

Address:
110 George Street
Edinburgh EH2 4LH

Website:
www.audit-scotland.gov.uk

Telephone:
0131 625 1500

Email:
info@audit-scotland.gov.uk

News release

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Auditor General's report on Coatbridge College 2013/14 accounts

The Auditor General for Scotland, Caroline Gardner, has issued a report to the Scottish Parliament on matters raised in the audit of the 2013/14 accounts for Coatbridge College.

Coatbridge College was one of three colleges that merged to form New College Lanarkshire, as part of the wider college reform programme in Scotland. Whilst Coatbridge College's 2013/14 accounts were unqualified, today's report draws Parliament's attention to serious weaknesses in governance relating to severance arrangements for senior managers and one other member of staff.

These weaknesses included:

- failure to meet the standards expected of public bodies in the use of public money;
- a lack of transparency in the decision-making process for voluntary severance arrangements for the Principal, five members of the senior management team and a member of staff within the Principal's office. The total severance cost for the individuals concerned was £849,842;
- payments made that exceeded the terms of the college's severance scheme;
- the proposed severance scheme for senior staff offered terms that were significantly higher than the Scottish Funding Council's guidance and the schemes of the other colleges that merged to form New College Lanarkshire;
- failure to retain sufficient evidence (minutes and business cases) that severance proposals, and salary enhancements, had been subject to a value for money assessment;
- the absence of any evidence that the Remuneration Committee had access to the information and advice needed to fulfil its responsibilities;
- the Principal failing to take the steps needed to demonstrate that the inherent conflicts of interest were properly handled;

Thirty-three staff left Coatbridge College as part of the merger, at a total cost of £1.7 million, of which the Scottish Funding Council (SFC) contributed £1.3 million and the college contributed £397,945.

The report notes that the SFC had concerns about the severance terms for the Principal and senior management team and reinforced its guidance on several occasions. However, the college's Chair and Principal did not provide the Remuneration Committee with advice provided by the SFC.

The auditor also encountered difficulties in concluding the audit, due to delays in the college preparing the accounts, and difficulties in securing information on severance arrangements. This meant that the accounts missed the statutory deadline of 31 December 2014 for laying before the Parliament.

The Auditor General's report is available at: www.audit-scotland.gov.uk

For more information contact Kirsty Gibbins Tel: 0131 625 1658 kgibbins@audit-scotland.gov.uk

Notes to editors

1. Coatbridge College was one of three colleges that merged to form New College Lanarkshire, as part of the wider college reform programme in Scotland. Cumbernauld College and Motherwell College agreed to merge in January 2013. In February 2013, Coatbridge College agreed to join the

merger, then withdrew, before deciding to join again in August 2013. Cumbernauld College and Motherwell College merged in November 2013, and Coatbridge College joined in April 2014.

2. The Principal left Coatbridge College on 31 October 2013, the member of staff in the Principal's office left on 31 January 2014 and the five senior managers left on 31 March 2014.

3. The auditor gave an unqualified opinion on Coatbridge College's accounts for 2013/14, but included an 'Emphasis of matter' paragraph, in which she drew attention to the serious weaknesses in governance as outlined above.

4. The Auditor General's report was issued under Section 22 of the Public Finance and Accountability (Scotland) Act 2000. This allows the Auditor General to bring to the Parliament and the public's attention matters of public interest related to the financial statements of public bodies.

5. The Auditor General will present this report to the Scottish Parliament's Public Audit Committee. The committee will then decide what further action it may wish to take.

6. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk

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