

**Meeting of the Audit and Risk Committee
to be held on Tuesday 22 September 2026 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 02 June 2026
 • ARC Action & Decision Tracker Paper 1 (C/P)
Paper 1A (P)
 4. Matters arising
- Part A – For discussion, decision and approval**
5. 2026-27 ARC Committee Draft Terms of Reference and Workplan Paper 2 (P) HD
 6. 2025-26 External Audit Progress Report Paper 3 (R) ARi
 7. 2026-27 Internal Audit Plan Verbal (P) ARi
 8. Rolling Audit Action Plan Paper 4 (P) ARi
 9. Internal Audit Appointment Process (at end of meeting once auditors left) Paper 5 (R) ARi
 10. Annual Best Value Assurance Statement Paper 6 (P) ARi
- Part B – Regular Reporting/Monitoring**
11. Digital Infrastructure and Cyber Security: Safeguarding Our Digital Future Paper 7 (R) BJ
- Part C – Risk Management**
12. Risk Management Policy and Procedure Review Paper 8 (R) ARi
 13. Strategic Risk and Opportunities Register Paper 9 (R) ARi
- Part E – For information**
14. AOB

Date of Next Meetings:

Joint ARC & BRIC 17 November 2026 (4-5pm) – Financial Statements only

ARC Tuesday 01 December 2026 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(R) Papers will not be published for reasons of commercial sensitivity or for reasons of personal data confidentiality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 Kilwinning Campus
Thursday 02 June 2026

Present:

Michael Ross	Acting Chair (Vice – Chair)
Brian Green	Non-Executive Board Member
Gillian Longmuir	Non-Executive Board Member (to Item 15)
Marko Prororic	Elected Professional Services Staff Member

In attendance:

Sara Rae	Vice Principal, Skills and Enterprise
David Davidson	Vice Principal, People, Performance and Transformation
Hilary Denholm	Board Governance Advisor & Minutes
Alan Ritchie	Vice Principal, Finance & Infrastructure
Liz Walker	Chief Financial Controller
Stephen Pringle	Director, Internal Auditor, Wbg
Andy Reid	Director, External Auditor, Azets
Caitlin MacKenzie	Assistant Manager, External Auditor, Azets

1. Welcome and Declarations of Interest

The acting Chair, Michael Ross, welcomed members to the meeting.

A declaration of interest was made by Sara Rae regarding Item 11 in her position as a Director on the SAI Board.

The meeting was confirmed as quorate.

Apologies

Apologies were received from Jane Grant, ARC Chair and Chris Boyce, Elected EIS-FELA Staff Member

2. Minutes of the Previous Meeting held on 17 March 2026 (Paper 1) C/P

The minutes were approved as a correct record.

Proposed: Brian Green **Seconded:** Gillian Longmuir

ARC Action & Decision Tracker (Paper 1A) (P)

The Committee noted previous decisions and actions completed or included on the agenda for update.

3. Matters Arising

There were no matters arising.

6. Internal Audit Report- Cyber Incident Response Plan *Paper 3 (P)*

Stephen Pringle presented the audit on the implementation of the College Cyber Incident Response Plan and related communication arrangements.

The Committee noted:

- The audit provided **strong assurance** with no recommendations.
- The report identified six areas of good practice.
- The audit provided assurance over preparedness, response and recovery arrangements for cyber incidents.
- The arrangements support effective response, minimise disruption and enable timely recovery.
- Governance arrangements, including approval and Senior Leadership Team oversight, were found to be effective.
- Staff training and preparedness were found to be appropriate.
- Defined roles, playbooks and scenario testing support incident coordination.

Discussion focused on the three observations. Members recognised this as the first stage of a well-led, appropriately prioritised and resourced programme, and were reassured that the approach would be extended to strengthen coordination between central and departmental responses.

Members received a verbal update on recent penetration testing carried out by an independent third party provider. A full report will be presented to the September meeting.

The Committee noted the positive report and the assurance provided.

7. Internal Audit – Strategic Risk Control and Action Review *Paper 4 (P)*

Stephen Pringle presented the internal audit review of controls and mitigating actions relating to the College's highest strategic risk, financial sustainability.

The Committee was invited to:

- a) Note the findings of the internal audit review.
- b) Take assurance that controls and mitigating actions for financial sustainability are operating effectively.
- c) Consider whether further internal audit coverage in this area should be included within the 2026–27 Internal Audit Plan.

The Committee noted:

- The audit confirmed that controls and mitigating actions for financial sustainability are in place and align with sector practice.
- Minor improvements were identified in the risk register presentation, but no gaps were found in the control framework.
- The advantages of further internal audit coverage in the area of control and actions verification, being included in the 2026–27 Internal Audit Plan.

The Committee noted the report, the assurance provided by the review, and the proposed inclusion of further coverage in the 2026-27 Internal Audit Plan.

8. 2025-26 Internal Audit Plan Update *Paper 5 (P)*

Stephen Pringle provided a progress update on the 2025–26 Internal Audit Plan.

The Committee noted:

- The Strategic Planning Review has been postponed to 2026/27.
- The Credit and Student Funding reviews (Visit 4) are scheduled for late August, with reports to be presented to the December meeting.

The Committee noted the plan update.

9. 2026-27 Internal Audit Plan *Paper 6 (P)*

Stephen Pringle and Alan Ritchie presented the updated 2026–27 Internal Audit Plan following discussion with the Senior Leadership Team and Internal Audit, and review of other assurance sources. The Committee was asked to approve the plan.

The Committee Noted:

- The final 2026–27 Internal Audit Plan reflects the development of the March 2026 draft into a more operational and deliverable-focused programme.
- The 60-day plan includes additional work on implementation assurance, governance maturity, the new finance system, strategic planning, the strategic risk register, and follow-up activity.

Decision: ARC53-D01: The Committee endorsed the 2026–27 Internal Audit Plan.

10. 2025-26 External Audit Annual Plan *Paper 7 (P)*

Andy Reid introduced Caitlin MacKenzie to the Committee. Andy remains Engagement Lead, with Caitlin MacKenzie assuming audit management and quality assurance responsibilities.

Andy presented the draft 2025–26 External Audit Annual Plan for approval.

The Committee Noted:

- The plan is broadly consistent with the previous year but reflects a change in audit focus.
- A new financial statement risk arises from the implementation of the BluQube finance system, requiring additional audit work (and fees) on data integrity and controls.
- This is offset by removal of the prior-year PFI risk and a simplified group audit approach, as the subsidiary is not material.
- The plan places greater emphasis on IT controls and financial sustainability, with fees remaining broadly stable.
- The additional work successfully completed by the Finance Team was acknowledged and appreciated by the Committee.

A discussion took place on the planned Fairness and Equality best value work.

Decision: ARC53-D02: The Committee approved the 2025-26 External Audit Annual Plan.

14. 2025-26 Financial Compliance Report (Paper 11) (P)

L Walker introduced Paper 11, the annual report that sets out the College's framework for governance, risk management and internal control in line with SPFM and SFC expectations.

The Committee was requested to:

- Note the characteristics of good practice outlined in this paper.
- Consider whether current arrangements provide sufficient coverage of SPFM requirements; clear, integrated assurance, and agree that SPFM compliance is reviewed.

The College considers that it has a sound assurance framework, including:

- Annual Audit Committee self-assessment aligned to SG Handbook
- Structured internal control assurance using SPFM checklist
- Integrated assurance mapping (risk → control → assurance)
- Evidence-based, RAG-rated reporting
- Continuous improvement and audit alignment

The Committee agreed that current arrangements provide sufficient coverage of SPFM requirements, clear integrated assurance, and appropriate review of SPFM compliance.

17. Review Performance Relating to Risk Management (Paper 13) (P)

A Ritchie introduced Paper 13, summarising progress over the previous 12 months in strengthening the College's risk management framework, governance arrangements and assurance processes, and identifying further actions.

The Committee was asked to:

- Note the progress made in strengthening the College's risk management arrangements.
- Provide feedback on the areas of ongoing development.
- Endorse the proposed next steps to further enhance risk management maturity.

The Committee noted:

- Assurance Mapping will be built into Risk Wizard.
- Risk appetite discussion is planned for the September Board development session.
- Risks are being managed actively and effectively.

19. AOB

There was no other business.

Date of Next Meeting – Tuesday 22 September 2026, 4pm

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

RESERVED ITEMS ON THE NEXT PAGE

DRAFT

Audit & Risk Committee - Action and Decision Log
Meeting No 54 – 22 September 2026

Meeting Date	Agenda Item	Reference	Details	Action Owner	Due Date	Action Decision	Open Complete Approved Declined
02.06.26	2026–27 Internal Audit Plan	ARC53:D01	The Committee endorsed the 2026–27 Internal Audit Plan	NA	NA	Decision	Approved
02.06.26	2025-26 External Audit Annual Plan	ARC53:D02	The Committee approved the 2025–26 External Audit Annual Plan.	NA	NA	Decision	Approved
02.06.26	SAI Aerospace Training Ltd Articles of Association	ARC53:D03	The Committee reviewed and recommended the SAI Aerospace Training Ltd Articles of Association April 2026 version for approval to the Board of Management.	NA	18.06.26	Decision	Approved
02.06.26	SAI Aerospace Training Ltd Articles of Association	ARC53:A01	A Ritchie to refine the wording for clarity prior to submission to the Board of Management.	A Ritchie		Action	Complete
02.06.26	Strategic Risk & Opportunities Register	ARC53:D04	The Committee reviewed and recommended the Strategic Risk & Opportunities Register for approval to the Board of Management.	NA	18.06.26	Decision	Approved

Title of Meeting:	Audit and Risk Committee
Date:	22 September 2026
Subject:	Committee Terms of Reference and 2026-27 Work Plan
Purpose:	To ask the Committee to review and approve the refreshed Audit and Risk Committee Terms of Reference and 2026-27 Work Plan, including proposed updates to governance, risk, internal control, digital assurance and subsidiary company oversight.
Recommendation:	The Committee is asked to: a) Review and approve the revised Audit and Risk Committee Terms of Reference (Appendix 1). b) Review and approve the 2026-27 Committee Work Plan (Appendix 1), noting that it is aligned to the refreshed remit and annual assurance cycle. c) Note the Committee Membership (Appendix 2).

1. Executive Summary

At the first Committee meeting of each academic year, the Committee considers its Terms of Reference and corresponding Work Plan for the forthcoming academic year. The 2026-27 review builds on the approved 2025-26 Terms of Reference and Work Plan and incorporates proposed enhancements to reflect current assurance requirements, including value for money, governance and internal control, digital risk, data governance, artificial intelligence, counter fraud, bribery, whistleblowing and subsidiary company oversight.

The revised Terms of Reference clarify the Committee's independent assurance role in relation to governance, risk management, internal control systems, audit, financial reporting and compliance.

The refreshed Work Plan is structured to demonstrate how the Committee will discharge its remit during 2026-27 and, subject to Committee approval, will be submitted to the October meeting of the Board of Management for formal approval.

2. Strategic Objectives

This paper supports the College's Strategic Ambition by strengthening governance, assurance and risk oversight, which in turn supports the strategic objectives to deliver outstanding experiences, be the partner of choice and play a key role in enabling the future.

This is demonstrated by the Terms of Reference, Annual Work Plan and Committee structure as described within this annual review.

3. Associated Risks

There is a risk that the Committee may fail to demonstrate that it is fulfilling the requirements of its Terms of Reference if it does not prepare, approve and implement an annual work plan, resulting in insufficient evidence of compliance with governing legislation, regulation and the Board's governance requirements.

4. Equality and Diversity Impact Assessment

None required in this instance.

5. Publication

This draft paper will be published on the College website. Once approved by the Board of Management, the updated Terms of Reference and Work Plan will be published within the Responsibilities and Standing Orders documentation.

1. Background

- 1.1. The 2026-27 Committee Terms of Reference and work plan have been reviewed in discussion with the Vice Principal, Skills and Enterprise, the Vice Principal, Finance and Infrastructure, and the Vice Principal, People, Performance and Transformation.
- 1.2. The Audit and Risk Committee Terms of Reference continue to align with relevant public sector and college sector expectations, including independent assurance over audit, risk, governance, internal control, financial reporting, value for money and compliance. The 2026-27 draft also reflects the Committee's developing role in digital assurance, data governance, artificial intelligence and oversight of subsidiary company assurance arrangements.

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 and Opportunities 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. The remit has been refreshed to use clearer assurance terminology, including explicit reference to value for money, counter fraud, bribery and whistleblowing arrangements, and compliance with applicable audit and regulatory requirements.
- 3.2. The Terms of Reference now more clearly describe the Committee's independent assurance role in relation to the effectiveness of governance, risk management and internal control systems, including the Annual Governance/Internal Control Assurance Report.
- 3.3. A new duties section on Data Governance, AI and Digital Ethics has been included to ensure appropriate scrutiny of data quality, data management, data protection, artificial intelligence, automation, digital ethics and associated digital risks.
- 3.4. The remit has been strengthened to confirm the Committee's role in relation to subsidiary company assurance, including audit coverage, financial and operational controls, risk management, internal control, regularity, propriety, Scottish Public Finance Manual compliance, management actions and follow-up reporting.
- 3.5. The Work Plan has been updated to support a clearer annual assurance cycle, including the timing of audit plans, audit reports, rolling action plans, risk reporting, cyber and business continuity reviews, financial statements, best value assurance and annual effectiveness reviews.

4. Work Plan 2026-27

- 4.1. The Work Plan (**Appendix 1**) 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 proposed ARC Terms of Reference and Work Plan are well aligned with sector expectations, the approved 2025-26 baseline and the Committee's assurance responsibilities for 2026-27.
- 5.2. The proposed enhancements provide clearer assurance to the Board on value for money, fraud and compliance, digital and data risks, AI governance, internal control and subsidiary company assurance.

Hilary Denholm
Board Governance Adviser
22 September 2026

Audit and Risk Committee

Terms of Reference 2026-27

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.

The Committee provides independent assurance to the Board on the adequacy and effectiveness of governance, risk management, and internal control systems, including financial reporting.

Remit

The Committee will be responsible for overseeing and providing assurance to the Board on:

- the integrity of financial reporting and the Annual Financial Statements
- the adequacy of the College's arrangements for securing value for money
- the effectiveness of internal and external audit
-
- the effectiveness of College governance, risk management and internal control systems
- compliance with applicable legislation, regulation and the [Code of Audit Practice published by Audit Scotland](#).
- cyber security governance, resilience and digital risk
- counter fraud, bribery and whistleblowing arrangements
- emerging digital and technological risks, ensuring the College remains responsive to developments in artificial intelligence, data use and digital innovation.
- The Committee shall consider whether the subsidiary company is subject to appropriate internal and external audit coverage, proportionate to the level of financial, operational, regulatory and reputational risk presented to the College.
- The Committee shall receive and review relevant audit findings, management actions, control weaknesses, assurance statements and follow-up reports relating to the subsidiary, and shall monitor the timely implementation of agreed actions.

The Committee will provide independent assurance to the Board through a structured framework of assurance, including the use of an Assurance Map aligned to the College's Strategic Risk Register.

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 aim to maintain the position of a Vice Chair to support succession planning.

Committee members shall collectively possess an appropriate range of skills and experience in finance, audit, risk management and governance. 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 Audit Committee Training [College Audit Committees | LearnOnline](#)

The Committee Chair will be appointed by the Board.

Committee membership will be reviewed annually by the Board.

Quorum

A quorum shall be at least half of the appointed voting members of the Committee, including at least 50% independent non-executive Directors/Committee co-optees.

Attendance

The Committee may co-opt additional individuals as appropriate. Details of proposed co-opted individuals for potential recruitment 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 Chairs with Search and Nomination 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 four times during the academic year.

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 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. The Committee Chair shall maintain open and direct communication with both internal and external auditors.

Committee Performance and Evaluation

To ensure continuous improvement and alignment with best governance practices, the Committee will undertake an annual self-evaluation using the attached self-evaluation template. The evaluation will assess the Committee's effectiveness using the following key metrics:

- **Fulfilment of Remit:** Completion rate/performance management against of the annual work plan and coverage of all areas within the Committee's remit.
- **Decision-Making and Impact:** Timeliness and implementation rate of decisions and recommendations, and their alignment with strategic objectives.
- **Governance and Compliance:** Adherence to the Terms of Reference, audit outcomes, and compliance with regulatory and funding requirements.
- **Membership and Engagement:** Attendance rates, member participation, and skills and experience requested within the Committee.
- **Meeting Efficiency:** Timeliness of agenda and paper distribution, meeting duration, and follow-up on action items.
- **Risk Oversight:** Frequency and quality of Strategic Risk Register reviews and effectiveness of risk mitigation oversight.
- **Stakeholder Confidence:** Feedback from the Board and relevant stakeholders on the Committee's performance and value.

The outcomes of the evaluation will inform an action plan for improvement and be reported to the Board of Management.

Duties

The Committee shall:

Internal Control and Governance

- 1) Consider and scrutinise strategies / underlying frameworks, within the Committee's remit, and recommend for approval by the Board of Management.
- 2) Review the adequacy and effectiveness of the financial and other internal control environment.
- 3) Review the College corporate governance requirements including the strategic processes for risk, control and governance and the governance statement.
- 4) Provide the Board of Management 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.
- 5) Ensure continuous improvement and alignment with best governance practices by undertaking 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.

Risk Management

- 6) Scrutinise the effectiveness of the College risk management framework..
- 7) Review the College risk appetite and monitor the effectiveness of mitigation strategies.
- 8) At each meeting receive and consider the Strategic Risk Register and comment accordingly to the Board of Management.
- 9) Consideration and approval of the College Business Continuity Plan and incident response plans on a regular basis.

Audit Oversight

- 10) Appoint the College's Internal Auditors on a contractual basis and agreeing on the terms of reference for an audit service.
- 11) Approve the internal audit plan.

- 12) Review the scope and effectiveness of the work of the internal and external auditor using appropriate performance indicators.
- 13) Scrutinise any issues raised in audit reports, the annual management letter and report to the Board of Management on the adequacy of the management response.
- 14) Review external audit plan and consider the proposed fee in light of the fee guidance issued by Audit Scotland.

Financial Reporting

- 15) Consider the process for the review of the Financial Statements prior to submission for audit including the external audit plan.
- 16) At a joint meeting with the People, Infrastructure and Finance 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 Financial Statements.

Value for Money

- 17) Review the arrangements for securing economy, efficiency and effectiveness from College resources.

Fraud and Compliance

- 18) Scrutinise instances of significant control failure or impropriety to establish whether they have been appropriately handled.

- 19) Oversee the College Counter Fraud, Risk and Bribery Policy and Whistleblowing.

Data Governance, AI and Digital Ethics

- 20) Review and provide assurance on the effectiveness of the College's data governance arrangements, including data quality, data management and compliance with data protection legislation, and oversee any significant data-related incidents or breaches.
- 21) Oversee and scrutinise the use of artificial intelligence, automation and digital technologies, ensuring appropriate governance, controls and transparency are in place and that associated risks are managed in line with the College's risk appetite.

22) Ensure that digital ethics and digital risks (including third-party, cyber and data risks) are appropriately managed, and that these areas are reflected within the Strategic Risk Register, Assurance Map and internal audit programme where relevant.

Authority

The Committee is authorised to

- a) investigate any matters which fall within its Terms of Reference.
- b) obtain independent professional advice where it considers this necessary.

The Committee is authorised to seek and obtain any information it requires from any senior manager or employee of the College, its advisors, or a member of the Ayrshire College Board of Management, whilst taking into account 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 under Proceedings in paragraph 2.8 of the Board of Management Responsibilities and Standing Orders document apply.

Minutes of the Committee proceedings will be kept 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.

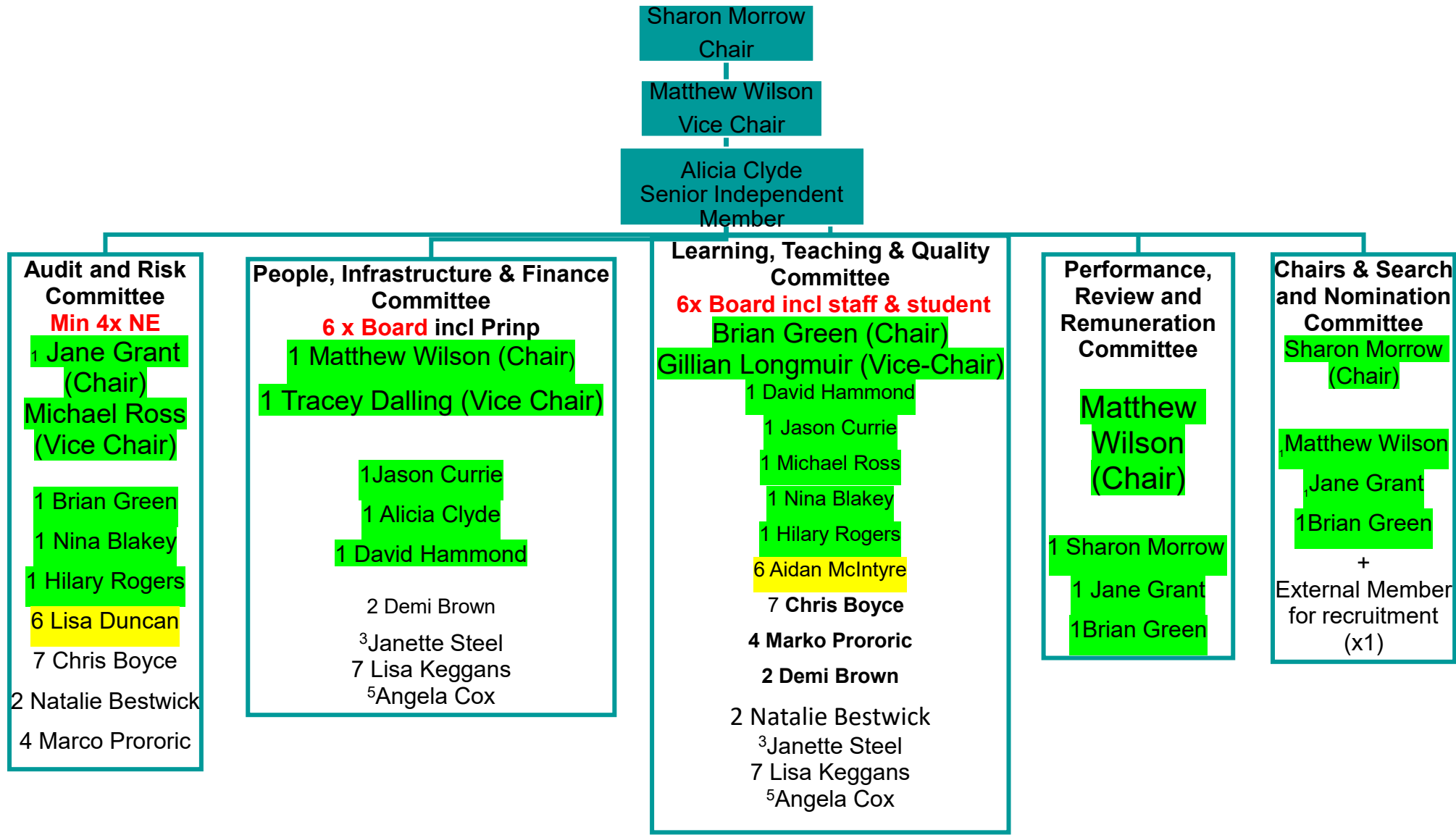
The Committee annual work plan is designed to ensure that the Committee discharges all responsibilities set out in these Terms of Reference. The work plan for the coming year is noted below:

Audit and Risk Committee Work Plan 2026-27

Remit	22 September 2026	17 November 2026	01 December 2026	16 March 2027	01 June 2027
	Reports to this meeting	Joint with PIFCo	Reports to this meeting	Reports to this meeting	Reports to this meeting
Internal Controls and Governance <i>Remit items: 1, 2, 3, 4, 5</i>	2026-27 Committee Terms of Reference and Work Plan		Meeting between the Committee and the External and Internal Auditors		
			2025-26 Audit and Risk Committee Annual Report		2026-27 Draft Audit and Risk Committee Annual Report
					2026-27 Annual Governance/Internal Control Assurance Report
			2025-26 Complaints Report		
			2025-26 Freedom of Information Report		
Risk Management <i>Remit items: 6, 7, 8, 9</i>	Review of Risk Management Policy		Annual Review of Cyber Security Incident Response Plan	Annual Review of Business Continuity Plan	Annual Review of Performance Relating to Risk Management
	Strategic Risk & Opportunities Register		Strategic Risk & Opportunities Register	Strategic Risk & Opportunities Register	Strategic Risk & Opportunities Register
Audit Oversight <i>Remit items: 10, 11, 12, 13, 14</i>	2026-27 Internal Audit Plan			Draft 2027-28 Internal Audit Plan	2027-28 Internal Audit Plan
					2027-28 External Audit Plan
			Internal Audit Reports - Strategic Planning - Continuing Professional Development	Internal Audit Reports - Learning & Teaching Strategy - Implementation of New Finance System	Internal Audit Reports Curriculum Delivery Plan and Timetabling and Resource Management

Remit	22 September 2026	17 November 2026	01 December 2026	16 March 2027	01 June 2027
	Reports to this meeting	Joint with PIFCo	Reports to this meeting	Reports to this meeting	Reports to this meeting
				Strategic Risk Register: Control and Mitigating Actions Review	Employer Engagement Strategy
			Internal Audit Progress Report	Internal Audit Progress Report	Internal Audit Progress Report
	Rolling Audit Action Plan		Rolling Audit Action Plan	Rolling Audit Action Plan	Rolling Audit Action Plan
	Internal Auditor Appointment Process		Internal Auditor Appointment Process	Appointment of Internal Auditor	
			External Auditor Annual Effectiveness Review		Internal Auditor Annual Effectiveness Review
Financial Reporting <i>Remit items: 15, 16</i>	2025-26 External Audit Progress Report				
		2025-26 Student Activity / Student Funding Audit Reports			
		2025-26 Internal Audit Annual Report			
		2025-26 Audit Report to the BoM and Auditor General			
		2025-26 BOM Report & Financial Statements			
		Letter of Representation			
Value for Money <i>Remit item: 17</i>	Annual Best Value Assurance Statement				

Remit	22 September 2026	17 November 2026	01 December 2026	16 March 2027	01 June 2027
	Reports to this meeting	Joint with PIFCo	Reports to this meeting	Reports to this meeting	Reports to this meeting
Fraud and Compliance <i>Remit items: 18, 19</i>			Review of Counter Fraud, Risk and Bribery Policy	Review of Whistleblowing Policy	2026-27 Fraud Risk Assessment
					Annual Fraud, Bribery, Whistleblowing and Significant Control Failure Report
Data Governance, AI and Digital Ethics <i>Remit items: 20, 21, 22</i>	Digital Infrastructure and Cyber Security: Safeguarding Our Digital Future			Digital Infrastructure and Cyber Security: Safeguarding Our Digital Future	



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

Title of Meeting: **Audit and Risk Committee**

Date: **22 September 2026**

Title: **Rolling Audit Action Plan**

Purpose: To update members on recommendations made by the College's internal and external auditors, and to highlight audits where no recommendations were made.

Recommendation: The Audit and Risk Committee is requested to note the content of the report.

1 Executive Summary

As of 31 July 2026, the College has no outstanding audit recommendations requiring further action. Two low-level recommendations have been actioned and are awaiting confirmation as complete by Wbg.

The College has one low-level audit recommendation, now actioned, from the 2024-25 external audit. The action was to implement a fixed-asset register system as part of the transition to new financial software, and this is awaiting confirmation as complete by Wbg. The College has one low-level audit recommendation, now actioned, from the 2025-26 External Communications internal audit. The action was to enhance the Website Management and Procedure Guidance, and this is awaiting confirmation as complete by Wbg.

The Rolling Audit Action Plan continues to be actively monitored through Senior Leadership Team meetings and the Audit and Risk Committee.

2 Associated Risks

No additional risks require consideration as a result of this report.

3 Equality Impact Assessment

An equality impact assessment is not applicable to this paper, given the subject matter.

4 Publication

The paper will be published on the College's website.

Alan Ritchie
Vice Principal Finance and Infrastructure
22 September 2026

1. Background

- 1.1. The Rolling Audit Action Plan (RAAP) is maintained on the Internal Audit Teams site, allowing responsible managers to update their responses in real time. The RAAP is reviewed at Senior Leadership Team meetings and presented at each meeting of the Audit and Risk Committee.

2. Status of Recommendations

- 2.1. The College considers that it has made good progress in addressing the internal and external audit recommendations as noted in the table below:

	High	Medium	Low	Total
Recommendations Made				
B/fwd. from previous report	-	-	2	2
Added from audit reports	-	-	-	-
C/fwd. to next report	-	-	2	2
Status of Recommendations				
Complete	-	-	-	-
Actioned	-	-	2	2
Progressing	-	-	-	-
Total	-	-	2	2

- 2.2. Appendix 1 provides a summary of the audit actions to date, including the priority level assigned to each recommendation and its current status.

2024-25 Recommendations

- 2.3. The College received one low-level recommendation from the 2024-25 audit of its Financial Statements: to implement a fixed-asset register system. This has now been actioned and is awaiting confirmation as complete by Wbg.

2025-26 Recommendations

- 2.4. From the audit work to date, the College has received one low-level recommendation concerning its External Communications – Website. The recommendation was received regarding enhancements to the Website Management and Procedure Guidance. This has now been actioned and is awaiting confirmation by Wbg.

Appendix 1 – Summary of Audit Actions

(Paper 05 (1))

Year	Audit Areas	Audit Assurance	High	Medium	Low	Total	Status
2024-25	INTERNAL AUDIT						
	1) Payroll Controls	Strong	-	-	-	-	
	2) GDPR / FOI	Strong	-	-	-	-	
	3) Student Recruitment and Retention	Strong	-	-	-	-	
	4) Staff Recruitment	Strong	-	-	-	-	
	5) Overall Financial Controls	Strong	-	-	-	-	
	6) IT Systems Administration	Strong	-	-	-	-	
	EXTERNAL AUDIT						
	7) Educational Maintenance All.	Unqualified	-	-	-	-	
	8) Student Support Funds	Unqualified	-	-	-	-	
	9) Student Activity (Credits)	Unqualified	-	-	-	-	
	10) Financial Statements	Unqualified	-	-	1	1	A
Actions c/forward into 2024-25			-	-	1	1	
2025-26	INTERNAL AUDIT						
	1) External Communications - Website	Strong	-	-	1	1	A
	2) Student Voice	Strong	-	-	-	-	
	3) Financial Regulations and Compliance	Strong	-	-	-	-	
	4) Non-SFC Income	Strong	-	-	-	-	
	5) Cyber Incident Response Plan	Strong	-	-	-	-	
	6) Strategic Risk Register: Controls	carried forward					
Total Actions					2	2	

Title of Meeting: **Audit and Risk Committee**

Date: **22 September 2026**

Title: **Annual Best Value Assurance Statement**

Purpose: The purpose of this paper is to present the proposed Annual Best Value Assurance Statement for the year ended 31 July 2026 and the supporting evidence upon which the proposed assurance opinion has been based.

Recommendation: The Audit and Risk Committee is requested to:

1. Review the evidence presented in support of the College's Best Value arrangements during 2025-26.
2. Consider whether the assurance evidence provides a sufficient and appropriate basis for an overall assurance opinion.
3. Consider the proposed assurance conclusion contained within this report.
4. Approve the Annual Best Value Assurance Statement for the year ended 31 July 2026.
5. Recommend the approved Statement to the Board of Management as part of the College's annual assurance framework.

1 Executive Summary

This paper asks the Audit and Risk Committee to review the evidence supporting Ayrshire College's Best Value arrangements for 2025-26, consider whether the evidence provides a sufficient basis for assurance, and approve the proposed Annual Best Value Assurance Statement for onward recommendation to the Board of Management. Overall, the evidence indicates that the College maintained appropriate and effective arrangements for governance, risk management, internal control, financial stewardship, performance oversight, partnership working, equality and continuous improvement. The detailed assessment identifies a mixed assurance profile, with High Assurance in Governance and Accountability and Risk Management and Organisational Resilience, and Substantial Assurance across the remaining Best Value themes. Management therefore proposes that the Committee provides an overall conclusion of Substantial Assurance regarding the adequacy and effectiveness of the College's Best Value arrangements for the year ended 31 July 2026.

2 Associated Risks

The principal risks associated with this paper relate to governance, financial sustainability, regulatory compliance, organisational resilience and reputational assurance. These risks are addressed through the evidence base considered by the Committee, including strategic risk reporting, internal and external audit activity, financial governance reporting, compliance monitoring, business continuity arrangements and cyber resilience reporting. No additional risks are identified beyond those already reflected within the College's existing strategic risk management and assurance framework.

3 Equality Impact Assessment

An equality impact assessment is not applicable to this paper, given the subject matter.

4 Publication

This paper will be published on the College website.

Alan Ritchie
Vice Principal Finance and Infrastructure
22 September 2026

1. Introduction

- 1.1. Best Value is a fundamental principle of public service governance in Scotland and forms part of the accountability framework for Further Education Colleges. The Scottish Public Finance Manual requires Accountable Officers to ensure that appropriate arrangements are in place to secure Best Value and continuous improvement, balancing quality, cost and outcomes.
- 1.2. The duty extends beyond financial stewardship and requires organisations to demonstrate effective governance, sound decision-making, efficient use of resources, sustainability, equality, partnership working and a culture of continuous improvement. The duty of Best Value is a formal responsibility of Accountable Officers and is subject to external scrutiny through the annual audit process.
- 1.3. Best Value is founded on economy, efficiency and effectiveness, alongside equality, sustainability and improved outcomes for learners, employers, communities and stakeholders. It requires organisations to review how resources are deployed, challenge existing practice, identify opportunities for innovation and ensure that public funding delivers educational, economic and social value.
- 1.4. Within the Scottish college sector, responsibility for securing Best Value rests ultimately with the Board of Management and the Principal as Accountable Officer. The Board is expected to ensure that robust governance, financial management, strategic planning, risk management and performance monitoring arrangements are in place to support the effective stewardship of public resources and the delivery of strategic objectives. These expectations are reinforced through the Scottish Funding Council Financial Memorandum, the Scottish Public Finance Manual and the wider public sector governance framework.
- 1.5. The Audit and Risk Committee plays a central role in supporting the Board's responsibilities by providing independent assurance regarding the adequacy and effectiveness of governance, risk management and internal control arrangements. In discharging its remit, the Committee reviews a wide range of assurance evidence throughout the year, including internal audit reports, external audit findings, risk management reports, financial monitoring information, compliance reporting, performance reporting and management assurances.

- 1.6. Although there is currently no statutory requirement for a standalone annual Best Value Assurance Statement within the college sector, its production reflects emerging good practice across the Scottish public sector. The statement complements the Committee's Annual Report, the Governance Statement, the Annual Accounts process, Certificates of Assurance, Strategic Risk Register reporting and other assurance mechanisms by providing a focused assessment of the effectiveness of the College's arrangements for securing Best Value and continuous improvement.
- 1.7. The statement provides transparency to the Board of Management regarding:
- The Committee's assessment of Best Value arrangements during the year;
 - The sources of assurance upon which the assessment is based;
 - The extent to which the College demonstrates compliance with recognised Best Value principles;
 - Areas of strength and good practice; and
 - Any significant matters requiring further improvement or oversight.
- 1.8. This statement covers the period from 1 August 2025 to 31 July 2026 and reflects the Committee's assessment of the effectiveness of the College's arrangements for securing Best Value throughout that period.

2. Purpose of the Statement

- 2.1. The purpose of this Annual Best Value Assurance Statement is to:
- Provide assurance to the Board of Management regarding the effectiveness of the College's Best Value arrangements during 2025-26.
 - Demonstrate alignment with the requirements and principles contained within the Scottish Public Finance Manual and Scottish Funding Council governance framework.
 - Record the Audit and Risk Committee's assessment of the adequacy of governance, risk management, internal control and performance arrangements that support Best Value.
 - Confirm the sources of assurance relied upon by the Committee in reaching its conclusions.
 - Support the Principal as Accountable Officer in discharging their responsibility for securing Best Value.
 - Promote transparency, accountability and continuous improvement across the organisation.
- 2.2. In light of the significant financial, economic and operational challenges facing the Further Education sector, robust Best Value arrangements are increasingly important in ensuring that limited public resources are used effectively whilst protecting learner outcomes, organisational resilience and long-term sustainability.

3. Sources of Assurance

- 3.1. The Board and its Committees have received assurance during 2025-26 from a number of complementary sources.

Assurance Source	Evidence Considered
Governance	Board and Committee reporting, annual governance reviews, compliance reporting and committee self-assessment activity
Internal Audit	Internal Audit reviews, follow-up reporting and the Internal Audit Annual Opinion
External Audit	External Audit reporting, wider scope audit work and Best Value audit activity
Financial	Financial monitoring, financial governance compliance reporting and financial sustainability reporting
Risk and Control	Strategic Risk Register, internal control reviews, Certificates of Assurance, business continuity and cyber resilience reporting
Performance	Strategic performance reporting, operational performance monitoring and improvement planning

- 3.2. Taken collectively, these sources provide a broad and balanced body of assurance. They support the Committee's conclusion that effective arrangements were in place throughout 2025-26 to secure Best Value and continuous improvement, while recognising the need for continued oversight of the financial sustainability and resilience risks highlighted elsewhere in the report.

4. Best Value Framework

- 4.1. The Committee has assessed the College's arrangements against the recognised Best Value themes contained within Scottish Government guidance:

Best Value Theme	Focus of Assessment
Vision and Leadership	Strategic direction, culture and leadership effectiveness
Governance and Accountability	Governance structures, scrutiny and transparency
Effective Use of Resources	Financial stewardship, people, estates and digital resources
Partnership and Collaborative Working	Collaboration and stakeholder engagement
Working with Communities and Stakeholders	Learner, employer and community engagement
Sustainability and Continuous Improvement	Long-term sustainability and organisational improvement
Fairness, Equality and Inclusion	Equality outcomes and inclusive practices

Vision and Leadership

- 4.2. The Committee is satisfied that the College continues to operate within a clear strategic framework aligned to its Strategic Plan, regional economic priorities and national educational objectives.
- 4.3. Effective leadership arrangements have been maintained throughout 2025-26, supported by regular performance reporting, strategic planning activity and oversight by the Board of Management. Strategic priorities are clearly articulated and monitored through established governance arrangements.

Assessment: Substantial Assurance

Governance and Accountability

- 4.4. The Committee has received regular assurance regarding the effectiveness of governance arrangements throughout the year.
- 4.5. Internal and external audit activity has provided assurance regarding governance, risk management and internal control arrangements. The Committee's own effectiveness review concluded that it operated effectively and in accordance with its Terms of Reference. Compliance reporting demonstrates continued alignment with the Scottish Public Finance Manual and Scottish Funding Council requirements.
- 4.6. The Committee is satisfied that:
- Governance arrangements remain robust and effective.
 - The Board and Committees operate within clearly defined remits.
 - Decision-making processes are appropriately documented and transparent.
 - The assurance framework continues to mature.
 - Risk management arrangements support effective oversight and accountability.

Assessment: High Assurance

Effective Use of Resources

- 4.7. The Committee has reviewed evidence relating to financial stewardship, workforce planning, procurement, estates management and digital infrastructure.
- 4.8. The College has maintained robust budget monitoring, financial control and resource allocation arrangements throughout the year. Financial governance reporting demonstrates appropriate focus on value for money, sustainability and the effective utilisation of public resources.

- 4.9. The Committee acknowledges the continuing financial pressures facing the sector, which remain a material contextual risk for the College. It is nevertheless satisfied that management has maintained appropriate controls, oversight arrangements and financial planning processes during 2025-26.

Assessment: Substantial Assurance

Partnership and Collaborative Working

- 4.10. The College continues to demonstrate a strong commitment to collaborative working with a wide range of partners including:
- Scottish Funding Council;
 - Colleges Scotland;
 - Local authorities;
 - Universities and articulation partners;
 - Employers and industry bodies;
 - Community planning partners;
 - National sector organisations.
- 4.11. These partnerships support improved learner outcomes, skills development, innovation and regional economic priorities.

Assessment: Substantial Assurance

Working with Communities and Stakeholders

- 4.12. The Committee is satisfied that the College maintains effective arrangements for engaging learners, employers, staff and communities.
- 4.13. Stakeholder feedback mechanisms, performance reporting and engagement activity provide assurance that stakeholder perspectives are considered in both operational delivery and strategic planning processes.

Assessment: Substantial Assurance

Sustainability and Continuous Improvement

- 4.14. The College faces significant external financial pressures which continue to represent a key strategic risk.
- 4.15. Nevertheless, the Committee has received assurance that financial sustainability risks are actively monitored and managed through strategic financial planning, scenario modelling, regular Board scrutiny and risk management arrangements.

4.16. The Committee also notes continued development and improvement in:

- Assurance mapping and governance reporting;
- Strategic risk management.
- Cyber resilience.
- Digital transformation.
- Business continuity planning.
- Internal control maturity.

Assessment: Substantial Assurance

Fairness, Equality and Inclusion

4.17. The Committee recognises that fairness, equality and inclusion are fundamental components of Best Value.

4.18. The College has maintained appropriate governance arrangements, monitoring processes and policies to support compliance with equality duties and the promotion of inclusive outcomes for learners and staff.

4.19. The Committee is satisfied that arrangements remain in place to support fair and equitable decision-making and service delivery.

Assessment: Substantial Assurance

Best Value Evidence Matrix

4.20. The table below summarises the principal evidence considered in reaching the proposed assurance opinion.

Best Value Theme	Principal Evidence Reviewed	Committee Considerations	Proposed Assurance
Vision and Leadership	Strategic Plan, Board reporting, strategic performance monitoring	Clear strategic direction, effective oversight and alignment of planning and performance arrangements	Substantial
Governance and Accountability	Internal Audit reports, External Audit reports, Certificates of Assurance, Governance reporting	Strong governance structures, effective committee arrangements and satisfactory internal control framework	High
Effective Use of Resources	Financial Governance Compliance Report, budget monitoring, audit	Effective stewardship of resources, value for money considerations and compliance with funding and governance requirements	Substantial

Best Value Theme	Principal Evidence Reviewed	Committee Considerations	Proposed Assurance
	reviews, financial planning reports		
Partnership and Collaborative Working	Strategic partnership reporting, regional collaboration activity, employer engagement	Effective partnership arrangements supporting strategic and regional priorities	Substantial
Working with Communities and Stakeholders	Learner engagement, stakeholder feedback and performance reporting	Appropriate stakeholder engagement arrangements and evidence of feedback informing improvement activity	Substantial
Sustainability and Continuous Improvement	Strategic Risk Register, financial sustainability reporting, audit recommendations, improvement activity	Active management of sustainability risks and commitment to continuous improvement	Substantial
Fairness, Equality and Inclusion	Equality monitoring, compliance reporting and policy reviews	Appropriate arrangements supporting equality, diversity, inclusion and fair access objectives	Substantial
Risk Management and Organisational Resilience	Strategic Risk Register, business continuity arrangements, cyber resilience reporting and assurance mapping development	Effective risk oversight and organisational resilience arrangements supporting Best Value outcomes	High

4.21. The Committee is invited to review this evidence and consider whether it provides sufficient and appropriate assurance across all recognised Best Value themes.

5. Committee Review and Proposed Assurance Conclusion

- 5.1. Based upon the assurance received throughout 2025-26, management considers that the evidence presented below supports the Committee in reaching a proposed assurance opinion on the adequacy and effectiveness of the College's Best Value arrangements.
- Governance arrangements remained effective and continued to support accountability and transparency.
 - Internal control arrangements operated effectively and no significant control weaknesses requiring disclosure were identified.
 - Financial stewardship arrangements remained robust and supported value for money decision-making.
 - Strategic and operational risks were actively monitored and managed.
 - The College continued to demonstrate a commitment to continuous improvement through implementation of audit recommendations, governance enhancements and ongoing development of assurance arrangements.
 - Appropriate consideration was given to sustainability, partnership working, stakeholder engagement, equality and inclusion.
 - Assurance obtained from Internal Audit, External Audit, management reporting and Board oversight arrangements provides a comprehensive and balanced assessment of organisational performance and control.
- 5.2. Management therefore proposes that, having reviewed the evidence presented in this report, the Committee concludes that the College maintained appropriate and effective arrangements during 2025-26 to secure Best Value and continuous improvement, and that an overall conclusion of Substantial Assurance is appropriate. This reflects the overall assurance profile, which includes areas of High Assurance but remains Substantial overall because most Best Value themes were assessed at Substantial Assurance and because continuing external pressures require ongoing oversight.
- 5.3. The Committee notes that continued oversight should remain focused on the delivery of financial sustainability measures, management of organisational resilience and cyber risks, implementation of audit recommendations, continued development of assurance mapping, and evidence of improvement activity across the Best Value themes.
- 5.4. The assurance conclusion is based on the evidence available to the Committee during the year and should be read in that context. It does not remove the need for continued oversight of areas where external pressures remain significant, particularly financial sustainability, organisational resilience and the delivery of planned improvement activity.

6. Proposed Annual Best Value Assurance Statement

- 6.1. Following consideration of the evidence set out in this report, the Committee is asked to approve the proposed Annual Best Value Assurance Statement and recommend it to the Board of Management as part of the College's annual governance and assurance framework.

“The Audit and Risk Committee has reviewed the evidence available during the period 1 August 2025 to 31 July 2026 relating to governance, risk management, internal control, financial stewardship, performance management, organisational resilience and continuous improvement.

Having considered assurance from Internal Audit, External Audit, management reporting, governance reviews, financial monitoring, risk management processes and Board oversight arrangements, the Committee is satisfied that the College maintained appropriate and effective arrangements to secure Best Value throughout 2025-26. The assurance profile includes areas assessed as High Assurance, alongside themes assessed as Substantial Assurance, supporting an overall conclusion of Substantial Assurance.

The Committee is satisfied that the College has demonstrated appropriate regard for economy, efficiency, effectiveness, sustainability, equality, partnership working and continuous improvement and that no significant weaknesses have been identified that would materially undermine the College's arrangements for securing Best Value.”

- 6.2. Accordingly, the Audit and Risk Committee provides the Board of Management and the Principal, as Accountable Officer, with substantial assurance regarding the adequacy and effectiveness of the College's Best Value arrangements for the year ended 31 July 2026.

7. Next Steps

- 7.1. Subject to approval by the Audit and Risk Committee:
- 1) The Annual Best Value Assurance Statement will be finalised.
 - 2) The approved Statement will be submitted to the Board of Management.
 - 3) The Statement will form part of the College's annual governance and assurance framework and will support the Principal's Accountable Officer responsibilities and the Board's annual assessment of governance effectiveness.