Ayrshire College

**Meeting of the Audit and Risk Committee
to be held on Tuesday 16 September 2025 at 4.00pm
at 1st floor Boardroom, Kilmarnock Campus and via Microsoft Teams**

AGENDA

1. Welcome and Declarations of Interest

2. Apologies

3. Minute of the meeting held on 10 June 2025   Paper 1 (C/P)
    - ARC Action & Decision Tracker   Paper 1A (P)

4. Matters arising

Part A – For discussion, decision and approval

5. 2024-25 External Audit Progress Report (8)   Paper 2 (R) LW

6. 2025-26 Committee Terms of Reference and Workplan (1)   Paper 3 (P) HD

7. 2025-26 Internal Audit Plan (2/5/14)   Paper 4 (P) ARi

8. Digital Infrastructure Annual Report (18,19)   Paper 5 (R) BJ

Part B – Regular Reporting/Monitoring

9. Assurance Mapping Update (3/4)   Verbal (P) ARi

Part C – Risk Management

10. Risk Management Policy Review (4)   Paper 6 (R) ARi

11. Strategic Risk Register (15)   Paper 7 (R) ARi

Part E – For information

12. AOB

Date of Next Meetings:

Joint ARC & BRIC 18 November 2025 (4-5pm) – Financial Statements only

ARC Tuesday 02 December 2025 at 4.00pm

(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(R) Papers will not be published for reasons of commercial sensitivity or for reasons of personal data confidentiality

Minute of the Audit and Risk Committee
Held by Hybrid Attendance at Kilmarnock Campus
Thursday 10 June 2025

Present:

Sharon Morrow	Chair
Jane Grant	Vice – Chair
Gillian Longmuir	Non-Executive Board Member
Chris Boyce	Elected EIS-FELA Staff Member

In attendance:

David Davidson	Vice Principal, People, Performance & Transformation (to item 13)
Hilary Denholm	Board Governance Advisor & Minutes
Alan Ritchie	Vice Principal, Finance & Infrastructure
Liz Walker	Chief Financial Controller
Stephen Pringle	Wbg – Internal Auditors
Andy Reid	Azets – External Auditors

1. Welcome and Declarations of Interest

The Chair, Sharon Morrow, welcomed all present to the meeting.

There were no Declarations of Interest presented.

The meeting was confirmed as quorate.

2. Apologies

Apologies were received from Jason Currie, Non-Executive Board Member and Anne Campbell, Vice Principal, Skills and Enterprise.

The Chair, on behalf of the Committee, formally noted thanks and acknowledgement of Anne's input and hard work in support of the Audit & Risk Committee.

3. Minutes of the Previous Meeting held on 18 March 2025 *(Paper 1)* C/P

The minutes were approved as a correct record.

Proposed: Gillian Longmuir   **Seconded: Jane Grant**
ARC Action & Decision Tracker *(Paper 1A) (P)*

The Committee noted all previous decisions and actions were completed.

4. Matters Arising

There were no other outstanding matters arising from the minutes.

6. 2024-25 Fraud Risk Assessment *(Paper 3) (P)*

A Ritchie introduced this report which presented the Audit and Risk Committee with a summary of the College 2024-25 Fraud Risk Assessment.

In addition, L Walker highlighted that no fraud had been identified following the National Fraud Initiative exercise which takes place every second year, involving the College purchase ledger and payroll data.

The Audit and Risk Committee were requested to consider and note the contents of the paper.

The Committee noted:

- the importance of identifying and mitigating fraud risks to protect the College's assets and integrity.
- the College conducts a thorough fraud risk assessment to identify, evaluate, and mitigate risks. This includes analysing internal and external factors, using historical data and implementing controls to address high-priority risks.
- the assessment is annually updated, and the College maintains comprehensive records of identified risks and mitigation actions, ensuring transparency with senior management and stakeholders.
- the highest risks identified include "Theft by Cyberfraud" and "Bribery of Officials."
- the College considers that it has taken all reasonable steps to address the risk of fraud, noting that no system of controls can fully prevent fraud where there is collusion involved.

Discussion took place around fraud in the sector, how college staff could raise matters of concern and how they are encouraged via The Ayrshire Way to report even low-level concerns.

7. Internal Audit:

7i. Internal Audit Report - IT Systems Administration   Paper 4 (P)

S Pringle presented the overview of the internal audit review of IT Systems Administration. The review assessed:
- Governance and control policies over IT systems.
- Access control mechanisms for information systems.
- IT Department structure and resourcing.
- Policies for starters, movers, and leavers.

The Committee noted:
- The audit provided a **strong level of assurance** over the College's IT systems administration, policies, procedures and controls.
- No high, medium, or low priority recommendations were raised.
- One observation was noted, highlighting the robustness of current arrangements and 8 areas of good practice identified.

7ii. Internal Audit Report - Overall Financial Controls Paper 5 (P)

S Pringle presented an overview of the internal audit review of Overall Financial Controls. The Audit and Risk Committee were requested to consider and note the report.

The review aimed to assess whether:
- Efficient and effective procedures and controls are in place for key finance processes.
- Adequate segregation of duties exists.
- There is sufficient management oversight of finance processes.

The Committee noted:
- The audit provided a **strong level of assurance** over the College's financial controls.
- No recommendations were raised & 6 areas of good practice were identified— indicating a high standard of financial governance and operational effectiveness.
- The College maintains up-to-date Financial Regulations and a detailed Financial Procedures Manual with both having been reviewed in January 2025.
- Use of Open Accounts and EBIS systems supports efficient financial processing.

The Chair, on behalf of the Committee, thanked all for their input and hard work with these audits, recognising that investment and time has shown in the positive assurances demonstrated.

7 iv. 2025-26 Internal Audit Plan Paper 7 (P)

The Internal Audit Plan was outlined for the upcoming academic year, aimed at ensuring effective internal controls and addressing key risk areas. The draft plan had been presented at the Audit and Risk Committee meeting on 18 March 2025. Further work had been done to refine the objectives of the planned work and to agree the indicative timetable with the audit team.

The Audit and Risk Committee were requested to approve the 2025-26 Internal Audit Plan.

The Committee noted:
- The purpose of the plan was to provide assurance on the effectiveness of the College's internal controls, risk management, and governance processes.
- The plan covered various areas including financial and non-financial systems, governance, IT systems, and student-related audits.

Discussion took place around the allocated follow up time (5 days) given the positive assurances to date from previous audits and it was agreed these would be reviewed.

In addition, there was an amendment required on page 3 regarding contract renewal details.

Decision: ARC48-D02 - The Committee reviewed and approved the 2025-26 Internal Audit Plan, subject to slight amendment and a future review of the number of follow up days allocated.

Action: ARC48-A01 – To review the use of follow up 5 days considering there are no c/fwd. recommendations.

8. **External Audit Annual Plan 2024-25** Paper 8 (P)

The planning document, presented by A Reid, outlined the 2024-25 external audit strategy for the College. It was prepared by Azets Audit Services and aligns with the Code of Audit Practice issued by Audit Scotland.

The Audit and Risk Committee was requested to approve the 2025-26 External Audit Annual Plan.

The audit plan covers:
- Financial Statements: Providing an opinion on their truth and fairness, regularity and statutory disclosures.
- Wider Scope Audit: Focused on financial management, sustainability, governance, and use of resources.
- Independent Auditor's Report and Annual Audit Report.

Discussion took place around certain audit risks being increased, with a recognition that this is a sectoral issue. In addition, financial sustainability, again a sectoral issue, was discussed under the wider scope audit.

Decision: ARC48-D03 - The Committee reviewed and approved the 2025-26 External Audit Annual Plan.

14. **AOB**

The Chair informed the Committee that this would be her last meeting as she was taking up the Interim Chair of the Board of Management position from 1st July. The Chair thanked all for their support and contributions.

There was no other business.

Date of Next Meeting – Tuesday 16 September 2025 4pm @ Kilmarnock Campus

P - Papers will be published on the College Website; R - Papers will not be published for reasons of commercial confidentiality or for reasons associated with data protection legislation; C/P - Confirmed minutes will be published on the College Website

Audit & Risk Committee - Action and Decision Log
Meeting No 49 – 16 September 2025

Meeting Date	Agenda Item	Reference	Details	Action Owner	Due Date	Action Decision	Open Complete Approved Declined
10.06.25	2025-26 SFC Funding Implications	ARC48:D01	The Committee approved the continuation of the College approach to the treatment of estate maintenance funding.	NA	NA	Decision	Approved
10.06.25	Internal Audit Annual Plan 2025-26	ARC48:D02	The Committee noted, reviewed and approved the 2025-26 Internal Audit Plan, subject to slight amendment and a review of the number of days allocated.	NA	NA	Decision	Approved
10.06.25	Internal Audit Annual Plan 2025-26	ARC48: A01	To review the use of follow up 5 days considering there are no c/fwd. recommendations.	Alan Ritchie	16.09.25	Action	Complete
10.06.25	External Audit Annual Plan 2025-26	ARC48:D03	The Committee noted, reviewed and approved the 2025-26 External Audit Plan.	NA	NA	Decision	Approved
10.06.25	Rolling Audit Action Plan	ARC48:D04	The Committee noted, reviewed and approved the removal of six recommendations following completion of the 2023-24 and 2024-25 internal audits.	NA	NA	Decision	Approved
10.06.25	Rolling Audit Action Plan	ARC48: A02	To review the content and wording of the completion text for RAAP (3) regarding suppliers' cyber certification.	Alan Ritchie	16.09.25	Action	Complete
10.06.25	Strategic Risk Register	ARC48:D05	The Committee reviewed and approved the Strategic Risk Register for consideration and approval to the Board.	NA	19.06.25	Decision	Approved
10.06.25	Strategic Risk Register	ARC48: A03	Consider addition of insufficient Board Non-Executive Members to the risk register under Recruitment & Retention of Staff.	Alan Ritchie	16.09.25	Action	Complete
10.06.25	Strategic Risk Register	ARC48: A04	Assurance mapping training for the whole Board at a future Board Development Day to be discussed.	Alan Ritchie / Hilary Denholm	16.09.25	Action	Complete

Ayrshire College *(Paper 3)*

Title of Meeting:	**Audit and Risk Committee**
Date:	**16 September 2025**
Subject:	**Committee Terms of Reference and 2025-26 Work Plan**
Purpose:	To complete an annual review of the Committee's Terms of Reference and the Workplan for 2025-26
Recommendation:	The Committee is asked to:

a) Review & approve the revised Terms of Reference **(Appendix 1).**
b) Review and approve the 2025-26 Committee Work Plan **(Appendix 2).**
c) Note the current Committee Membership (**Appendix 3**).

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1. Executive Summary

At the first Committee meeting of each academic year the Committee will consider its Terms of Reference and corresponding work plan for the forthcoming academic year.

- The Committee work plan is designed to ensure that the Committee is in fulfilment of the requirements as set out in its Terms of Reference.
- The Terms of Reference and corresponding work plan will be submitted to the September meeting of the Board of Management for formal approval.

2. Strategic Objectives

This paper supports our Strategic Ambition through helping fulfil our strategic objectives to deliver outstanding experiences, to be the partner of choice and to play a key role in enabling the future. This is demonstrated by the Terms of Reference, Annual Workplan and Committee Structure as described within this annual review.

3. Associated Risks

There is a risk that the Committee could fail to demonstrate that it was fulfilling the requirements of the Terms of Reference because it has not prepared, approved, and implemented a work plan, resulting in a failure to evidence compliance with governing legislation and regulation, and the Board's governance requirements.

4.   Equality and Diversity Impact Assessment

None required in this instance.

5.   Publication

This paper will be published on the College website.

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Hilary Denholm
Board Governance Adviser
9 September 2025

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1. Background

1.1. The 2025-26 Committee Terms of Reference and work plan have been reviewed in discussion with the Vice-Principal Skills & Enterprise, the Vice Principal Finance & Infrastructure and the Vice-Principal, People, Performance & Transformation.

1.2. The Audit and Risk Committee (ARC) Terms of Reference (ToR) as outlined in the report aligns well with UK best practice guidance for public sector and educational institutions. Noted below is a comparison against key standards, including guidance from Audit Scotland, Scottish Funding Council (SFC), HM Treasury's Audit Committee Handbook, UK Corporate Governance Code and the National Audit Office (NAO).

2. Areas of Strong Alignment with Best Practice

2.1. Clear Remit and Scope

- Covers internal and external audit, risk management, financial reporting, and governance—core responsibilities expected of an ARC.

- Explicit reference to the Code of Audit Practice and relevant legislation is a strong compliance feature.

2.2. Independence and Membership

- Excludes the Principal and Board Chair, ensuring independence.

- Requires at least one member with recent, relevant financial or audit experience, which is a key best practice.

- Encourages training via the College Development Network, supporting capability development.

2.3. Audit Oversight

- Includes appointment, scope and performance review of internal and external auditors.

- Covers audit planning, management responses and value for money reviews—all essential elements.

2.4. Risk Management

- Regular review of the Strategic Risk Register and oversight of the risk management framework.

- Includes business continuity, fraud, bribery and whistleblowing—important for institutional resilience**.**

2.5. **Reporting and Transparency**

- Requires an Annual Report to the Board summarising the Committee's work—standard in governance codes.

- Clear reporting lines and publication expectations for transparency.

3. **Opportunities for Enhancement**

3.1. **Cyber Security Governance**

- While risk and continuity are covered, there is no explicit mention of cyber security oversight.

- Best practice now recommends that ARCs review cyber risk, incident response plans and cyber resilience as part of their remit.

- **ACTION TAKEN:** The Committee remit has been extended to include specific reference to reviewing cyber security governance – remit and paragraphs 17 and 18.

3.2 **Performance Evaluation**

- The ToR does not mention self-evaluation of the Committee's effectiveness.

- Annual self-assessment is a key recommendation in the Audit Committee Handbook and UK Corporate Governance Code.

- **ACTION TAKEN:** The Committee annually undertakes a self-evaluation exercise as part of the completion of their annual report to the Board of Management. The ToR at paragraph 12 have been updated to make this fact explicit.

3.3 **Stakeholder Engagement**

- There is limited reference to how the ARC engages with **stakeholders** (e.g., staff, students, or external partners) on risk or audit matters.

- **ACTION**: Query for the Chair / Vice Chair as their interaction with auditors and advisors but no direct Committee interaction with students or staff (staff members on the Committee?)

3.4   **Succession Planning**

- While membership is reviewed annually, there is no mention of succession planning for key roles like the Chair.

- **ACTION TAKEN:** The ToR Committee Membership section has been updated to include the following sentence:

    The Committee will maintain a succession plan for key roles, including the Chair, to ensure continuity and effective leadership.

4.   Work Plan 2025-26

4.1.   The Work Plan (**Appendix 2**) as presented reflects any legislative reporting requirements as well as reporting against key strategic programmes of work and is in alignment with the proposed Terms of Reference.

4.2.   This will not preclude reporting on any other significant issues within the Committee remit, as they occur.

5.   Conclusion

5.1.   Overall, the ARC ToR and Work Plan are well aligned with sector expectations and with governance best practices in the education sector.

5.2.   The ToR can be strengthened with minor enhancements—particularly around performance evaluation and digital governance—the Committee would be even more robust in its oversight role.

Ayrshire College

Audit and Risk Committee
Terms of Reference 2025-26

Introduction

The Audit and Risk Committee is identified as a Committee of the Ayrshire College Board of Management. The approved Terms of Reference and information on the composition and frequency of the Committee will be considered as an integral part of the College Standing Orders.

The Committee is a Standing Committee of the Board of Management. For the purposes of the Terms of Reference, unless otherwise indicated, 'the Board' means the Ayrshire College Board of Management.

Remit

The Committee will be responsible for overseeing and providing assurance to the Board on all matters related to:
- external audit
- internal audit
- risk management of the College
- the requirements of the [Code of Audit Practice published by Audit Scotland](#) are observed along with all other relevant regulations and legislation
- the College's cyber security governance framework, including review of the Cyber Security arrangements, Incident Response Plan and cyber risk within the Strategic Risk Register.

The Committee will look to ensure that cyber resilience is embedded in business continuity planning and third-party risk management.

The Committee will have a particular engagement with internal and external audit, financial reporting issues and strategic risk management.

Committee Membership

The Committee membership shall consist of a minimum of four Board members who shall be independent and objective in terms of their Audit and Risk Committee function and, in line with good practice, will not include either the Principal or the Chair of the Board.

The Committee will maintain a succession plan for key roles, including the Chair, to ensure continuity and effective leadership.

At least one member of the Audit and Risk Committee must have recent relevant financial or audit experience.

Committee members are all recommended to complete the College Development Network online training module College Audit Committees.

The Committee Chair will be appointed by the Board.

Committee membership will be reviewed annually by the Board.

Quorum

50% of the total membership of the Committee will constitute a quorum.

Attendance

The Committee may co-opt additional individuals as appropriate. Details of proposed co-opted individuals will be notified to the Chair of the Board in advance. The role, remit, and term of membership of co-opted individuals will be determined by the Committee.

External and Internal Auditors shall normally attend meetings and will be invited to all meetings.

The Vice Principal - Finance & Infrastructure, and the Chief Financial Controller, and where appropriate other staff, will be invited to attend meetings of the Committee to provide information and reports as appropriate.

Meetings

The Committee shall normally meet on a quarterly basis but shall meet on a minimum of three occasions per annum.

Any member of the Committee may request to convene additional meetings of the Committee as and when required by giving a minimum of ten working days' notice to the Board Governance Professional to call a meeting.

The Committee Chair will instruct the Board Governance Professional to call meetings of the Committee. The agenda and supporting papers will normally be made available to members at least five working days before the day of the meeting.

The Committee may meet privately without any non-members (with the exception of the Board Governance Professional) for all or part of a meeting if they so decide.

The Committee will normally meet with the external and internal auditors annually without any non-members (with the exception of the Board Governance Professional) being present.

Duties

1) Consider and propose strategies / underlying frameworks within the Committee's overall remit and recommend for approval by the Board of Management

2) Reviewing and advising the Board of Management on the effectiveness of the College's financial and other internal control environment.

3) Reviewing and advising the Board of Management on corporate governance requirements including the strategic processes for risk, control and governance and the governance statement

4) Reviewing and advising the Board of Management on the effectiveness of the College risk management procedures, the presentation of the Ayrshire College Strategic Risk Register and the maintenance of an appropriate balance between risk and opportunity.

5) Appointing the College's Internal Auditors on a contractual basis and agreeing on the terms of reference for an audit service.

6) Reviewing the scope and effectiveness of the work of the internal and external auditor using appropriate performance indicators.

7) Considering issues raised in audit reports, annual management letter and reporting to the Board of Management on the adequacy of the management response.

8) Consider the process for the review of the Financial Statements prior to submission for audit including the external audit plan.

9) At a joint meeting with the Business, Infrastructure and Resources Committee consider the College's accounting policies, Financial Statements and external auditor's report prior to submission to the Board of Management recommending the adoption of the audited Annual Accounts.

10) Agreeing an internal audit plan.

11) Advising the Board of Management on internal and external value for money reviews which secure the effective use of College resources.

12) The Committee will provide the Board with an Annual Report, timed to support finalisation of the accounts and the governance statement, summarising its conclusions from the work it has done during the year.

13) To ensure continuous improvement and alignment with best governance practices, the Committee will undertake an annual self-evaluation as part of the process of compiling the Annual Report to the Board. The process will use the established self-evaluation questionnaire which evaluates the Committee's effectiveness using several key metrics.

14) Reviewing reported cases of impropriety to establish whether they have been appropriately handled.

15) Agree the proposal for tendering for internal audit services or for purchase of non-audit services from contractors who provide audit services.

16) Agreeing the Internal Auditors fee and agreeing the External Auditors fee are within the parameters set by Audit Scotland.

17) At each meeting receive and consider the Strategic Risk Register and comment accordingly to the Board of Management.

18) The consideration and approval of the College Business Continuity Plan on a regular basis.

19) Oversee the College's cyber security governance framework, ensuring alignment with the Strategic Framework for a Cyber Resilient Scotland (2023–2025).

20) Monitor cyber risk as part of the Strategic Risk Register and ensure appropriate mitigation strategies are in place.

21) Approve the College Counter Fraud, Risk and Bribery Policy and Whistleblowing processes and any arrangements for special investigations.

Authority

The Committee is authorised to investigate any matters which fall within its Terms of Reference.

The Committee is authorised to seek and obtain any information it requires from any senior manager or employee of the College, its advisors or member of the Ayrshire College Board of Management whilst taking account of policy and legal rights and responsibilities.

Reporting Arrangements

At the end of each meeting, the Committee may further decide on the business of the meeting that will be fully published on the College website, should this differ from that recorded on the meeting agenda. Unless otherwise recorded, it would be expected that complete minutes and papers will be published: except where the exclusions listed in paragraph 2.8 of these Standing Orders apply.

Minutes will be kept of the proceedings of the Committee by the Board Governance Professional. These will be circulated, in draft form normally within ten working days to the appropriate senior leadership representatives for checking and then to the Chair of the Committee for consideration. It is expected that minutes will be checked timeously, and any amendments advised to the Board Governance Professional.

The Chair of the Committee shall report on the work and recommendations of the Committee to the next scheduled Board meeting for information/approval and submit confirmed Committee minutes to the first meeting of the Board immediately following their approval.

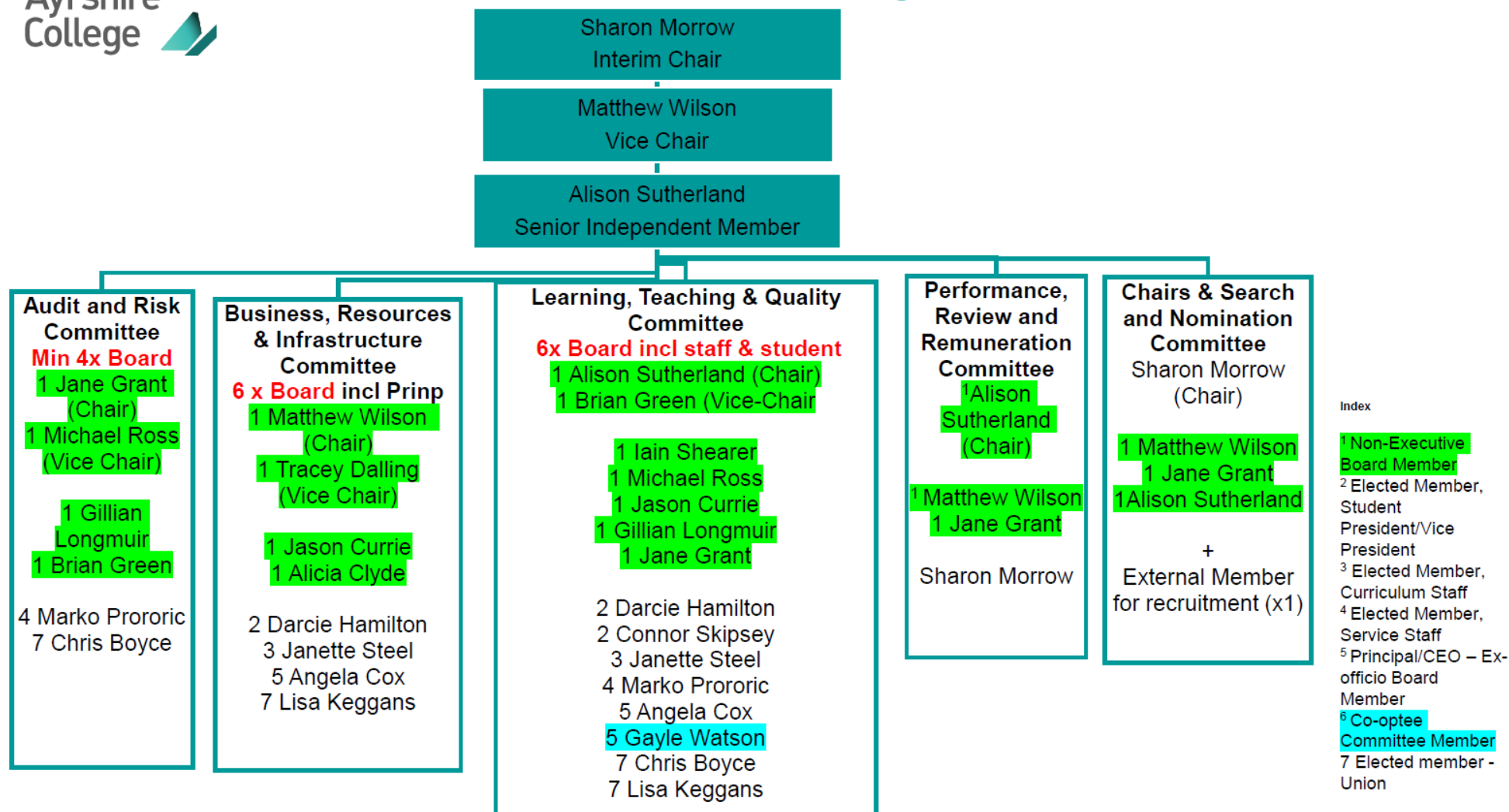## Appendix 2 - 2025-26 Audit and Risk Committee Work Plan

Remit	16 September 2025	18 November 2025	02 December 2025	17 March 2026	02 June 2026
	Reports to this meeting	JOINT WITH BRIC	Reports to this meeting	Reports to this meeting	Reports to this meeting
Governance / Strategy	2025-26 Committee Terms of Reference and Work Plan (1)		Meeting between Committee and External & Internal Auditors (6)		
			2024-25 Audit and Risk Committee Annual Report (11)		2025-26 Audit and Risk Committee Draft Annual Report (11)
					2025-26 Financial Compliance Report (3)
	Digital Update Report (18 / 19)			Digital Update Report (18 / 19)	
					2025-26 Fraud Risk Assessment (17)
			2024-25 Complaints Report (2 / 3)		
			2024-25 Freedom of Information Report (2 / 3)		
Financial Statements / External Audit					2025-26 Budget Update (8)
	2024-25 External Audit Progress Report (8)	2024-25 Financial Statements (8) Wbg 1. 2024-25 Credits Audit 2. 2024–25 EMA Audit 3. 2024-25 Student Support Funds Audit 4. 2024-25 SAAS Audit Azets : 1. 2024-54 Audit Report to the BOM and Auditor General			2025-26 External Audit Plan (8 /14)

Remit	16 September 2025	18 November 2025	02 December 2025	17 March 2026	02 June 2026
	Reports to this meeting	JOINT WITH BRIC	Reports to this meeting	Reports to this meeting	Reports to this meeting
		2. 2024-25 BOM Report & Financial Statements 3. Letter of Representation			
			Review of effectiveness of External Auditor (6)		
Internal Audit		Internal Audit Annual Report (8)			
	2025-26 Internal Audit Plan (6)			Draft 2026-27 Internal Audit Plan (2 / 5 / 14)	2026-27 Internal Audit Plan (2 /5 /14)
			Internal Audit Reports (2/10) • External Communications – Website • Strategic Planning	Internal Audit Reports (2/10) • Financial Regulations and Compliance • Cyber Incident Response Plan	Internal Audit Reports (2/10) • Non-SFC Income • Student Voice
			Internal Audit Progress Report (6)	Internal Audit Progress Report (6)	Internal Audit Progress Report (6)
			Rolling Action Plan (7)	Rolling Action Plan (7)	Rolling Action Plan (7)
				Internal Audit Service Contract Extension / Renewal (5 / 6 / 13)	
				Review effectiveness of Internal Auditor (6)	
Risk Management	Review of Risk Management Policy		Cyber Incident Response Plan (1 /18)	Business Continuity Plan Review (1 / 16)	Review performance relating to risk management (1 / 3)
	Assurance Map (3 / 4)		Assurance Map (3 / 4)	Assurance Map (3 / 4)	Assurance Map (3 / 4)
	Strategic Risk Register (15)		Strategic Risk Register (15)	Strategic Risk Register (15)	Strategic Risk Register (15)

Appendix 3 - ARC Committee Structure

Board of Management Committee Structure AY 2025-26

Ayrshire College

Sharon Morrow
Interim Chair

Matthew Wilson
Vice Chair

Alison Sutherland
Senior Independent Member

Audit and Risk Committee	**Business, Resources & Infrastructure Committee**	**Learning, Teaching & Quality Committee**	**Performance, Review and Remuneration Committee**	**Chairs & Search and Nomination Committee**
Min 4x Board	6 x Board incl Prinp	6x Board incl staff & student		Sharon Morrow (Chair)
1 Jane Grant (Chair)	1 Matthew Wilson (Chair)	1 Alison Sutherland (Chair)	[1]Alison Sutherland (Chair)	
1 Michael Ross (Vice Chair)	1 Tracey Dalling (Vice Chair)	1 Brian Green (Vice-Chair)		1 Matthew Wilson
				1 Jane Grant
1 Gillian Longmuir	1 Jason Currie	1 Iain Shearer	[1]Matthew Wilson	1Alison Sutherland
1 Brian Green	1 Alicia Clyde	1 Michael Ross	1 Jane Grant	
		1 Jason Currie		+
		1 Gillian Longmuir	Sharon Morrow	External Member for recruitment (x1)
4 Marko Prororic	2 Darcie Hamilton	1 Jane Grant		
7 Chris Boyce	3 Janette Steel			
	5 Angela Cox	2 Darcie Hamilton		
	7 Lisa Keggans	2 Connor Skipsey		
		3 Janette Steel		
		4 Marko Prororic		
		5 Angela Cox		
		5 Gayle Watson		
		7 Chris Boyce		
		7 Lisa Keggans		

Index

[1] Non-Executive Board Member
[2] Elected Member, Student President/Vice President
[3] Elected Member, Curriculum Staff
[4] Elected Member, Service Staff
[5] Principal/CEO – Ex-officio Board Member
[6] Co-optee Committee Member
[7] Elected member - Union

Ayrshire College *(Paper 4)*

Title of Meeting:	Audit and Risk Committee

Date: 16 September 2025

Title: **2025-26 Internal Audit Plan**

Purpose: The purpose of this report is to present the final 2025-26 Internal Audit Plan following the review undertaken at the June Committee meeting.

Recommendation: The Audit and Risk Committee is requested to approve the 2025-26 Internal Audit Plan.

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1 Executive Summary

The 2025-26 Internal Audit Plan presented for approval to the Audit and Risk Committee, incorporates updates from the June 2025 review including a revised contract extension to 31 July 2026 with an optional further year, updated assignment personnel, a reduction of follow-up review days from five to two, and the addition of three days for assurance mapping consultancy. The plan maintains consistency in audit areas and days while including minor editorial refinements.

2 Associated Risks

There are no further risks required to be considered because of this report.

3 Equality and Diversity Impact Assessment (EqIA)

There are no issues or recommendations contained within this paper that require an EqIA to be undertaken.

4 Publication

This report will be published on the College website.

Alan Ritchie
Vice Principal, Finance and Infrastructure
16 September 2025

1.   Background

1.1.   The Committee reviewed the draft 2025-26 Internal Audit Plan in June 2025. The comments made at the previous Committee meeting have now been incorporated into the final 2025-26 plan (**Appendix 1**).

1.2.   The final plan is largely consistent in structure and content but there are several differences that reflect updates and refinements made in the final version.

1.3.   These changes are noted below:

1.4.   **Contract Extension Details**

Draft: States the internal audit contract was extended to 31 July 2027.
Final: Adjusts this to 31 July 2026, with an option to extend for a further year.

1.5.   **Assignment Plans & Key Personnel**

The final version includes updated named personnel for each audit assignment, whereas the draft had placeholders.

1.6.   **Follow-Up Review Days**

Draft: Allocates 5 days for the Follow-Up Review. As there are no rolled over recommendations the Committee requested that these days be reviewed.

Final: Reduces this to 2 days to accommodate any recommendations made in the year. This may require to be reviewed if the number of recommendations increases significantly.

1.7.   **Additional Work in Final Plan**

The final version introduces 3 days of assurance mapping consultancy work as a new activity to be undertaken throughout the year. This is to assist the College in collating the overall assurance map.

1.8.   **Audit Input Summary**

Both the draft and final documents show consistent audit areas and days across the years with the final version including:
- A new row for Assurance Mapping (3 days) under 2025-26.
- Adjusted total days for Follow-Up Review (from 5 to 2).

1.9.   **Minor Editorial Adjustments**
The final version includes slight refinements in phrasing and formatting, such as clearer separation of audit areas and more consistent use of names.

wbg

Ayrshire College

Internal Audit Plan 2025/26

May 2025

Table of Contents

Introduction

Background

Wbg Services LLP (Wbg) were appointed as Internal Auditors by the College with effect from 1 August 2022 until 31 July 2025. The Audit & Risk Committee took the option to extend the contract by a further year to 31 July 2026 and there is still the option to extend by a further year.

Internal Audit

The prime responsibility of the Internal Audit Service (IAS) is to provide the 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.

The IAS objectively examines, evaluates and reports on the adequacy of internal control thus contributing to the economic, efficient and effective use of resources and to the reduction of the potential risks faced by the College.

Also, the operation and conduct of the IAS must comply with the guidelines set down by the Institute of Internal Auditors, including the Global Internal Audit Standards effective from January 2025, as well as the requirements of the Public Sector Internal Audit Standards.

Terms of Reference – Internal Audit

The provision of the IAS by Wbg is covered by the letter of engagement dated 16 August 2022.

Preparation of Audit Plan

This Plan was developed following discussions with the Vice Principal Finance and Infrastructure and the Chief Financial Controller.

Formal Approval

The original Audit Needs Assessment was presented to the Audit & Risk Committee for approval on 13 September 2022. This Plan covers the period 2025/26 and will be presented to the Audit & Risk Committee for approval on 10 June 2025.

Operational Plan

2025/26

External Communications - Website

Audit area	High level indicative summary scope	Total number of days
External Communications - Website	The purpose of this assignment is to review the external communications methods adopted by the College to liaise with key stakeholders and in particular the College website. This review will encompass reviewing the use of external communications channels to understand how the College engages with their stakeholders and how this shapes their communication strategy. Our objectives for this review are to assess whether: | There is an effective external communications framework in place which operates effectively in line with defined policies and procedures. | The College has a detailed Communications Strategy that is designed to allow the College to communicate effectively and meet their core objectives. | The College adopts a variety of methods to communicate with stakeholders removing any inherent barriers to information. | The communication methods adopted are suitable for the College and allows for effective operations. | The College effectively gathers feedback from their key stakeholders on the methods adopted and ensure actions are raised for areas of improvement. | The College have robust mechanisms in place to measure their communication strategies through statistical analysis and stakeholder engagement. | The College website is robust to ensure sufficient information is provided to key stakeholders. | There are appropriate controls in place to ensure only approved personnel can post on the website.	5

Strategic Planning

Audit area	High level indicative summary scope	Total number of days
Strategic Planning	We will undertake a review of the strategic planning arrangements in place with consideration of compliance with regulatory guidance. We will also look to assess whether the Board were fully involved in the development of the Strategic Plan. We will also review the methods in place to monitor the progress of the Strategic Plan and the reporting arrangements in place to confirm that the Board receive regular updates. Our objectives for this review are to assess whether: | The College has robust planning processes in place to develop the Strategic Plan. | The College regularly reviews and monitors the Strategic Plan and takes necessary action when objectives are not being met. | The Board were fully involved in the development of the Strategic Plan and receive regular updates on the progress of the Plan. | There is alignment between performance measures, operational plans and the Strategic Plan.	5

Financial Regulations and Compliance

wbg

Audit area	High level indicative summary scope	Total number of days
Financial Regulations and Compliance	The purpose of this assignment is to perform a high-level review of the Financial Regulations in place at Ayrshire College, to provide assurance that key financial controls are suitably designed and operating in line with documented procedures. This review will include a review of the processes relating to purchasing, income, cash and banking and fixed assets. Our objectives for this review are to assess whether: | Efficient and effective procedures and controls are in place for key finance processes. | Adequate segregation of duties are in place. | There is adequate management oversight of finance processes.	4

Cyber Incident Response Plan

Audit area	High level indicative summary scope	Total number of days
Cyber Incident Response Plan	We will undertake a review of the arrangements in place for the implementation of the Cyber Incident Response Plan. Our review will consider whether this follows best practice and whether there has been proper communication throughout the process. Our objectives for this review are to assess whether: | The College has appropriate arrangements in place surrounding the implementation process of the Cyber Incident Response Plan and these arrangements are documented and followed. | The Cyber Incident Response Plan is aligned with best practice for the College and that it is appropriate for the College needs. | The Incident Response Plan has been approved by Senior Management team and has been properly communicated to the College. | The College has provided an appropriate training programme and staff are prepared for a cyber-attack and prepared for recovering if a cyber-attack occurs.	5

Non-SFC Income

Audit area	High level indicative summary scope	Total number of days
Non-SFC Income	The purpose of this assignment is to review the methods and structure in place for the management of non-sfc income and consider whether the College is achieving the best value in this area. Our review will consider commercial income as well as Construction Industry Training Board (CITB) income. Our objectives for this review are to: | Establish and evaluate any strategies in place to ensure the College is maximising its commercial business opportunities. | Consider income targets of the College and whether these are met along with costs associated and how these are monitored. | Establish and evaluate the current practices and processes adopted by the College to determine if this is the most efficient and effective use of resources. | Establish the nature of the work done by the College, i.e. areas covered, areas the team are responsible for etc. and whether the staffing structure is appropriate. | Establish the links (communication and others) between the various business areas of the College regarding commercial income and how income can be increased. | Assess whether the day to day processing of commercial income is being managed effectively, including billing, compliance to grant conditions and classification.	6

Student Voice

Audit area	High level indicative summary scope	Total number of days
Student Voice	The purpose of this assignment is to evaluate the effectiveness of current student voice arrangements in place at the College and assess the robustness of the governance structures in supporting its operation and strategic development. Our objectives for this review are to: ❘ Assess the adequacy and alignment of the College's Student Voice arrangements. ❘ Evaluate the effectiveness, accessibility, and inclusivity of mechanisms in place for capturing and engaging with student feedback across all areas of the College. ❘ Determine the extent to which student feedback is acted upon in a timely and transparent manner, and to assess the impact of resulting actions on the student experience. ❘ Review the training, support, and resources provided to student representatives and staff involved in Student Voice processes, ensuring they are sufficient to enable effective participation and engagement. ❘ Benchmark current Student Voice practices against sector expectations and good practice, identifying areas for enhancement and opportunities for innovation.	5

Funding Reviews and Follow Up Reviews

Audit area	High level indicative summary scope	Total number of days
EMA	Mandatory review of the Education Maintenance Allowance Return.	4
SSF	Mandatory review of the Student Support Funds Return.	4
Credits	Mandatory review of the Credits Return.	7
Follow Up Review	The purpose of this ongoing review is to assess whether the College has appropriately implemented the internal audit recommendations made in 2024/25 and earlier years. Our review will consider all outstanding recommendations to provide the Audit & Risk Committee with independent assurance that we are satisfied that these recommendations have been fully implemented by the College and can therefore be removed from the rolling audit action plan. Our objective for this review is to assess whether: ➤ The College has appropriately implemented any outstanding internal audit recommendations made in prior years.	2

Assignment Plans & Dates

Assignment Plans

A detailed assignment plan will be prepared for each audit undertaken, setting out the scope and objectives of the work, allocating resources and establishing target dates for the completion of the work. Each assignment plan will be agreed and signed off by an appropriate sponsor from the College.

Key Dates

Visit	Name	No. of audit days	Key college personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to Audit & Risk Committee
1	External Communications - Website	5	Alistair Rodgers	27 October 2025	14 November 2025	2 December 2025
	Student Voice	5	Doreen Wales			
2	Financial Regulations and Compliance	4	Liz Walker	26 January 2026	13 February 2026	17 March 2026
	Non-SFC Income	6	Alistair Rodgers			
3	Cyber Incident Response Plan	5	Brad Johnstone	20 April 2026	8 May 2026	2 June 2026
	Strategic Planning	5	David Davidson			

Assignment Plans & Dates

Assignment Plans

A detailed assignment plan will be prepared for each audit undertaken, setting out the scope and objectives of the work, allocating resources and establishing target dates for the completion of the work. Each assignment plan will be agreed and signed off by an appropriate sponsor from the College.

Key Dates

Visit	Name	No. of audit days	Key college personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to Audit & Risk Committee
4	EMA	4	Louise Park	24 August 2026 & 14 September 2026	2 October 2026	December 2026
	SSF	4	Louise Park			
	Credits	7	Richard Simson			

We will also undertake a rolling follow up review and also undertake some assurance mapping consultancy work throughout the year.

Appendices

A – Summary of Internal Audit Input
B - Grading Structure
C – Key Performance Indicators
D – Training Topics
E – Audit Universe

A – Summary of Internal Audit Input

1 August 2022 to 31 July 2026		Operating Plan (No. Of days)			
System	**Audit Area**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Financial Systems	Overall Financial Controls	6	4	4	
	Budgeting and Monitoring		6		
	Payroll			5	
	Fraud Awareness	5			
	Financial Regulations and Compliance				4
	Non-SFC Income				6
Non-Financial Systems	IT Security		5		
	IT Systems Administration			5	
	GDPR/FOI			6	
	Estates Management		6		
	Cyber Incident Response Plan				5
	External Communications - Website				5
	Strategic Planning				5
	c/f	**11**	**21**	**20**	**25**

A – Summary of Internal Audit Input

1 August 2022 to 31 July 2026		Operating Plan (No. Of days)			
System	**Audit Area**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
	b/f	**11**	**21**	**20**	**25**
Governance	Corporate Governance		5		
	Risk Management	5			
Student	Student Recruitment and Retention			6	
	Safeguarding and Child Protection	5			
	Student Enrolment Procedures	5			
	Student Retention		5		
	Student Voice				5
People	Staff Recruitment and Retention			5	
Mandatory	Credits Audit	6	6	6	7
	SSF Audit	4	4	4	4
	EMA Audit	4	4	4	4
Required	Follow Up Review	4	4	4	2
	Assurance Mapping				3
	Audit Management	6	6	6	5
	Total Days	**50**	**55**	**55**	**55**

B – 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 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

C – Key Performance Indicators

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

Performance Indicator	Target
Internal audit days completed in line with agreed timetable and days allocation	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%
Draft reports issued within 10 working days of exit meeting	100%
Management provide responses to draft reports within 15 working days of receipt of draft reports	100%
Final reports issued within 5 working days of receipt of management responses	100%
Recommendations accepted by management	100%
Draft annual internal audit report to be provided by 31 December each year	100%
Attendance at Audit & Risk Committee meetings by a senior member of staff	100%
Suitably experienced staff used on all assignments	100%

D – Training Topics

As a firm we offer a wide range of training topics to our clients and we have listed below some of the topics which we would be able to offer Ayrshire College.

Topic	Summary
Risk Management	This can cover risk awareness, assessment of risks, responsibilities for monitoring risks, risk appetite and the scoring of risks. This is usually done as a workshop to ensure buy-in from management and committee members to the risk management process.
Role of the Board	This would cover the roles and responsibilities of Board members, including the Chair. This has been particularly useful when new Board members have been appointed and allows members to obtain some knowledge on what the expectation of a Board member is and what they should be looking out for.
Role of Internal Audit	We would provide a short session on what the internal audit function should be delivering to the College and the added value which we would bring.
Finance for Non-Financials	This is useful for committee members who do not have a finance background and covers areas such as the management accounts, budget reporting and the statutory accounts.
Fraud Awareness	We would cover the importance of a having a strong control environment and areas to be aware of in relation to fraud. We would discuss some real-life examples of where we have identified or been asked to investigate allegations of fraud and the results of these investigations.

E – Audit Universe

We have set out below the auditable entities, processes, systems and activities, which support the development of the internal audit plan, and the Internal Audit coverage since 2022. Please see page 17 for colour key of assurance ratings.

Area	2022/23	2023/24	2024/25	2025/26
Financial Systems	Overall Financial Controls	Overall Financial Controls	Overall Financial Controls	Financial Regulations & Compliance
	Fraud Awareness	Budgeting and Monitoring	Payroll	Non-SFC Income
Non-Financial Systems		IT Security	IT Systems Administration	Cyber Incident Response Plan
				External Communications – Website
		Estates Management	GDPR/FOI	Strategic Planning
Governance	Risk Management	Corporate Governance		
Student	Safeguarding and Child Protection	Student Retention	Student Recruitment and Retention	Student Voice
	Student Enrolment Procedures			

E – Audit Universe

We have set out below the auditable entities, processes, systems and activities, which support the development of the internal audit plan, and the Internal Audit coverage since 2022. Please see page 17 for colour key of assurance ratings.

Area	2022/23	2023/24	2024/25	2025/26
People			Staff Recruitment and Retention	