025 and September 2026, and we have not undertaken any further internal audit assignments at the time of this report.

The overall findings and conclusion of each report are highlighted in Section 3. As can be seen from the summary in Section 3 all areas included in the Operational Plan for 2025/26 have been completed with the exception of the Strategic Planning review which was replaced with a review of the Strategic Risk Register.

In forming our opinion, we have carried out the following work:

- A review and appraisal of financial and other controls operated by the College;
- A review of the established policies and procedures adopted by the College;
- An assessment of whether or not the internal controls are reliable as a basis for producing the financial accounts;
- A review of accounting and other information provided to management for decision making;
- Compliance and substantive audit testing where appropriate; and
- A review of the College's procedures in place to promote and secure value for money.

The analysis of performance indicators for the internal audit work carried out in the year is included at Section 5.

2. Executive Summary (continued)

Basis of Opinion

As the Head of Internal Audit at Ayrshire College, we are required to provide the Audit & Risk Committee with an opinion on the adequacy and effectiveness of the College's risk management, control and governance processes.

In giving our opinion, it should be noted that assurance can never be absolute. The most that we can provide to the Audit & Risk Committee is reasonable assurance that there are no major weaknesses in the College's risk management, control and governance processes.

In assessing the level of assurance given, we have considered:

- All audits undertaken during the year ended 31 July 2026;
- Any follow-up action taken in respect of audits from previous periods;
- Any significant recommendations not accepted by management and the consequent risks;
- The effects of any significant changes in the College's objectives or systems;
- Matters arising from previous reports to the Audit & Risk Committee;
- Any limitations which may have been placed on the scope of internal audit;
- The extent to which resource constraints may impinge on the Head of Internal Audit's ability to meet the full audit needs of the College;
- What proportion of the College's audit need has been covered to date; and
- The outcomes of our quality assurance processes.

3. Audit Findings

Summary of Work Undertaken

The following table summarises the audit work undertaken in 2025/26. The grading structure used in our reports can be found in Appendix A.

Area	Planned Days	Actual Days	Status	Overall Conclusion	High Priority Recommendations	Medium Priority Recommendations	Low Priority Recommendations
External Communication - Website	5	5	Complete	Strong	-	-	1
Student Voice	5	5	Complete	Strong	-	-	-
Financial Regulations and Compliance	4	4	Complete	Strong	-	-	-
Non-SFC Income	6	6	Complete	Strong	-	-	-
Cyber Incident Response Plan	5	5	Complete	Strong	-	-	-
SSF	4	4	Complete	N/A	-	-	-
Credits	7	7	Complete	N/A	-	1	-
Carried Forward	**36**	**36**			**-**	**1**	**1**

3. Audit Findings

Summary of Work Undertaken

The following table summarises the audit work undertaken in 2025/26. The grading structure used in our reports can be found in Appendix A.

Area	Planned Days	Actual Days	Status	Overall Conclusion	High Priority Recommendations	Medium Priority Recommendations	Low Priority Recommendations
Brought Forward	**36**	**36**			**-**	**1**	**1**
Follow Up	4	4	Complete	N/A	N/A	N/A	N/A
Strategic Risk Register: Control and Mitigating Actions Review	-	5	Complete	N/A	N/A	N/A	N/A
Strategic Planning	5	-	Postponed	N/A	N/A	N/A	N/A
Audit Management	5	5					
Total	**50**	**50**	**-**	**-**	**-**	**1**	**1**

The Strategic Planning review was postponed and replaced with a review of the Strategic Risk Register. Whilst this review did not have an overall conclusion it did contribute to the annual overall assessment statement.

4. Benchmarking

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the previous financial year.

Area	High	Medium	Low	Total	
Financial Regulations and Compliance					
Average number of recommendations in similar audits	-	1	1	2	
Recommendations at Ayrshire College	-	-	-	-	
Non-SFC Income					
Average number of recommendations in similar audits	-	-	1	1	
Recommendations at Ayrshire College	-	-	-	-	
SSF					
Average number of recommendations in similar audits	-	1	1	2	
Recommendations at Ayrshire College	-	-	-	-	
Total C/F					
Average number of recommendations in similar audits C/F	**-**	**2**	**3**	**5**	
Recommendations at Ayrshire College C/F	**-**	**-**	**-**	**-**	

4. Benchmarking

Area	High	Medium	Low	Total	
Total B/F					
Average number of recommendations in similar audits B/F	**-**	**2**	**3**	**5**	
Recommendations at Ayrshire College B/F	**-**	**-**	**-**	**-**	
Credits					
Average number of recommendations in similar audits	-	1	1	2	
Recommendations at Ayrshire College	-	1	-	1	
Total					
Average number of recommendations in similar audits	**-**	**3**	**4**	**7**	
Recommendations at Ayrshire College	**-**	**1**	**-**	**1**	

Benchmarking was not provided for the Review of External Communications - Website, Review of Student Voice and Review of Cyber Incident Response Plan reviews due to the unique nature and specific scope of these reviews with benchmarking only provided where similar reviews are undertaken at other institutions.

As highlighted above, the College has a lower number of recommendations in comparison with the colleges it has been benchmarked against.

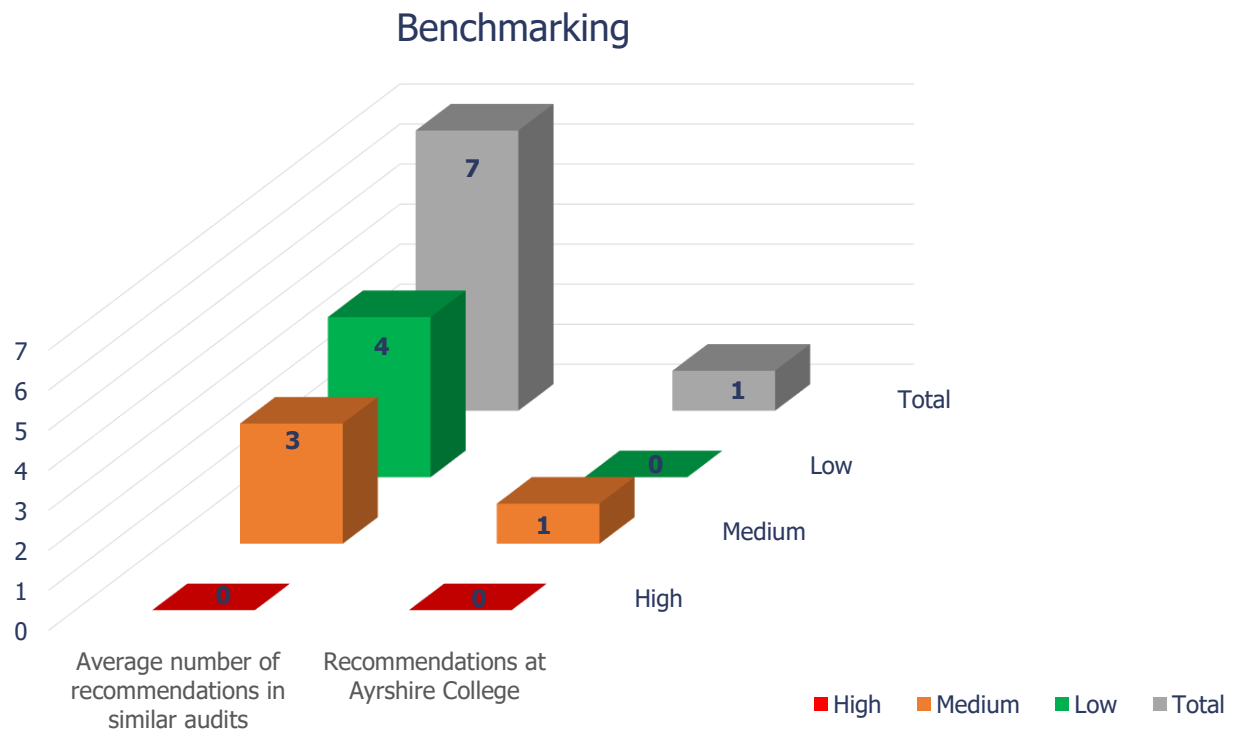
4. Benchmarking

For each review, we benchmark the number and ranking of recommendations made for audits of a similar nature in the previous financial year. Please refer to the key below for an explanation of the benchmarking symbols used:

Key	
	Indicates a lower number of recommendations in comparison with the colleges it has been benchmarked against.
	Indicates a similar number of recommendations in comparison with the colleges it has been benchmarked against.
	Indicates a higher number of recommendations in comparison with the colleges it has been benchmarked against.

4. Benchmarking

We have set out below in graphical format an analysis of the Benchmarking totals by grade of recommendation made.



As highlighted above, the College has a lower number of recommendations in comparison with the colleges it has been benchmarked against.

5. Key Performance Indicators

Performance Indicator	Target	Actual
Internal audit days completed in line with agreed timetable and days allocation	100%	100%
Draft scopes provided no later than 10 working days before the internal audit start date and final scopes no later than 5 working days before each start date	100%	100%
Draft reports issued within 10 working days of exit meeting	100%	100%
Management provide responses to draft reports within 15 working days of receipt of draft reports	100%	100%
Final reports issued within 5 working days of receipt of management responses	100%	100%
Recommendations accepted by management	100%	100%
Draft annual internal audit report to be provided by 31 December each year	100%	100%
Attendance at Audit & Risk Committee meetings by a senior member of staff	100%	100%
Suitably experienced staff used on all assignments	100%	100%

Appendix A

Grading Structure

A – Grading Structure

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

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

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

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