



# Glasgow Kelvin College

## Internal Audit 2025-26

Budgetary & Financial Reporting

March 2026

## Overall Conclusion

Strong

Item 07b

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

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

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

# 1 Executive summary

## Overview

### Purpose of review

The purpose of this review was to assess whether Glasgow Kelvin College (the College) has appropriate budgetary and financial controls in place and that these have been embedded throughout the whole of the College. This review sought to provide assurance to the Audit & Risk Committee, that the College budgetary and financial control arrangements are adequate. We considered the arrangements in place against the key questions raised within the SFC report issued 19 June 2025.

This review formed part of the 2025/26 Internal Audit Annual Plan.

### Scope of review

Our objectives for this review were to assess whether:

- | There is appropriate control over the budgetary process within the College, with an appropriate member of management having ultimate responsibility for the process.
- | The budget is set based on reasonable financial assumptions.
- | Deviations from budget are identified and investigated at an early stage.
- | The College has a set of comprehensive Financial Regulations to ensure that financial matters are managed professionally.
- | Budget Holders are adequately trained and receive information regarding their budgets in a timely manner.
- | The Finance & Resources Committee, Audit & Risk Committee, and Senior Management receive sufficient reporting of performance against budget and against plans throughout the year to enable informed decision making.

# 1 Executive summary

- | Progress against Key Performance Indicators is monitored and action taken where required.
- | There are robust governance arrangements in place in respect of the financial arrangements.
- | Budgetary processes are in line with good practice observed across our education client base.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

## **Limitation of scope**

There was no limitation of scope.

# 1 Executive summary

## Background

### Financial Regulations

The College's Financial Regulations provide a clear overview of the budget setting and monitoring arrangements in place. This document was last reviewed and approved in October 2024 by the Finance & Resources Committee and the Board of Management (Board). This document has clear sections around the following:

- | Budget preparation;
- | Budget approval;
- | Financial reporting; and
- | Budgetary Control.

### Budget Setting Process

The College's annual budgetary process involves Budget Holders and the College Finance Team. It begins when the College are provided with their one-year Scottish Funding Council (SFC) income statement. Alongside this, the College considers non-SFC income, staffing costs, and other assumptions based on various scenarios.

The Vice Principal Resources and Corporate Development and Chief Operating Officer is responsible for obtaining approval for the consolidated budget on an annual basis. The final budget sets out the planned levels of income and expenditure for the College. The annual budget for 2025/26 was approved by the Finance & Resources Committee on 27 May 2025 and the Board on 11 June 2025.

### Management Accounts

Monthly, the Senior Accountant prepares Management Accounts, which are then reviewed and approved by the Head of Finance. The Management Accounts set out the College's financial performance and position, comprising of budget variance reports and cash flow forecasts.

The Management Accounts are circulated to the Senior Leadership Team (SLT) and presented to the Finance & Resources Committee and Board at each meeting. We are satisfied this allows for adequate oversight of the College's financial performance.

# 1 Executive summary

The College do not have specific budget related KPIs, however they do regularly monitor actual vs budget.

## **Gillies Report - University of Dundee Investigation**

At September 2025's Finance & Resource Committee meeting, the College assessed their arrangements against the 18 lessons learned from the Gillies Report. This assessment found 'the College are aligned with best practice, with clear roles, independent committees, and regular training.

## **Budget Holder Questionnaire**

We circulated a questionnaire to Budget Holders across the College (12). We received eight responses. Please see below for key findings of the questionnaire:

**How strongly do you agree with the following statement: "I have a clear understanding of my role as a Budget Holder"?**

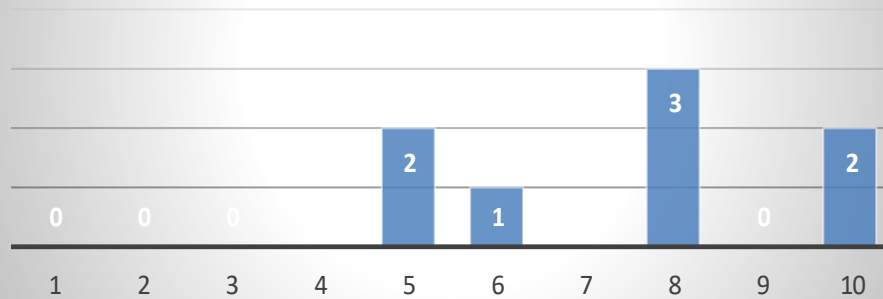


**How strongly do you agree with the following statement: "The information provided by finance allows me to sufficiently monitor and track my budget(s)"?**



# 1 Executive summary

On a scale of 1 (very poor) to 10 (very good), how would you rate the budgeting training provided by the College?



How strongly do you agree with the following statement: "There are sufficient policies/procedures in place that provide guidance on my roles and responsibilities as a budget holder"?



# 1 Executive summary

## Work Undertaken

Our work undertaken for this review included the following:

**Objective 1. There is appropriate control over the budgetary process within the College, with an appropriate member of management having ultimate responsibility for the process.**

- | We held discussions with the Head of Finance and the Senior Accountant to gain an understanding of the controls in place for budget setting and monitoring.
- | We obtained and reviewed the Scheme of Delegation to confirm that there is appropriate control of the budgetary process.

**Objective 2. The budget is set based on reasonable financial assumptions.**

- | We held discussions with the Head of Finance and the Senior Accountant to gain an understanding of the budget setting processes and how the College bases this on assumptions.
- | We reviewed the 2025/26 budget setting process to evaluate whether this is based on reasonable financial assumptions.

**Objective 3. Deviations from budget are identified and investigated at an early stage.**

- | We held discussions with the Head of Finance and Senior Accountant to gain an understanding of the processes for identifying and investigating any deviations from the budget.
- | We reviewed the management accounts for October, November, and December 2025, and corresponding commentary to gain assurance that variations are being identified and investigated.



# 1 Executive summary

**Objective 4. The College has a set of comprehensive Financial Regulations to ensure that financial matters are managed professionally.**

- | We obtained and reviewed the Financial Regulations to confirm these accurately and robustly document the budget setting and monitoring process.

**Objective 5. Budget Holders are adequately trained and receive information regarding their budgets in a timely manner.**

- | We issued a questionnaire to Budget Holders to understand the training provided, and the support and guidance available.
- | We held discussions surrounding the relationship between the Finance Team and the Budget Holders across the College to assess whether financial information is communicated to the relevant stakeholders in an efficient manner.

**Objective 6. The Finance & Resources Committee, Audit & Risk Committee, and Senior Management receive sufficient reporting of performance against budget and against plans throughout the year to enable informed decision making.**

- | We discussed the reporting arrangements in place with the Head of Finance and Senior Accountant to confirm that the Board and Senior Management are sufficiently sighted on performance against budget.
- | We assessed the College's management accounts reporting (October, November, and December 2025) to confirm that these were robust and would enable informed decision making.
- | We assessed the meeting minutes for the Finance & Resources Committee (September and November 2025) and Board (October and December 2025) to confirm the financial information being presented is sufficient to allow for robust decision making.

**Objective 7. Progress against Key Performance Indicators is monitored and action taken where required.**

- | We discussed the KPI arrangements in place with the Head of Finance and Senior Accountant to confirm what is in place and if these are being appropriately monitored.

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## **Objective 8. There are robust governance arrangements in place in respect of the financial arrangements.**

- | We reviewed the governance arrangements in place for budget setting and monitoring to assess whether these were appropriate and in line with good practice.

## **Objective 9. Budgetary processes are in line with good practice observed across our education client base.**

- | We completed a benchmarking exercise with three other Scottish colleges to assess whether Glasgow Kelvin College was following good practice.
- | We considered the arrangements in place against the key questions raised within the SFC report issued 19 June 2025 to assess whether the College has robust processes in place.

# 1 Executive summary

## Conclusion

### Overall conclusion

#### Overall Conclusion: Strong

Following our review, we can provide a strong level of assurance surrounding the College's budget setting, monitoring and reporting arrangements. This is highlighted as we have identified several good practice points. We have, however, raised two observations for consideration. Please refer to **Section 3: Observations** for further information.

### Summary of recommendations

Grading of recommendations				
	High	Medium	Low	Total
Budgetary & Financial Reporting	0	0	0	0

As can be seen from the above table there were no recommendations raised which we have given a grading of high.

# 1 Executive summary

## Areas of good practice

**The following is a list of areas where the College is operating effectively and following good practice.**

1.	We benchmarked the arrangements in place at Glasgow Kelvin College against three of our other similar Scottish colleges. Our benchmarking found that the arrangements in place are in line with good practice observed across our wider education client base.
2.	Our review of the Management Accounts for November, December 2025, and January 2026, found that the College prepare monthly cash flow forecasts. These are produced on a monthly basis by the Head of Finance. These are presented alongside the management accounts to the Finance & Resources Committee and the Board.
3.	Management Accounts are prepared monthly by the Senior Accountant and reviewed by the Head of Finance. These are circulated to the Senior Management Team, and presented to the Finance & Resources Committee and the Board. We confirmed for the periods November, December 2025, and January 2026 that accounts were prepared in line with the Financial Regulations.
4.	We reviewed the meeting minutes of the Finance & Resources Committee (May, September, and November 2025) and Board (June and October 2025), and found this allows for the effective monitoring of budget performance and provides adequate management information to inform decision making.

# 1 Executive summary

**The following is a list of areas where the College is operating effectively and following good practice.**

5.	Budget Holders within the College are provided with monthly finance reports showing actual vs budgeted spend. This allows for sufficient monitoring of budgets across the College. Our questionnaire found that Budget Holders are happy with the information they receive and feel this allows them to appropriately monitor their budgets.
6.	The College maintains a robust set of Financial Regulations, which outlines key aspects of budget setting, monitoring, and reporting. The document was last reviewed in October 2024 and is next due for review in October 2027. We were able to confirm the College are complying with the budget setting and monitoring arrangements established within this document.
7.	Key variances are continuously monitored through the College's monthly management accounts. This provides effective oversight of performance relative to the budget. Monthly, a variance analysis is conducted, accompanied by detailed commentary.
8.	Overall, we can confirm that the College has appropriate arrangements in place to ensure a suitable level of control over budgetary management and financial reporting, headed by the Vice Principal Resources and Corporate Development and Chief Operating Officer and the Head of Finance.
9.	Our review of the College's 2025/26 budget found that it was based on reasonable financial assumptions. As part of the budget setting process, various scenarios are considered based on different levels of income and expenditure.

# 1 Executive summary

**The following is a list of areas where the College is operating effectively and following good practice.**

- |     |   |
|-----|---|
| 10. | Our review found that the governance arrangements in place at the College for budget setting and monitoring are robust, operating effectively and in line with good practice. |
|-----|---|

## 2 Benchmarking

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

### Budgetary & Financial Reporting

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	1	1	2
Number of recommendations at Glasgow Kelvin College	0	0	0	0

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

### 3 Observations

#### The following is a list of observations from our review

1.	<p>During our review, we sent out a questionnaire to Budget Holders that included coverage of training provided by the College, information provided by finance and understanding of key responsibilities. We received eight responses. Overall, the questionnaire responses were very positive.</p> <p>When Budget Holders were asked "<i>There are sufficient policies and procedures in place that provide additional guidance on my roles and responsibilities as a budget holder</i>"? Of the eight responses, one responded somewhat disagree.</p>
2.	<p>Overall, we can confirm that the College has appropriate arrangements in place to ensure a suitable level of control over budgetary management and financial reporting, headed by the Vice Principal Resources and Corporate Development and Chief Operating Officer.</p> <p>We note however, that the Financial Regulations currently reference the Vice Principal Operations as being the key point of control for the budget setting and monitoring process. This document should be updated to align with the correct job title.</p>



## 4 Audit arrangements

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit & Risk Committee meeting.

Audit stage	Date
Fieldwork start	2 March 2026
Closing meeting	12 March 2026
Draft report issued	17 March 2026
Receipt of management responses	15 April 2026
Final report issued	16 April 2026
Audit & Risk Committee	12 May 2026
Number of audit days	7

## 5 Key personnel

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

Wbg			
Partner	Graham Gillespie	Partner & Head of Internal Audit	gg@wbg.co.uk
Director	Stephen Pringle	Director of Internal Audit	sp@wbg.co.uk
Senior Manager	Scott McCready	Senior Internal Audit Manager	smc@wbg.co.uk
Assistant Manager	Andrew Thomson	Internal Audit Assistant Manager	at@wbg.co.uk

Glasgow Kelvin College			
Key Contacts:	Jeanette Evans	Vice Principal Resources and Corporate Development and Chief Operating Officer	jevans@glasgowkelvin.ac.uk
	Alan Carr	Head of Finance	acarr@glasgowkelvin.ac.uk
	Chris Meechan	Senior Accountant	cmeechan@glasgowkelvin.ac.uk
Wbg appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			



# A Grading structure

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

Assurance Classification	
Strong	Controls satisfactory, no major weaknesses found, no or only 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.

# A Grading structure

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

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

## Purpose of review

The purpose of this review will be to assess that Glasgow Kelvin College (the College) has appropriate budgetary and financial controls in place and that these have been embedded throughout the whole of the College. This review seeks to provide assurance to the Audit Committee, that the College budgetary and financial control arrangements are adequate. We will consider the arrangements in place against the key questions raised within the SFC report issued 19 June 2025.

This review forms part of the 2025/26 Internal Audit Annual Plan.

## Scope of review

Our objectives for this review are to assess whether:

- | There is appropriate control over the budgetary process within the College, with an appropriate member of management having ultimate responsibility for the process.
- | The budget is set based on reasonable financial assumptions.
- | Deviations from budget are identified and investigated at an early stage.
- | The College has a set of comprehensive Financial Regulations to ensure that financial matters are managed professionally.
- | Budget holders are adequately trained and receive information regarding their budgets in a timely manner.
- | The Finance & Resources Committee, Audit & Risk Committee, and Senior Management receive sufficient reporting of performance against budget and against plans throughout the year to enable informed decision making.
- | Progress against Key Performance Indicators is monitored and action taken where required.

- | There are robust governance arrangements in place in respect of the financial arrangements.
- | Budgetary processes are in line with good practice observed across our education client base.

Our approach to this assignment will take the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

## Limitation of scope

There is no limitation of scope.

## Audit approach

Our approach to the review will be:

- | Discussions with relevant management, finance staff and Budget Holders to establish the budgetary and financial control arrangements and their involvement in this process.
- | Evaluating these arrangements to confirm their adequacy and whether they comply with current guidance and good practice.
- | Reviewing documentation to confirm that policies and procedures are in place and that current arrangements comply with good practice.
- | Appraisal of the adequacy of information provided to senior management for decision making.
- | An overall review of the internal control environment to ensure all relevant controls are evident and being complied with.

## Potential key risks

The potential key risks associated with the area under review are:

- | There may be no central point of control for the budgetary process within the College.
- | The budget is not based on reasonable financial assumptions
- | The College does not effectively monitor deviations between budgeted and actual income.
- | The College may not comply with Financial Regulations and may not consider funding guidelines.
- | Budget Holders are inadequately trained and do not receive information regarding their budgets in a timely manner, resulting in an increased risk of bad decision making.
- | The Finance & Resources Committee, Audit & Risk Committee, and Senior Management may not be provided with sufficient reporting of performance against budget and against plans throughout the year.
- | Performance against Key Performance Indicators is not monitored.
- | There are not robust governance arrangements in place in respect of the financial arrangements.
- | Budgetary processes may not be in line with good practice observed across our education client base.