

A REPORT BY THE AUDITOR GENERAL FOR SCOTLAND UNDER SECTION 22(3) OF THE PUBLIC FINANCE AND ACCOUNTABILITY (SCOTLAND) ACT 2000

**THE 2006/07 AUDIT OF KILMARNOCK COLLEGE**

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1. I have received the audited accounts of Kilmarnock College for the year ended 31 July 2007. The auditor's report on the accounts is qualified.
2. I submit these accounts and the auditor's report in terms of section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with this report which I have prepared under section 22(3) of the Act.
3. Kilmarnock College's 2006/07 annual accounts were received in February 2008, two months later than the deadline agreed with the Scottish Funding Council for submission. The college has received qualified audit opinions on both the true and fair view and the regularity of its annual accounts. The auditor has issued a disclaimer of opinion as a result of being unable to form an opinion on the accounts because of limited evidence being available.
4. The qualified opinion relates to two specific issues - an ongoing investigation by the college's internal auditors into the relationships between the College and associated bodies and a qualified opinion by the college's internal auditors on its student activity data. Colleges are required to secure an independent audit of their student activity data submitted to SFC. The data is the basis for grant funding from SFC.
5. The ongoing investigation, initiated by the college, is focused upon a review of governance arrangements, transactions between related parties and any evidence of impropriety. The investigation has not yet been concluded.
6. In relation to the audit of the student activity data the college's internal auditors were unable to reach a satisfactory conclusion that the college's processes were sufficient to properly identify programmes or students that do not attract SFC funding. As a result it is difficult to determine whether the college has achieved its student activity target and therefore if it has received too much funding from SFC.
7. Both of these issues have limited the evidence available to the auditors. As a result the auditor has concluded that he does not have enough evidence to form an opinion on whether the college's accounts represent a true and fair view of its activities or on whether its transactions were completed in accordance with applicable guidance and regulations.



**Robert W Black**  
**Auditor General for Scotland**  
**18 April 2008**