

Glasgow Kelvin College

External audit progress report 2025/26



Audit progress

Background

1. At the previous meeting of the Audit and Risk Committee (ARC) on 12 May we presented our annual audit plan for 2025/26. This report provides an update on progress of the audit.

Financial audit update

2. We commenced our interim audit in April this year, similar to 2024/25. Our work involved a walkthrough of the key controls in the material financial systems. These being the general ledger, payroll, accounts payable, accounts receivable and banking. While we have to reschedule some work mainly relating to accounts receivable, we have not yet identified any significant issues. Remaining work will be performed alongside our financial statements audit.

3. We also carried out early substantive sample testing on income and expenditure transactions. This work is also still subject to review, but our initial testing has not found any significant issues. This represents part of our audit of the financial statements.

4. In advance of the financial statements, an Audit Scotland representative also attended a meeting involving all three Glasgow colleges and their appointed actuary. We attend these meetings in an observing capacity. Through this we obtain assurance that management understand and critically assess the pensions' disclosures in the annual report and financial statements.

Current audit progress

5. The financial statements audit is anticipated to begin at the end of this month. Overall, the audit remains on track for completion by the end of December as advised in our annual audit plan.

Update on other aspects of Audit Scotland's work

6. Glasgow Kelvin College's appointed auditor, Stuart Nugent, also has an additional role as college sector lead within Audit Scotland. As part of this role, Stuart will liaise with Audit Scotland colleagues (including other appointed auditors) on common issues.

7. One such issue concerns the accounting treatment for the job evaluation exercise. Progress with this exercise was recently discussed with College Employers Scotland. From discussions it was found that the Scottish Funding Council (SFC) has commissioned a lessons learned review which will influence future progress of the exercise. Overall, while there has been ongoing work with the job evaluation exercise, it has not advanced sufficiently to allow for more updated cost estimates.

8. In addition, Stuart has attended meetings of the Technical Accounting Group for the sector. Recent discussions have focused on the accounts direction and guidance notes for 2025/26 (issued by the SFC) and preparations for the new FE SORP which will be implemented in 2026/27.
9. The Auditor General for Scotland will issue a report titled 'Scotland's Colleges 2026' on 10th September. This will include a review of college finances based on figures from audited annual reports and financial statements for 2024/25. The report will also assess how income generating activities are supporting financial sustainability of colleges. In addition, it will examine how stakeholders are demonstrating effective leadership through the implementation of previous Audit Scotland recommendations.

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