



## **BOARD OF MANAGEMENT**

### **JOINT AUDIT AND RISK - FINANCE AND PROPERTY COMMITTEES**

Tuesday 27 November 2018 at **4.00pm (please note change of time)**  
Board Room, Y150, Gardyne Campus

#### **AGENDA**

**4.00PM AUDIT AND RISK COMMITTEE MEMBERS INDEPENDENT MEETING WITH AUDITORS**

**4.30PM AUDIT AND RISK COMMITTEE MEETING**

**1. WELCOME**

**2. APOLOGIES**

**3. DECLARATIONS OF INTEREST**

**4. MINUTES OF AUDIT AND RISK COMMITTEES – 18 SEPTEMBER & 23 OCTOBER 2018** Paper A for approval

- 4.1 Matters arising
- Asset & Fleet Management CB
  - Contracts Register

**5. STRATEGIC RISK REGISTER** Paper B for approval ST

**6. DRAFT AUDIT COMMITTEE REPORT TO BOARD** Paper C for approval GR

**7. INTERNAL AUDIT**

- 7.1 Student Activity Paper D for approval HL  
7.2 Student Funding Paper E for approval HL  
7.3 Follow-up Summary Paper F for information CB

**8. DATE OF NEXT MEETING - Tuesday 5 March 2019, 5:00pm, A214, Kingsway Campus**

**Close of Audit Committee Business**

**5.15pm JOINT AUDIT & RISK/FINANCE & PROPERTY COMMITTEE ITEMS**

**9. 9.1 Financial statements for the year ended 31 July 2018 and Annual Report from Audit Scotland** Paper G for approval AS

**9.2 Annual Report on Internal Audit** Paper H for approval HL

**Close of Joint Audit & Risk/ Finance & Property Committee Business**

## **FINANCE & PROPERTY COMMITTEE MEETING**

- |            |   |                         |       |
|------------|---|-------------------------|-------|
| <b>10.</b> | <b>MINUTE OF FINANCE &amp; PROPERTY COMMITTEE – 11 SEPTEMBER 2018</b> | Paper I for approval    |       |
|            | 10.1 Matters arising<br>ICT Resource Plan                             | Verbal update           | CB    |
| <b>11.</b> | <b>ESTATES UPDATE</b>   | Paper J for approval    | BG    |
| <b>12.</b> | <b>OUTREACH ESTATE</b>  |                         |       |
|            | 12.1 Sale of Fairlie House, Kirriemuir                                | Paper K for approval    | CB    |
|            | 12.2 Forfar Centre Lease  | Paper L for approval    | CB    |
| <b>13.</b> | <b>BUDGET MONITORING</b>  |                         |       |
|            | 13.1 Management accounts  | Paper M for approval    | BF/CB |
|            | 13.2 Good to Great monitoring schedule                                | Paper N for information | CB    |
| <b>14.</b> | <b>FINANCIAL STRATEGY UPDATE</b>                                      | Paper O for approval    | CB    |
| <b>15.</b> | <b>FINANCIAL AUTHORISATION PROCESS</b>                                | Paper P for approval    | CB    |
| <b>16.</b> | <b>2019/20 FEES POLICY</b>  | Paper Q for approval    | CB    |
| <b>17.</b> | <b>PROCUREMENT ANNUAL REPORT</b>                                      | Paper R for discussion  | CB    |
| <b>18.</b> | <b>VP CORPORATE SERVICES REPORT</b>                                   | Paper S for noting      | CB    |
| <b>19.</b> | <b>DATE OF NEXT MEETING</b>   |                         |       |

Tuesday 22 January 2019, 5:00PM, Y150, Gardyne Campus



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Minutes of Previous  
Audit & Risk Committee Meeting  
18 September 2018 and 23 October 2018**

**PAPER A**



## **BOARD OF MANAGEMENT AUDIT & RISK COMMITTEE MEETING**

Minute of the Audit & Risk Committee meeting held on Tuesday 18 September 2018 at 5.00pm in Room A214, Kingsway Campus.

**PRESENT:** G Robertson (Chair) T Pirie  
M Williamson P Milne  
M Thomson

**IN ATTENDANCE:** C Blake (Vice Principal)  
S Taylor (Vice Principal and Secretary to the Board)  
D Archibald (Henderson Loggie)

### **1. WELCOME**

G Robertson welcomed members of the Audit & Risk Committee, and welcomed Michael Thomson to his first meeting.

### **2. APOLOGIES**

Apologies were received from S Watt and C Hislop (Audit Scotland).

### **3. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **4. MINUTE OF AUDIT COMMITTEE – 15 MAY 2018**

The minute of the Audit Committee meeting held on 15 May 2018 was approved as a correct record.

### **5. 5.1 Matters Arising**

#### **GDPR**

M Williamson asked that the Committee receive regular updates on any breaches of data security/data protection. This was agreed and it was agreed that information on the reporting arrangements for data breaches would be copied to Committee members.  
**C Blake to progress.**

#### **Cash Values**

C Blake noted that the annual value of cash handled was c.£1.2 million with the majority of this taken through the canteen facilities. It was noted that this value was likely to decline following the introduction of contactless payment systems.

#### **Internal Audit Contract Extension**

C Blake confirmed that this had been progressed. A query on the detail of the notification of this was noted and C Blake/D Alexander would discuss.

## **Asset and Fleet Management**

C Blake stated that there was not a lot more to report on from the previous meeting, but that work was progressing to finalise the central asset register, with the data capture work for this progressing as planned.

The timescale for this work was discussed and it was agreed that a clear timescale would be set (relative to the audit report recommendations) and further progress reported at the next meeting. **C Blake to progress.**

## **6. STRATEGIC RISK REGISTER**

G Robertson noted the risk register and stated that he wanted to focus on the risk areas that remained as amber or above post mitigation.

G Robertson stated that this also linked into the Audit Scotland report on Scotland's Colleges and the positioning of D&A College in terms of the underlying operating position.

G Robertson stated that he was concerned that there was a lack of visibility in terms of this underlying position.

C Blake summarised the discussions held on this at the Finance and Property Committee, and noted that it was awareness of this position that underpinned the Financial Strategy and the work completed on recent savings plans.

M Williamson asked if this discussion had identified anything additional required in respect of College strategy. C Blake noted that it had not, and that the information underpinning the report had been known to the College and the only surprise was the relative position of others in the sector. Arrangements to seek to better develop benchmarking with other colleges were discussed.

The importance of the income per full-time equivalent staff measure was discussed and opportunities to improve this ratio, and to make progress on this and other sustainability measures more visible were discussed.

The links between information and metrics provided to each Board Committee were discussed, and concerns around how these were visible to all Board members noted.

It was noted that the paper and actions arising from this would be discussed at the full Board. This was welcomed

The positioning of the College in respect of learner performance within the Audit Scotland report was discussed, and S Taylor advised that this had been queried with Audit Scotland as it did not match with SFC published performance indicator data. It was noted that Audit Scotland had revised the data but it was not fully clear why this had been done.

Risks in respect of industrial relations matters were discussed and it was agreed that the risk in respect of Brexit (1.3) should be updated to reflect potential staffing risk for EU national staff should there be a 'no deal' Brexit outcome. **S Taylor to progress.**

The updated register was approved.

## **7. INTERNAL AUDIT REPORTS**

### **Workforce Planning**

D Archibald summarised the report on workforce planning and the range and scope of the audit work undertaken relative to the CIPD standards and Audit Scotland recommendations.

D Archibald confirmed that the outcome of the audit was ranked as good, with no recommended actions. It was stated that this was an unusual outcome and reflected the standard of the work undertaken. D Alexander stated that this was not common in other organisations where similar reviews had been undertaken.

D Archibald stated that there was evidence of longer term planning for staff numbers and skills profiles relative to a range of College strategies and criteria. It was noted that the report highlighted good integration across a number of strategies, including the financial strategy and curriculum review looking forward over 2018/19 and 2019/20.

The report was approved.

### **Follow Up Reviews**

D Archibald summarised the report produced, highlighting that this provided information on actions taken in respect of recommendations arising from previous audit reports. He advised that overall progress was good, with 16 from 20 recommendations completed in full, 3 partially implemented and 1 still outstanding.

D Archibald stated that the 1 outstanding action related to procurement and had been delayed due to the overall project delay on implementation of the 'P2P' system.

C Blake noted that the Follow-up Review report built on the College's on follow-up tracking arrangements and reporting.

Concern was noted at the partial implementation in respect of space utilisation surveys given the importance of space considerations for campus redevelopment and required cost savings. C Blake stated that there had been a large number of recommendations to be implemented in terms of space utilisation, and that was the final piece of the 'jigsaw' to be progressed.

The importance of effective space utilisation was discussed alongside the need to carefully plan these needs for the future.

The report was approved.

### **Audit Progress Report**

D Archibald noted that all audit work from the 2017/18 plan was on track, with the final credit and student fund audits to be brought to the next meeting.

### **Audit Plan 2018/19**

D Archibald summarised the proposed audit plan, noting that this followed the audit strategy and needs assessment agreed in May 2018. The plan fleshed out the timescales and scope for each of the proposed audits.

The plan was discussed and the scope and timing of the range of audits confirmed. S Taylor confirmed that the scope of the Equality and Diversity audit appropriately reflected the range of demands and reporting placed on the College and confirmed that there was no issue in terms of conflict/duplication between the planned audit on Students' Association/Learner Engagement and the work undertaken with Education Scotland.

The planned audit on Risk Management and Business Continuity was discussed and G Robertson asked if this would consider different approaches to risk management. D Alexander stated that it could, and noted approaches where risks were split up between different Board Committees. This input was welcomed.

Risks around Brexit were discussed and C Blake highlighted the likely drop of c3,400 credits in 2022/23 as a result of the loss of ESF funded credits, and work being undertaken to incorporate this into financial and workforce planning. D Alexander stated that he was aware that a number of organisations were developing more specific risks around Brexit as the EU leave date gets closer.

The audit plan was approved. **Henderson Loggie to progress.**

## **8. EXTERNAL AUDIT**

C Blake advised that fieldwork for the external audit would commence on 24 September and that productive discussions had been held to prepare for this.

C Blake advised that there was no further update in terms of the accounting treatment of the D&A Foundation.

## **9. OTHER BUSINESS**

G Robertson reported that an issue had been raised via the Finance and Property Committee with regard to adherence to the terms of the financial regulations for a significant ICT purchase. It was noted that this matter had been referred to the internal auditors to review and that an additional meeting of the Committee may be required over the coming weeks to consider the report arising from this. **S Taylor to progress.**

## **10. DATE OF NEXT MEETING**

Tuesday 27 November 2018 **at 4.00pm in Room Y150, Gardyne Campus** (Joint Meeting with Finance and Property Committee).

### **Action Point Summary**

<b>Action</b>	<b>Responsibility</b>	<b>Date</b>
Data breaches to be reported to Committee.	C Blake	27 November 2018 and on-going
Data breach reporting procedure to be shared with Committee members	C Blake	30 September 2018
Update on actions in respect of Asset and Fleet Management audit findings	C Blake	27 November 2018
Risk Register to be updated	S Taylor	27 November 2018
Audit Plan to be progressed	Henderson Loggie	27 November 2018
Additional Committee meeting to be organised	S Taylor	30 September 2018



## **BOARD OF MANAGEMENT AUDIT & RISK COMMITTEE MEETING**

Minute of the Audit & Risk Committee meeting held on Tuesday 23 October 2018 at 5.00pm in Room A214, Kingsway Campus.

**PRESENT:** G Robertson (Chair) T Pirie  
M Williamson

**IN ATTENDANCE:** C Blake (Vice Principal)  
S Taylor (Vice Principal and Secretary to the Board)  
D Archibald (Henderson Loggie)

### **1. WELCOME**

G Robertson welcomed members of the Audit & Risk Committee to this additional meeting and noted that he wanted to run through the report provided and pick up any questions and actions arising from this. G Robertson stated that he also wanted to have an opportunity for members of the Committee to pick up any points without the internal auditors or College officers present.

### **2. APOLOGIES**

Apologies were received from S Watt and P Milne.

### **3. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **4. INTERNAL AUDIT REPORT – REVIEW OF ICT EXPENDITURE**

G Robertson introduced the paper outlining that this had arisen as a result of a suspected breach of procurement thresholds and related College regulations around the renewal of a contract for the College's virtual desktop environment.

The complexity of the arrangements surrounding the contract were explained given the (not uncommon) third party contractual arrangement between the software retailer and the actual software service provider.

D Archibald summarised the report, outlining the background to this and the approach taken to review the procurement arrangements and approval process adopted. D Archibald highlighted the review of the overall timeline in terms of the arrangements and decision making process surrounding the procurement.

G Robertson highlighted that the report had also been shared for information with the Chair of the Board and the Chair of the Finance and Property Committee.

The range of recommendations were discussed in detail and the following points noted.



#### Recommendation 1 and 2:

C Blake confirmed that work had progressed on the Contracts Register with this scheduled for completion by mid November 2018. It was confirmed that the register would inform the work and financial forward planning needed for the Procurement and Resources Group. A report on progress and completion of this work would be provided for the next Finance and Property Committee meeting. **C Blake to progress.**

#### Recommendation 3:

Induction arrangements for budget holders were discussed and C Blake advised that changes had already been made to ensure that financial responsibilities and thresholds were incorporated into induction plans for all new budget holders.

#### Recommendation 4:

The requirements of the financial regulations in respect of both revenue and capital contracts were discussed and G Robertson outlined his understanding that the thresholds and approval approaches should be consistent for both. This was recognised and it was agreed that a paper be produced for the Finance and Property Committee confirming the position in respect of contract 're-lets' and restating the requirements outlined within the financial regulations. Outcomes of this would be confirmed at a future meeting. **C Blake to progress.**

#### Recommendation 5:

Requirements and approaches in respect of the creation of purchase order numbers (rather than requisition numbers) were discussed and it was noted that current on-line procurement systems generated a purchase order number automatically. The need for clarity around approval requirements for all staff placing orders was noted, and it was agreed that information be provided to all those involved in requisitioning goods or services to reinforce the need to follow the agreed approval arrangements, and the potential consequences of not doing so. This information would include notification that purchase order numbers were not to be shared with suppliers until all required approvals had been obtained. **C Blake to progress.**

The wording of recommendation 5 was discussed and it was agreed that this would be updated to reflect the known practice embedded within the procurement systems in operation. **D Archibald to progress.**

#### Recommendation 6:

Requirements in respect of the scope and detail of options appraisals for major purchases were discussed and it was noted that arrangements were in place but that the timescales in respect of the specific issue being reviewed had resulted in these arrangements not being followed.

#### Recommendation 7:

Arrangements for risk management and monitoring were discussed and it was noted that a detailed business continuity plan for ICT systems was in place. Risks in respect of major ICT systems were included in the Strategic Risk Register.

D Archibald summarised the timeline of events and it was agreed that the discussion held at the September Finance and Property Committee be included within this. **D Archibald to progress.**

M Williamson noted comment under conclusion 5.12 with regard to the management of the unexpected increase in costs arising from the contract. C Blake advised that these costs had been incorporated into budget planning and forecasting going forward and that this was not a major issue or risk.

The Committee thanked D Archibald for the clear report produced and thanked C Blake for her openness in highlighting this issue and the background underpinning this.

G Robertson thanked all present for attending and asked that D Archibald, C Blake and S Taylor withdraw to allow the Committee to discuss any further points that they felt were relevant.

## 5. DATE OF NEXT MEETING

Tuesday 27 November 2018 **at 4.00pm in Room Y150, Gardyne Campus** (Joint Meeting with Finance and Property Committee).

### **Action Point Summary**

<b>Action</b>	<b>Responsibility</b>	<b>Date</b>
Update on Contracts Register completion and utilisation to be provided to Audit and Risk and Finance and Property Committees	C Blake	27 November 2018
Paper confirming financial regulations approval thresholds and arrangements for capital, revenue and contract 're-lets' to be developed for Finance and Property Committee	C Blake	27 November 2018
Decisions reached in respect of approval thresholds and arrangements for capital, revenue and contract 're-lets' to be confirmed with Committee	C Blake	5 March 2019
Information to be provided to staff to confirm financial procedures and importance of following agreed approval arrangements prior to sharing purchase order numbers with suppliers	C Blake	16 November 2018
Wording of recommendation 5 to be updated to reflect discussions	D Alexander	16 November 2018
Finance and Property Committee discussions on 11 September 2018 to be include in report timeline.	D Alexander	16 November 2018



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Strategic Risk Register**

**PAPER B**



# STRATEGIC RISK REGISTER

**2018 - 2019**

As at November 2018

<b>Post Holders</b>	ELT	Executive Leadership Team	PRIN	Principal	<b>Score</b>	<b>Impact</b>	<b>Likelihood</b>
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
	Board	Board of Management	HoICT	Head of ICT	2	Minor	Unlikely
	VPP&P	Vice Principal People & Performance	HoE	Head of Estates	3	Significant	Possible
	VPCS	Vice Principal Corporate Services			4	Major	Probable
					5	Critical	Very Likely

Risk Number	POTENTIAL CONTRIBUTING FACTORS			TREATMENT		POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
<b>1</b>	<b>Strategic and Structural</b>									
<b>1.1</b>	Failure of College strategy to meet the needs of the D&A Region and/or national priorities (eg Employability, DYW, attainment, articulation)	4	4	16	<ul style="list-style-type: none"> <li>Robust strategic planning</li> <li>Effective environmental scanning</li> <li>Strong partnerships</li> <li>Clear links between strategy and practice</li> <li>Concerted demands for increased activity levels</li> </ul>	4	1	4	<ul style="list-style-type: none"> <li>Robust monitoring via ROA</li> <li>Clear performance metrics</li> <li>Amendment of strategic direction/plans</li> <li>Rolling curriculum review</li> </ul>	Board, ELT
<b>1.2</b>	College may be disadvantaged by changes to either UK or Scottish Government policies	4	3	12	<ul style="list-style-type: none"> <li>Effective environmental scanning</li> <li>Negotiation/influence at national level</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Review of changes and amendment of strategic direction/plans</li> <li>Financial strategy sensitivities</li> </ul>	ELT
<b>1.3</b>	College disadvantaged by changes arising from UK leaving European Union	5	4	20	<ul style="list-style-type: none"> <li>Negotiation/influence at national level</li> <li>Review of activities/projects</li> <li>Responsiveness to new opportunities</li> </ul>	5	2	10	<ul style="list-style-type: none"> <li>Review of changes and amendment of strategic direction/plans/curriculum</li> <li>Financial strategy ESF sensitivity</li> <li>Workforce planning</li> </ul>	ELT

**Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood:** Green (1-8) = Minor Risk; Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk

<b>Post Holders</b>	ELT	Executive Leadership Team	PRIN	Principal	<b>Score</b>	<b>Impact</b>	<b>Likelihood</b>
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
	Board	Board of Management	HoICT	Head of ICT	2	Minor	Unlikely
	VPP&P	Vice Principal People & Performance	HoE	Head of Estates	3	Significant	Possible
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<b>2</b>	<b>Financial</b>									
<b>2.1</b>	Change in SFC Funding Methodology and Allocation – Reduction in Funding	3	3	9	<ul style="list-style-type: none"> <li>Negotiation/influence at national level</li> <li>Contingency plans for reduced funding</li> </ul>	2	3	4	<ul style="list-style-type: none"> <li>Advance modelling of new funding methodologies and allocations</li> <li>Monitoring impact of changes</li> <li>Amendment of strategic or operational direction/plans</li> <li>Financial strategy sensitivities</li> </ul>	ELT
<b>2.2</b>	Failure to achieve institutional sustainability	5	4	20	<ul style="list-style-type: none"> <li>Protection of funding through dialogue with SFC</li> <li>Robust annual budget-setting and multi-year financial strategic planning</li> <li>Effective budgetary control</li> <li>Where required, swift action to implement savings</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Monthly monitoring of budgets</li> <li>Regular review of financial strategy and non-core income sensitivity</li> <li>Detailed monitoring of savings programmes</li> </ul>	ELT
<b>2.3</b>	Salary and conditions of service pressures outstrip ability to pay	4	4	16	<ul style="list-style-type: none"> <li>Influence within Employers Association</li> <li>Management of staffing expenditures</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Expenditure modelling</li> <li>On-going discussions with staff</li> <li>Financial strategy sensitivities</li> </ul>	VPP&P, VPCS

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<b>2</b>	<b>Financial</b>									
<b>2.4</b>	Financial Fraud	4	3	12	<ul style="list-style-type: none"> <li>Strong financial controls: segregation of duties and review of transactions.</li> <li>Review of impact of any changes in structure or duties</li> <li>Whistleblowing arrangements</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Continuous review of financial controls</li> <li>Internal Audit programme</li> </ul>	VPCS
<b>2.5</b>	D&A Foundation refuses/withholds funding for key College priorities	5	3	15	<ul style="list-style-type: none"> <li>On-going dialogue with Foundation Trustees</li> <li>Appropriate bid arrangements in place</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Monitor and advise Board of Management</li> </ul>	VPCS

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<b>3</b>	<b>Organisational</b>									
<b>3.1</b>	Legal actions; serious accident; incident or civil/criminal breach	4	5	20	<ul style="list-style-type: none"> <li>Adherence to legislative and good practice requirements</li> <li>Positive Union relations and staff communication</li> <li>Effective management development programmes</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Monitoring and reporting in key areas – eg H&amp;S, equalities, employee engagement</li> <li>Continuous professional development</li> <li>Internal audit programme</li> <li>Staff surveys</li> </ul>	ELT
<b>3.2</b>	Reputational Risk – Loss of reputation with key stakeholders	4	3	12	<ul style="list-style-type: none"> <li>Marketing strategy</li> <li>Reputation plan</li> <li>Positive marketing approaches</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Stakeholder engagement</li> <li>Social media monitoring arrangements</li> </ul>	VPC&A
<b>3.3</b>	Disasters – eg Fire, MIS Failure, Failure of Emergency Procedures	5	4	20	<ul style="list-style-type: none"> <li>Sound systems of administration</li> <li>Clear fire and disaster recovery arrangements</li> <li>Staff CPD</li> </ul>	5	1	5	<ul style="list-style-type: none"> <li>Business Continuity Plan including scenario testing</li> </ul>	VPCS, VPP&P HoE, HoICT
<b>3.4</b>	Failure to meet Prevent and related obligations	5	3	15	<ul style="list-style-type: none"> <li>Prevent training</li> <li>Staff awareness and contingency planning</li> <li>Engagement/practice sharing with local agencies</li> </ul>	5	1	5	<ul style="list-style-type: none"> <li>Business Continuity Plan including scenario testing</li> <li>Information sharing with local agencies</li> </ul>	VPCS, VPP&P

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<b>3</b>	<b>Organisational (cont.)</b>									
<b>3.5</b>	Industrial Relations Problems (including industrial action)	4	5	20	<ul style="list-style-type: none"> <li>Adherence to legislative and good practice requirements</li> <li>Positive Union relations and staff communication</li> <li>Effective management development programmes</li> <li>Industrial action continuity planning</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Regular union/management dialogue</li> <li>Regular employee engagement monitoring</li> <li>Open communication with staff</li> <li>Industrial action continuity planning</li> </ul>	VPP&P
<b>3.6</b>	Failure to achieve ambitions of ICT strategy; strategy and development is ineffective	4	4	12	<ul style="list-style-type: none"> <li>Planning, careful phasing of changes to processes and systems</li> <li>Effective management of ICT arrangements</li> <li>Clear investment plan</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Regular review/reporting on milestones, systems effectiveness etc</li> <li>Regular CPD</li> </ul>	VPCA, HolCT
<b>3.7</b>	Breach of ICT/Cyber security	4	3	12	<ul style="list-style-type: none"> <li>Effective management of ICT arrangements</li> <li>Active ICT/data security monitoring and cyber security policy</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Staff CPD on cyber security issues</li> <li>Regular security monitoring/testing</li> <li>Cyber resilience plan</li> </ul>	VPCS, HolCT

**Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood:** Green (1-8) = Minor Risk; Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk

<b>Post Holders</b>	ELT	Executive Leadership Team	PRIN	Principal	<b>Score</b>	<b>Impact</b>	<b>Likelihood</b>
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
	Board	Board of Management	HolCT	Head of ICT	2	Minor	Unlikely
	VPP&P	Vice Principal People & Performance	HoE	Head of Estates	3	Significant	Possible
	VPCS	Vice Principal Corporate Services			4	Major	Probable
					5	Critical	Very Likely

Risk Number	POTENTIAL CONTRIBUTING FACTORS			TREATMENT		POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
<b>3</b>	<b>Organisational (cont.)</b>									
<b>3.8</b>	Breach of data security / data protection	5	4	20	<ul style="list-style-type: none"> <li>Effective management of ICT arrangements and GDPR compliance</li> <li>Mandatory staff CPD and awareness raising on data protection (relative to role)</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>Active data protection monitoring and auditing</li> <li>Effective information and data security policies in operation</li> <li>Regular data security monitoring/testing</li> <li>GDPR Action Plan</li> <li>Staff CPD</li> </ul>	VPCS, HolCT, Data users
<b>3.9</b>	Failure to reach aspirational standards in learning, teaching and service delivery	4	3	12	<ul style="list-style-type: none"> <li>Clear quality arrangements and priority actions</li> <li>Continuous self-evaluation and action planning</li> <li>Rigorous CPD arrangements in place</li> <li>Regular classroom observation and learner feedback arrangements</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Comprehensive monitoring of key PIs and student/staff feedback</li> <li>Regular Stop and Review events</li> <li>External review and validation findings</li> </ul>	VPC&A, VPP&P, DirC&A
<b>3.10</b>	Failure to achieve/maintain compliance arrangements, e.g. contracts; awarding bodies; audit.	4	3	12	<ul style="list-style-type: none"> <li>Robust strategic planning and monitoring</li> <li>Effective environmental scanning</li> <li>Strong partnerships</li> <li>Clear links between strategy and practice</li> <li>Concerted demands for increased activity levels</li> </ul>	2	2	4	<ul style="list-style-type: none"> <li>Effective internal monitoring/review/verification arrangements</li> <li>External review findings</li> </ul>	SLT, VPP&P

**Key to Risk Estimation/Score based on scale of 1 – 5 for impact/likelihood:** Green (1-8) = Minor Risk; Amber (9-15) = Significant Risk; Red (16-20) = Major Risk; Purple, (>21 - 25) = Fundamental Risk



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Draft Audit Committee Report to Board**

**PAPER C**



## **BOARD OF MANAGEMENT ANNUAL REPORT FROM THE CHAIR OF THE AUDIT & RISK COMMITTEE**

**Note:** At its meeting in June 2018, the Board of Management approved the re-naming of the Audit Committee to Audit & Risk Committee. The latter nomenclature is used throughout this report.

### **1 COMMITTEE MEMBERSHIP**

The Audit & Risk Committee Membership in the 2017/18 year was as follows:

G Robertson (appointed May 2018); M Ellins (resigned December 2017); M Williamson; P Milne; S Watt; T Pirie; J Richardson (resigned June 2018).

College staff members - C Blake, Vice Principal Corporate Services, and S Taylor, Vice Principal People & Performance/Secretary to the Board were also in regular attendance at meetings.

Representatives from Henderson Loggie (Internal Auditor) and Audit Scotland (External Auditor) regularly attend the Audit & Risk Committee.

### **2 MEETINGS AND DISCUSSIONS**

The Audit & Risk Committee met during the year on the following dates: 19 September 2017, 28 November 2017 (joint meeting with Finance & Property Committee), 13 March 2018, 15 May 2018, In addition, a joint meeting with the Finance & Property Committee was held on 27 November 2018 to consider the Financial Statements and internal and external audit reports for Financial Year 2017/18.

#### **2.1 INTERNAL AUDIT 2017/18**

The internal auditor's 2017/18 Annual Plan was presented and approved at the Committee meeting in September 2017. The reports considered by the Audit & Risk Committee under this plan included:

<b>Ref</b>	<b>Report</b>	<b>Grading</b>	<b>Committee</b>
2018/01	Annual Plan 2017/18	N/A	September 2017
2018/02	Student Fees and Contracts / Registry	Satisfactory	March 2018
2018/03	Asset / Fleet Management	Requires improvement	March 2018
2018/04	Data Protection (GDPR)	Satisfactory	May 2018
2018/05	Cash & Bank	Satisfactory	May 2018
2018/06	Workforce Planning	Good	September 2018
2018/07	Follow-Up Reviews	N/A	September 2018
2018/08	Credits Audit	Unqualified	November 2018
2018/09	Student	Unqualified	November 2018

In addition to the above, the Audit & Risk Committee held a special meeting in October 2018 to consider a report entitled Review of ICT Expenditure, which contained a number of recommendations following a breach of financial regulations during 2017/18.

In the Annual Report for 2017/18 the internal auditor concluded that, with the exception of issues noted in the reports on Asset / Fleet Management and ICT Expenditure, the College operates adequate and effective internal control systems, and proper arrangements are in place to promote and secure Value for Money.

The relationship between Henderson Loggie and College staff continues to be professional and effective in meeting internal audit needs.

The internal audit contract was awarded to Henderson Loggie in 2015, with an initial contract period to 31 July 2018. During 2017/18 the contract was extended for a further 12 months. The College has the option to extend for a further year before being required to re-tender. The fee for internal audit activities in 2017/18 was £6k.

The Committee also considers at each meeting a management report on progress made in respect of recommendations made in previous audits.

## **2.2 EXTERNAL AUDIT OF YEAR END FINANCIAL STATEMENTS**

The external audit of the Financial Statements to 31<sup>st</sup> July 2018 was undertaken by Audit Scotland, who were appointed by the Auditor General for a 5-year term from 2016/17 to 2020/21 inclusive.

The fee for the 2017/18 is reported in the Financial Statements to 31<sup>st</sup> July 2018 as £26k

The external auditor's Annual Audit Plan was considered by the Committee at its May 2018 meeting and was subsequently published on the Audit Scotland website.

At a joint meeting with the Finance and Property Committee on 27 November 2018, the Audit & Risk Committee received the Annual Accounts for 2017/18, together with the external auditor's Annual Audit Report and the internal auditor's Annual Report to the Board of Management.

The external auditor provided an unqualified report relating to the financial statements and reported that there were no contentious items of note arising. The key accounting issues were agreed.

The Committee reviewed the Annual Audit Report and related work and expressed satisfaction with the assessment provided. In terms of the contribution from the external auditor, the Committee were satisfied as to the achievement of planned work, also with general performance and effectiveness throughout the financial year.

A professional and effective relationship between the external auditor and College staff was reported.

## **2.3 RISK MANAGEMENT**

A Strategic Risk Register has been compiled and this is passed for discussion to the full Board of Management two times per year.

Risks are monitored and reported (including reporting to the Board of Management where necessary) at each meeting of the Audit & Risk Committee. Risks (including both pre- and post-mitigation risk ratings) are amended/added/deleted as appropriate through on-going analysis and approval at each Audit & Risk Committee meeting.

## **2.4 DISCUSSIONS BETWEEN THE AUDIT & RISK COMMITTEE AND THE EXTERNAL AND INTERNAL AUDITORS**

These discussions confirmed that:

- External and internal auditors have been provided with all necessary help and information.
- College staff and managers are operating effective systems of internal control and maintaining accurate and reliable financial records.
- College managers and staff have generally responded positively and timeously to implement suggested changes for improvement.

## **3 OPINION**

Based on the assessment and reports provided by external and internal auditors, the Audit & Risk Committee is satisfied as to the adequacy and soundness of the College's system of internal control and financial management, and the arrangements to deliver value for money from public funds, ensuring economy, efficiency and effectiveness in the use of resources.

The Audit & Risk Committee believes that the governance of the College is compliant with the principles of the Code of Good Governance for Scotland's Colleges which came into effect in December 2014, and has been compliant for the period from 1 August 2017 to 31 July 2018.

**G Robertson**  
**CHAIR - AUDIT & RISK COMMITTEE**  
**November 2018**



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Internal Audit**

**Student Activity**

**PAPER D**



**Dundee and Angus College**

**2017/18 Student Activity Data**

**Internal Audit Report No: 2018/08**

**Draft Issued: 8 October 2018**

**Final Issued: 23 October 2018**



## Contents

	Page No.
<b>Section 1 Management Summary</b>	<b>1</b>
• Introduction	1
• Scope of Audit	1
• Audit Staffing	1
• Audit Findings	2
• Conclusion	2
• Acknowledgements	2
<b>Section 2 Action Plan</b>	<b>3</b>
<b>Section 3 Main Report</b>	<b>4</b>
• Introduction	4
• Systems and Procedures for Compilation of Returns	5 - 7
• Analytical Review	7
<b>Appendices</b>	
<b>Appendix I Copy of Audit Certificate</b>	<b>8</b>
<b>Appendix II Summary of Adjusted and Unadjusted Errors</b>	<b>9</b>
<b>Appendix III Price Group Analytical Review 2016/17 and 2017/18</b>	<b>10</b>
<b>Appendix IV DPG Analytical Review 2016/17 and 2017/18 – figures</b>	<b>11</b>
<b>Appendix V DPG Analytical Review 2015/16 to 2017/18 – graph</b>	<b>12</b>
<b>Appendix VI Updated Action Plan – Student Activity Data 2016/17</b>	<b>13</b>

# 1. Management Summary

## Introduction

The Guidance Notes issued by the Scottish Funding Council (SFC) on 2 August 2018, '2017-18 data return for funding purposes (FES return) and audit guidance for colleges', requested submission by Dundee and Angus College ('the College') of the FES return for session 2017/18, which includes the Credits data relating to College activity for the academic year 2017/18.

Guidance on completion of the 2017/18 return was issued by the SFC on 10 May 2017.

The Credits Audit Guidance requests that colleges obtain from their auditors their independent opinion on the accuracy of the FES return.

## Scope of Audit

In accordance with the Credits Audit Guidance we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Dominant Programme Group (DPG) and dominant Price Group.

Our testing was designed to cover the major requirements for recording and reporting fundable activity identified at Annex C to Credits Audit Guidance and the key areas of risk identified in Annex D.

## Audit Staffing

An Audit Director with 25 years' experience in the further and higher education sectors had overall responsibility for the planning, control and conduct of the audit and supervised and reviewed work performed by a Qualified Auditor and Trainee Auditor with three and two-years' experience in the sector respectively. An Assistant Manager with 13 years' experience in the sector was also involved at the review and reporting stage.

The quality of audit work undertaken by the firm is enhanced through continuous review of procedures and the implementation of individual training programmes designed to address the needs of each team member.

The total number of audit days was eight, split one day for the Audit Director, one day for the Assistant Manager, three days for the Qualified Auditor and three days for the Audit Trainee.

## Audit Findings

The points that we would like to bring to your attention have been grouped together under the following headings to aid your consideration of them:

- Introduction
- Systems and Procedures for Compilation of Returns
- Analytical Review

The action that we consider necessary on each issue is highlighted in the text for clarity and an action plan for implementation of these recommendations can be found in section 2.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

<b>Priority 1</b>	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit Committee.
<b>Priority 2</b>	Issue subjecting the College to significant risk and which should be addressed by management.
<b>Priority 3</b>	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

## Conclusion

Our report to SFC was submitted on the deadline date of 5 October 2018. We reported that, in our opinion:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- on the basis of our testing we can provide reasonable assurance that the FES return contains no material mis-statement.

A copy of our Audit Certificate is included at Appendix I to this report.

## Acknowledgements

We would like to take this opportunity to thank the staff at Dundee and Angus College who helped us during the course of our audit.

## 2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
2.2.1	<p><i>Systems and Procedures for Compilation of Returns</i></p> <p><b>Credits Value</b></p> <p><b>R1</b> Ensure that the credits claimed for students enrolled on infill courses is based on the actual credits undertaken by eligible students enrolled on the course.</p>	3	Data Management will review all infill student bookings to ensure guidelines are adhered to.	Y	Fiona Beattie, Student Records Co-ordinator	June 2019
2.3.1	<p><b>Student Withdrawals</b></p> <p><b>R2</b> For students who withdraw from their courses, ensure that the withdrawal date entered in the UNIT-e system is the last date they physically attended.</p>	3	The College's new automation withdrawal process should eliminate this issue.	Y	Leann Crichton Head of Administrative Operations	June 2019

## 3. Main Report

### 1. Introduction

#### 1.1 SFC Guidance

1.1.1 The Credits Audit Guidance issued by the Scottish Funding Council (SFC) on 2 August 2018 sets out, at Annex D, the key areas of risk in relation to the preparation of the FES return. These are:

- identification of non-fundable activity, both courses and students;
- classification as higher education or further education;
- classification as full-time or other than full-time;
- identification and counting of infill students;
- allocation of Credit values for students on ECDL courses;
- allocation of dominant Price Group code;
- capturing of enrolments and identification and recording of student and withdrawals;
- allocation of Credit values;
- claims for related study;
- recording of fee waivers;
- recording of progress for students on open / distance learning programmes; and
- claims for collaborative provision.

1.1.2 For academic year 2017/18 we established that there had been no significant changes to the systems and procedures used in the compilation of the returns. We then carried out detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily. Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Dominant Programme Group (DPG) and dominant Price Group.

1.1.3 As requested by the Credits Audit Guidance this report indicates: the scope of the audit; the approach taken; the extent of checking undertaken; details of any additional testing carried out as a result of errors found in initial sampling; the external data examined; an indication of analytical review work performed; review of prior year recommendations; and the main findings from our audit work. As requested by the guidance, the report also includes a summary of adjusted and unadjusted errors found during the course of the audit.

## 2. Systems and Procedures for Compilation of Returns

### 2.1 Introduction

2.1.1 Detailed testing at the year-end Credits audit included two main tests on courses and individual students.

2.1.2 The following tests were carried out for a sample of 15 courses selected from the UNIT-e system:

- a) Ensured that the course met the criteria for fundable activity set out in the Credits guidance;
- b) Where applicable, ensured that the course met the definition of further or higher education set out in the Credits guidance;
- c) Ensured that courses recorded as full-time met the definition for full-time as set out in the Credits guidance;
- d) Checked the student total for a programme against course / class lists or course / class register. Checked calculation of the required date and ensured that students who had withdrawn prior to this date had been excluded from the Credits count; and
- e) Checked allocation of Credits to courses is in accordance with the Credits guidance.

2.1.3 For a total of 81 students selected from the above courses the following tests were carried out, where applicable:

- a) Ensured that the student met the criteria for fundable activity set out in the Credits guidance;
- b) Checked back to signed enrolment forms, or electronic equivalent, for the 2017/18 academic year;
- c) For infill courses, ensured that Credits were allocated according to the modules attended by individual students rather than by the default value for the courses being infilled;
- d) Checked to student attendance records and, for withdrawals (including a further sample of 15 full-time students who withdrew within two weeks after the Credits qualifying date), checked that the withdrawal date noted on the system was the last date of physical attendance; and
- e) For students following courses of open and distance learning vouched to study plan etc. and ensured that required criteria was met.

2.1.4 The following tests were carried out by reviewing records for all College courses:

- a) Confirmed that there were no claims for more than one full-time enrolment per student for 2017/18 and ensured that Credits had not been claimed in respect of courses that were related in respect of subject area, unless progression could be clearly established;
- b) Confirmed that there were no claims for overseas students and students enrolled on full cost recovery commercial courses; and
- c) Confirmed that Credits had not been claimed for distance learning student's resident outwith Scotland.

## 2. Systems and Procedures for Compilation of Returns (Continued)

### 2.1 Introduction (Continued)

- 2.1.5 In relation to European Social Funds (ESF), for a sample of 10 students selected from the College's ESF funded programmes testing was carried out on the College's systems for administering the additional funding, in line with conditions of grant. This included:
- a) reviewed the eligibility of students flagged for ESF Credits;
  - b) ensured that supporting documentation was held for ESF students, including: a completed participant form; proof of nationality; proof of permanent residence; and appropriate notification issued to the student; and
  - c) ensuring that Credits are only claimed for completed modules.
- 2.1.6 We reviewed the systems for recording fee waiver entitlement and carried out an analytical review to ensure the accuracy of the fee waiver element of the FES return. For a random sample of five part-time students we confirmed that College staff had verified the entitlement to benefit.
- 2.1.7 It was confirmed by the Head of Administrative Operations and Data Management Team Leader that there has been no new collaborative activity during 2017/18. Collaboration agreements are in place in relation to programmes delivered in partnership with Dundee City Council and Dundee Repertory Theatre. These agreements have been reviewed by us in previous years and it was confirmed that the programmes meet the requirements for eligibility for funding set out in the Credits guidance.
- 2.1.8 Before signing our audit certificate, we reviewed the final FES online report and the explanations for remaining errors.
- 2.1.9 From our review and testing of the systems and procedures used in the compilation of the returns, we concluded that overall, they were adequate to minimise risk in the areas identified in Annex D of the Credits Audit Guidance and were working satisfactorily as described to us.
- 2.1.10 The remainder of this report discusses issues identified during our review of the 2017/18 student activity data.

### 2.2 Credits Value

- 2.2.1 For one course tested in our sample, Infill – Construction – Advanced, we identified four students enrolled on the course where the credits claimed did not correlate to the credit value of units undertaken by the student resulting in an over claim of 9 credits. This error was adjusted at the time of our audit and the College undertook a review to ensure that a similar error had not arisen on other infill courses.

#### Recommendation

**R1** Ensure that the credits claimed for students enrolled on infill courses is based on the actual credits undertaken by eligible students enrolled on the course.

## 2. Systems and Procedures for Compilation of Returns (Continued)

### 2.3 Student Withdrawals

- 2.3.1 For one part-time course in our sample, HNC Childhood Practice (Evenings & Weekends), we noted two students who did not meet the attendance requirement however the withdrawal dates entered in UNIT-e for these students were after the required date for the course and they had therefore been included in the credits claim. 6 credits were removed for the final claim. We did not identify any further issues with student withdrawals for students in our sample courses or from a further sample of 15 students who withdrew from their course within two weeks after the Credits qualifying date.

#### Recommendation

**R2 For students who withdraw from their courses, ensure that the withdrawal date entered in the UNIT-e system is the last date they physically attended.**

## 3. Analytical Review

- 3.1 The analytical review by DPG for the current year, included at Appendix IV of this report, showed significant variances in DPG 2, 6, 8, 10, 16 and 18. Analytical review by dominant Price Group at Appendix III also showed variances in Price Groups 1, 2 and 5. These were discussed with College management. The explanations we received provided us with additional assurance that the Credits claim does not contain material errors:
- DPG 2 Business and management – there was an increase in part-time activity to meet sector and employer needs. This is reflected in an increase in activity in Price Group 2;
  - DPG 6 Creative arts & design – there was a downturn in applications and enrolments within this curriculum area, particularly HND Year 2 provision. This curriculum is currently under review. Reductions in credits in this area were offset by increases in credits in other Price Group 2 programmes;
  - DPG 8 Health & related studies – there was a planned increase in activity in line with the increased credits target. This is reflected in an increase in activity in Price Group 2;
  - DPG 10 Personal Development – this has decreased due to personal development opportunities now being embedded within all programmes rather than being delivered as stand-alone provision. This is reflected in a decrease in activity in Price Group 1;
  - DPG 16 Sport & leisure – there was an increase in school provision within this area. This is reflected in an increase in activity in Price Group 2; and
  - DPG 18 Office & Secretarial – new Gateway programmes were introduced aimed at learners requiring additional support to increase their progression opportunities. This is reflected in an increase in activity in Price Group 5.



## Appendix I – Copy of Audit Certificate

si/D386

Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

5 October 2018

Dear Sirs

### **Auditor's Report to the Members of the Board of Management of Dundee and Angus College**

We have audited the FES return which has been prepared by Dundee and Angus College under the 'Credits' Guidance issued 10 May 2017 and which has been confirmed as being free from material mis-statement by the College's Principal in his Certificate dated 4 October 2018. We conducted our audit in accordance with guidance contained in the 2017-18 audit guidance for colleges. The audit included an examination of the procedures and controls relevant to the collection and recording of student data. We evaluated the adequacy of these controls in ensuring the accuracy of the data. It also included examination, on a test basis, of evidence relevant to the figures recorded in the student data returns. We obtained sufficient evidence to give us reasonable assurance that the returns are free from material mis-statement.

In our opinion:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data;  
and
- on the basis of our testing we can provide reasonable assurance that the FES return contains no material mis-statement.

Yours faithfully

Henderson Loggie

Date:

5 October 2018

## Appendix II – Summary of Adjusted and Unadjusted Errors

Report Para	Error identified	Adjusted/unadjusted	Approx. Value
2.2.1	Student credits claimed do not agree to actual credits value of units undertaken on an infill course	Adjusted	-9 Credits
2.3.1	Credits claimed for part-time students where an incorrect withdrawal date was input in to the system	Adjusted	-6 Credits

College Funded Target 2017/18                      108,962 Credits

The above target figure includes 103,861 core Credits and 5,101 ESF.

Final claimed 2017/18                                      109,360 Credits

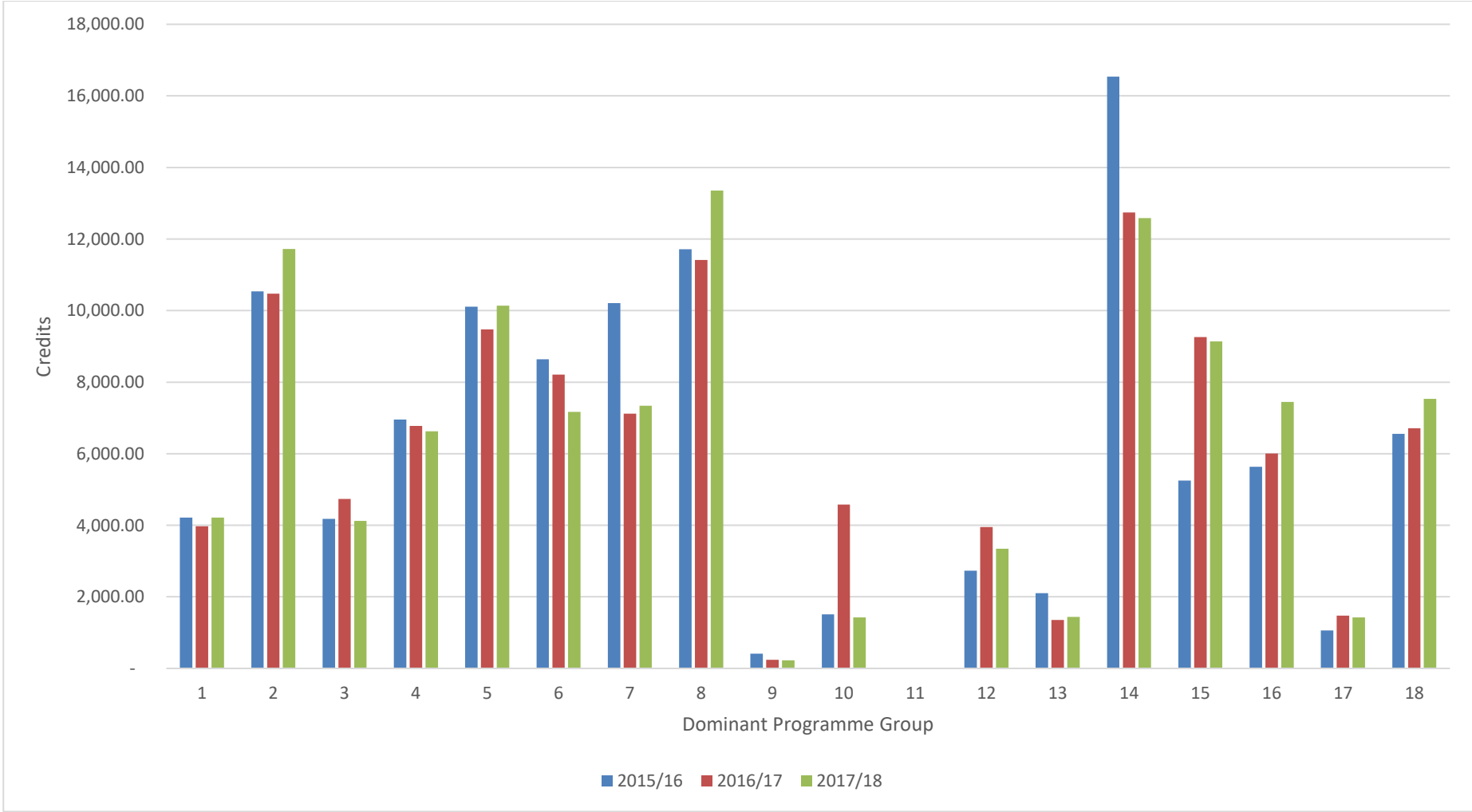
## Appendix III Price Group Analytical Review 2016/17 and 2017/18

Price Group	2016/2017 Credits	2017/2018 Credits	Credits Variance	% Variance
1	29,187	23,753	(5,434)	(18.62)
2	39,971	44,221	4,250	10.63
3	29,654	30,934	1,280	4.32
4	2,977	2,920	(57)	(1.91)
5	6,715	7,532	817	12.17
	<u>108,504</u>	<u>109,360</u>	<u>856</u>	<u>0.79</u>

## Appendix IV – DPG Analytical Review 2016/17 and 2017/18 - Figures

Dom Gp		<u>2016/2017</u>	<u>2017/2018</u>	Credits Variance	% Variance
		Credits	Credits		
1	Agriculture, horticulture and animal care	3,972	4,214	242	6.09
2	Business & management	10,473	11,719	1,246	11.90
3	Catering & food	4,736	4,121	(615)	(12.99)
4	Computers, software & information	6,778	6,629	(149)	(2.20)
5	Construction	9,475	10,139	664	7.01
6	Creative arts & design	8,210	7,170	(1,040)	(12.67)
7	Engineering	7,119	7,344	225	3.16
8	Health & related studies	11,415	13,358	1,943	17.02
9	Minerals, materials & fabrics	243	225	(18)	(7.41)
10	Personal development & self help	4,579	1,428	(3,151)	(68.81)
11	Printing	0	0	0	0
12	Science & maths	3,953	3,343	(610)	(15.43)
13	Secretarial/office & sales work	1,353	1,438	85	6.28
14	Social studies & languages	12,743	12,584	(159)	(1.25)
15	Social work	9,257	9,142	(115)	(1.24)
16	Sport & leisure	6,009	7,450	1,441	23.98
17	Transport, services & vehicle engineering	1,474	1,425	(49)	(3.32)
18	Special educational needs	6,715	7,532	817	12.17
	<b>Totals (excluding ELS)</b>	<u>108,504</u>	<u>109,360</u>	<u>856</u>	<u>0.79</u>
	<b>Total Target Activity</b>		<b>108,962</b>		
	- including ESF Target Activity of:		<b>5,101</b>		
	<b>ESF Actual Activity</b>		<b>7,079</b>		

# Appendix V – DPG Analytical Review 2015/16 to 2017/18 - Graph



## Appendix VI – Updated Action Plan – Student Activity Data 2016/17

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2018
2.2.2	<p><i>Systems and Procedures for Compilation of Returns</i></p> <p><b>Required Dates and Attendance</b></p> <p><b>R1</b> For courses that are other than full-time, ensure that the required date input into UNIT-e is calculated as the day on which 25 per cent of the total calendar days between the course start and end have passed.</p>	3	The Data Management team within the College have created a form in Access that will allow us to calculate the 25% required date for every course using the same formula including holiday weeks that is fully compliant with SFC guidance.	Y	Head of Administrative Operations	September 2017	No similar issues noted from testing in 2017/18.



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Internal Audit**

**Student Funding**

**PAPER E**



**Dundee and Angus College**

**Student Support Funds  
2017/18**

**Internal Audit Report No: 2018/09**

**Draft Issued: 14 November 2018**

**Final Issued: 20 November 2018**



## Contents

### Page

#### Section 1 Management Summary

• Introduction	1
• Audit Scope	2
• Audit Objectives	2
• Audit Approach	2
• Findings and Conclusions	2
• Acknowledgements	3

#### Appendices

**Appendix I Further Education Discretionary Fund, Further and Higher Education  
Childcare Fund and Bursary Return and Audit Certificate**

**Appendix II Higher Education Discretionary Fund Return and Audit Certificate**

**Appendix III Education Maintenance Allowance Return and Audit Certificate**

# 1. Management Summary

## Introduction

Colleges receive **Discretionary Funds** from the Scottish Funding Council (SFC) and the Student Awards Agency for Scotland (SAAS) to provide financial help for students where access to, or continuance in, further or higher education would otherwise be denied due to financial hardship. The maximum payable from the Further Education Discretionary Fund is £4,000, increased from £3,500 last year, and the maximum payable from the Higher Education Discretionary Fund is also £4,000.

**Childcare Funds** sit alongside the Discretionary Funds to provide assistance with the cost of formal childcare expenses. From academic year 2011/12, childcare funds for higher education students formerly allocated to colleges by SAAS, were transferred to the SFC who now allocates childcare funding direct to colleges for all eligible further and higher education students. No limit is placed on the amounts individuals can access and colleges have the flexibility to determine award levels themselves. Priority must however be given to lone parents, part-time students and mature students when allocating funds from the Further Education Childcare Fund.

The Discretionary and Childcare Funds must be administered, and payments made, in accordance with SFC and SAAS guidelines.

**Bursary** funds are given to students at the discretion of a college to help maintain that student in their education beyond their compulsory school leaving date. An award can include allowances that cover a student's maintenance, travel and study costs. Colleges can also use bursary funds for allowances to cover costs incurred by a student due to an additional home, their dependants and / or special education needs.

Colleges must apply the terms of the National Policy for Further Education Bursaries, together with applicable legislation and supplementary letters issued by the SFC, when using the funds allocated to them for bursary purposes. The policy sets out the minimum criteria, maximum rates and minimum contribution scales that a college must apply in allocating bursary funds, however, a college may vary the terms of the policy by imposing additional eligibility criteria or conditions. Figures used within the policy to calculate a student's award may be varied, but only in order to reduce the value of an award, although where a college chooses to supplement bursary funds from its own resources it may use the additional resources as it sees fit.

**Education Maintenance Allowances (EMAs)** provide financial support for 16 to 19 year-olds from low income households who are attending non-advanced full-time education at school, college or are home educated. Eligible students receive £30 per week, which is targeted at young people from the lowest income families.

EMAs must be administered, and payments made, in accordance with SFC and Scottish Government guidelines.

## Audit Scope

For the 2017/18 academic year three specific fund statements were required for audit:

- Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return;
- Higher Education Discretionary Fund; and
- Education Maintenance Allowance Return.

## Audit Objectives

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- The information disclosed in each of the returns for the year ending 31 July 2018, is in agreement with underlying records.

## Audit Approach

The audit approach included:

- Reviewing new guidance from SFC, SAAS and the Scottish Government and identifying internal procedures;
- Agreeing income to letters of award;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing College analysis spreadsheets for large or unusual items, obtaining explanations where necessary; and
- Carrying out detailed audit testing, on a sample basis, on expenditure from the funds.

Audit guidance issued by the SFC was utilised.

## Findings and Conclusions

We were able to certify all fund statements for the year and submit these to the appropriate bodies, without reservation.

Copies of the fund statements and audit certificates are provided at appendices I to III of this report.

During our audit testing we noted that one student in our Bursary sample should only have been awarded a travel allowance however, due to a clerical oversight, they were also issued with a bus pass. This gave rise to a £656 overpayment which the College is seeking to recover from the student.

## **Acknowledgements**

We should like to take this opportunity to thank the staff at Dundee and Angus College who helped us during the course of our audit visit.



## Appendix I

### **Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return and Audit Certificate**



## Appendix II

### Higher Education Discretionary Fund Return and Audit Certificate



## Appendix III

### Education Maintenance Allowance Return and Audit Certificate

Our ref: si/D386  
Your ref:

Student Awards Agency for Scotland  
Saughton House  
Broomhouse Drive  
Edinburgh  
EH11 3UT

24 October 2018

Dear Sirs

**Dundee and Angus College  
Higher Education Audited Fund Accounts Return 2017/18**

On behalf of our above named client, we enclose the audited HE Fund Account Return for the academic year 2017/18.

Should you have any queries regarding the enclosed please do not hesitate to contact us.

Yours faithfully

*Henderson Loggie*

Henderson Loggie

**Enclosures**

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[info@hica.co.uk](mailto:info@hica.co.uk)



# AUDITED FUND ACCOUNTS RETURN 2017/18

INSTITUTION

## Income and Expenditure

Dundee and Angus College

### INCOME

- a Initial allocation received for the academic year 2017/18
- b Supplementary allocation received in January 2018
- c Bank interest received in the academic year 2017/18
- d Previous year's short-term loans repaid in the academic year 2017/18
- f Total funds available for disbursement  $(a+b+c+d)=i$

Check

### EXPENDITURE

- g Funds disbursed (=grand total of k from Report on Funds Expenditure)
- h Funds to be returned to SAAS by 31 October 2018
- i Total disbursement of funds  $(g+h)=f$

NAME:  
(Principal)

GRANT RITCHIE

### AUDITOR'S REPORT

We have examined the books and records of the above institution and have obtained such explanations and carried out such tests as we considered necessary. On the basis of our examination and of the explanations given to us we report that ~~\*(subject to the reservations set out in our letter dated~~ which is attached the information set out above is in agreement with the underlying records and in our opinion is in accordance with the relative statutory requirements. We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate, and that an interest bearing account or accounts was in operation for the Funds which are separate from the Institution's account.

\* Delete if not applicable

APPOINTED AUDITOR:

Henderson Loggic

DATE: 24/10/2018

Undergraduate Discretionary Fund £	Postgraduate Discretionary Fund £	TOTAL £
155,587.00		155,587.00
-		-
-		-
-		-
155,587.00	-	155,587.00

139,368.39	-	139,368.39
16,218.61	-	16,218.61
155,587.00	-	155,587.00

SIGNED:



DATE:

4/10/18

## Report on Funds Expenditure

INSTITUTION

Dundee and Angus College

	Undergraduate Discretionary Fund		Postgraduate Discretionary Fund		TOTAL
	Full Time £	Part Time £	Full Time £	Part Time £	
a General living expenses	66,682.11	-	-	-	66,682.11
b Travel	-	52.00	-	-	52.00
c Childcare	60,210.28	-	-	-	60,210.28
d Bursary /scholarship	-	-	-	-	-
e Short-term loans not repaid in the academic year	1,759.00	-	-	-	1,759.00
f Disability diagnosis costs	10,665.00	-	-	-	10,665.00
g Equipment	-	-	-	-	-
h Audit	-	-	-	-	-
i Advertising and publicity	-	-	-	-	-
j Other administration costs	-	-	-	-	-
<b>k Total (= grand total of (g) from the Income &amp; Expenditure accounts return)</b>	<b>139,316.39</b>	<b>52.00</b>	<b>-</b>	<b>-</b>	<b>139,368.39</b>

Check

NAME: GRANT RITCHIE  
(Principal)

SIGNED:



DATE:

4/10/18

## Report on Student Numbers

INSTITUTION

Dundee and Angus College

### SUMMARY OF STUDENT NUMBERS

- a Total number of students applying for assistance ( $= b+c$ )  
 b Total number of students assisted  
 c Total number of students refused assistance ( $= a-b$ )

### DETAIL OF STUDENT NUMBERS

- d General living expenses  
 e Travel  
 f Childcare  
 g Bursary /scholarship  
 h Short-term loans not repaid in the academic year  
 i Disability diagnosis costs  
 j Equipment

### SHORT-TERM REPAYABLE LOANS > £500 WRITTEN OFF

- k Number of short-term loans over £500 written off in the year  
 l Monetary value of short-term loans over £500 written off in the year

Check

NAME:  
(Principal)

GRANT RITCHIE

SIGNED:

*GRANT RITCHIE*

DATE:

4/10/18

		Undergraduate Discretionary Fund		Postgraduate Discretionary Fund		TOTAL
		Full Time	Part Time	Full Time	Part Time	
		181	1	-	-	182
		156	1	-	-	157
		25	-	-	-	25
		80	-	-	-	80
		-	1	-	-	1
		31	-	-	-	31
		-	-	-	-	-
		11	-	-	-	11
		38	-	-	-	38
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-

Please note, a student may be assisted in more than one category therefore the total number of students assisted may not equal the sum of students shown in individual categories.

Our ref: si/D386  
Your ref:

**HENDERSON LOGGIE**  
Chartered Accountants

Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

10 October 2018

Dear Sirs

**Dundee and Angus College  
Discretionary Fund, Childcare Fund and Bursary Return 2017/18**

On behalf of our above named client, we enclose the audited Discretionary Fund, Childcare Fund and Bursary Return for the academic year 2017/18.

For information, we would point out that there are immaterial rounding differences on the FES student support funding report. Through discussion with Kenny Wilson we understand that the SFC is fully aware of these differences, which also occur for other colleges, and we have not included an observation or reservation in our auditor's report.

Should you have any queries regarding the enclosed please do not hesitate to contact us.

Yours faithfully

*Henderson Loggie*

Henderson Loggie

**Enclosure**

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## college=1002856 - Dundee and Angus College report=Student Support Funding

College Name: Dundee and Angus College	College Contact: .....					
College Number: 1002856	Phone Number: .....					
1st August 2017 - 31st July 2018						
	(AAC 1)	(AAC 2)	(AAC 3)			
Bursary Funds Expenditure	Students under 18	Parentally Supported	Self Supporting			
	Headcount	Expenditure (£)	Headcount	Expenditure (£)	Headcount	Expenditure (£)
Maintenance Costs						
At Parental Home	0	0	742	1592954	0	0
Away from Parental Home	1	1252	33	93698	0	0
Approved Accomodation or Lodgings	0	0	0	0	0	0
Personal Allowance	0	0	0	0	1083	3258217
Dependents Allowance	0	0	0	0	0	0
Study Expenses	987	81792	944	67987	1250	114213
Travel Expenses	690	235541	569	203456	889	317651
Special Educational Needs	20	46616	44	119263	7	23815
Total Bursary	1003	365141	961	2077364	1280	3713571
Total Bursary Fund Spend	3237	6156076	[ESF Students to be included in all tables]			
(AAC 1+2+3)						
Discretionary Fund & Childcare Fund Expenditure						
	Headcount	Expenditure (£)				
Total FE Discretionary Fund	318	285078				
Total FE Childcare Fund	310	951846				
Total HE Childcare Fund *	85	227848				
* UHI partner colleges to manually enter data on the CSV version of this report.						
Part-time		Full-time				
Headcount	Expenditure (£)	Headcount	Expenditure (£)			
13	27973	133	460450			
FE childcare, lone parent						



**The SAS System**

**9:21 Wednesday, October 03, 2018**

FE childcare, other	7	10003	158	453420
HE childcare, lone parent	0	0	43	131274
HE childcare, other	2	822	40	95752

We have examined the books and records of the above college and have obtained such explanations and carried out such tests as we consider necessary.

On the basis of our examination and the explanations given to us, we report that the information set out in these forms is in agreement with the underlying records.

We also report that in our opinion, the college used these funds in accordance with the Scottish Funding Council conditions.

We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate. \* Delete if not applicable.

PLEASE RETURN AN ELECTRONIC AND SIGNED PAPER COPY OF THIS FORM TO THE SCOTTISH FUNDING COUNCIL.

Principals Signature .....

Auditors Name (in printed capitals) ..... **HENDERSON LOGGIE**

Auditors Signature..... **Henderson Loggie**

Date of Signature..... **10 OCTOBER 2018**

Our ref: si/D386  
Your ref:

HENDERSON LOGGIE  
Chartered Accountants

Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

24 October 2018

Dear Sirs

**2017/18 Education Maintenance Allowance  
Dundee and Angus College**

In accordance with the Scottish Funding Council's EMA audit guidance we enclose an 'Auditors' Report' in relation to the above College's EMA Academic year-end statement for 2017/18 (copy attached).

As the SFC is already aware, the total maintenance claimed in the year of £400,170 includes a small amount of £30 which was over-claimed in relation to one student who was initially awarded EMA but later found not to satisfy all eligibility criteria. This amount was repaid in full to the College by the end of the academic year and we understand that the College has made an adjustment to EMA claimed in 2018/19 for this.

Should you have any queries regarding the enclosed, please do not hesitate to contact Stuart Inglis at this office.

Yours faithfully

*Henderson Loggie*

Henderson Loggie

sti@hlca.co.uk

Enclosures

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info@hlca.co.uk

Our ref: si/D386  
Your ref:

Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

24 October 2018

Dear Sirs

**Dundee and Angus College: Education Maintenance Allowance Return  
Auditors' Report to the Scottish Funding Council (SFC) for the period from 1 August  
2017 to 31 July 2018**

We have examined the books and records of the above College, including evidence of checks of five per cent of applications and payments, with a sample size appropriate to the size of the institution, and have obtained such explanations and carried out such tests as we considered necessary.

On the basis of our examination and of the explanations given to us, we report that the information set out in these forms is in agreement with the underlying records.

We also report that, in our opinion, the College used these funds in accordance with the SFC's conditions and the principles of the Education Maintenance Allowance programme.

We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate.

Yours faithfully

*Henderson Loggie*

Henderson Loggie

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College: Dundee & Angus  
AY 2017-18

College	Full Time students			Part Time Students			Headcount (Oct)	Notes	College Maintenance Adjustment	SubTotal Maintenance (=G+L)	Balance of funds B/F from AY 2016-17 confirmed in year end statement	Maintenance			Recover up to 2017-18
	No of claims FT	Total maintenance FT	No of claims PT	Total maintenance PT	Admin Claim (Jan, Feb, July)	Total Maintenance						Funds Remaining after adjustment (= L+O)	Final total of funds to be paid	Upfront Payment 2017-18	
June 2017	540	£16,200	0	£0	£0	£16,200	0	Total Admin claim for the full session £10275. Already claimed £9735 (£8610 plus £1125) therefore claiming a further £540.00 in the July claim. Admin claim re 2016-17 £540 - JS	£0	£16,200	£0	£0	£16,200	£36,000	
July 2017	0	£0	0	£0	£0	£0	0		£0	£0	£0	£0	£0	£0	
August 2017	0	£0	0	£0	£0	£0	0	Two students who had been provisional awards and no longer entitled to EMA have repaid their EMA. We have therefore over claimed £1290.00 for session 2016/17	£0	£0	£0	£0	£0	£0	
September 2017	712	£21,360	0	£0	£0	£21,360	0	To be checked							
October 2017	1439	£43,170	0	£0	£0	£43,170	418		£1,290	£20,070	£0	£0	£20,070	£0	
November 2017	1766	£52,980	3	£90	£0	£53,070	0		£0	£43,170	£0	£0	£43,170	£0	
December 2017	2238	£67,140	7	£210	£0	£67,350	0		£0	£53,070	£0	£0	£53,070	£0	
January 2018	844	£25,320	2	£60	£7,860	£25,380	0		£0	£67,350	£0	£0	£67,350	£0	
February 2018	1784	£53,520	5	£150		£53,670	0	Additional funds for FY 2017-18 based on average claims Feb-Mar 2016 & 2017 less up-front payments for AY 2017-18.	£78,908	£104,288	£0	£0	£104,288	£78,908	
March 2018	1762	£52,860	2	£60	£825	£52,920	0		£0	£53,670	£0	£0	£53,670	£0	
April 2018	800	£24,000	2	£60	£0	£24,060	0		£0	£52,920	£0	£0	£52,920	£0	
May 2018	1530	£45,900	6	£180	£0	£46,080	0		£0	£24,060	£0	£0	£24,060	£0	
June 2018	421	£12,630	3	£90	£0	£12,720	0	Further Admin claim for 17/18 £330	£0	£46,080	£0	£0	£46,080	£0	
July 2018	13	£390	0	£0.0	£15.0	£390.0	0	£630 correction to adjust over recovery of upfront payment -JS	£0	£12,720	£0	£0	£12,720	£0	
Totals	13,849	£415,470	30	£900	£8,700	£416,370	418		£77,618	£493,988	£0	£0	£493,998	£114,908	£114,908

Note: Correction to adjust over recovery of upfront payment amounting to £630 JS 07-08-2018  
Correction will be made with payment for July claim

Principal's declaration

I certify that the funds claimed by this college throughout the academic year, as detailed above, have been used in line with the requirements of the EMA programme.

I confirm that 5% of applications have been checked for compliance with the programme and are enclosed as evidence in support of this return.

Principal's name (please print)

GRANT RITCHIE

Principal's signature



Date

Data to provide an average-based advance allocation for February and March

College	2016 February	2016 March	2017 February	2017 March	Average February
Dundee & Angus	£55,935	£52,050	£62,310	£57,728	£57,728

Month	Maintenance	Administration	Total	Balance
August 2017	£52,200	£0	£52,200	£0
September 2017	£0	£540	£540	£0
October 2017	£0	£0	£0	£0
November 2017	£20,070	£0	£20,070	£0
December 2017	£43,170	£0	£43,170	£0
January 2018	£53,070	£0	£53,070	£0
February 2018	£67,350	£0	£67,350	£0
March 2018	£104,288	£7,860	£112,148	£0
April 2018	-£825	£825	£0	£0
May 2018	£0	£8,000	£8,000	£0
June 2018	£15,937	£0	£15,937	£0
July 2018	£46,080	£0	£46,080	£0
August 2018	£12,720	£330	£13,050	£0
September 2018	£1,020	£15	£1,035	£0
	£415,080	£17,570	£432,650	£0

£114,908



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Internal Audit**

**Follow-Up Summary**

**PAPER F**



## **AUDIT COMMITTEE – NOVEMBER 2018 INTERNAL AUDIT – MANAGEMENT FOLLOW-UP**

### **1. Context**

This report is provided by management to each meeting of Audit & Risk Committee, other than the meeting at which the Internal Auditor's own follow-up report is considered.

### **2. Table**

See Appendix 1 for the status of internal and external audit recommendations.

### **3. Further details of actions not marked as "Complete"**

See Appendix 2 for details of recommendations contained in 2018 reports where management have requested an extension to the original deadline. These extensions have been discussed and agreed with the internal auditors. Completion by the revised deadline will continue to be closely monitored.

There are no recommendations which are overdue.

### **4. Action**

Audit Committee is asked to note the table and further details.

Catriona Blake  
Vice Principal Corporate Services  
16 November 2018

## STATUS UPDATE – Internal & External Audit

Year / Area	Grade	Total	Complete	Revised deadline – in progress	Considered but not implemented	Not yet due	Overdue
<b>2016</b>							
Organisational Issues	2	9	6		2	1	
<b>Total 2016</b>		<b>9</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>
<b>2017</b>							
Financial Issues	3	3				3	
Commercial Issues	3	2	1			1	
<b>Total 2017</b>		<b>5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>
<b>2018</b>							
Financial Issues	2 3	3 8	1 6	2 2			
Student Experience	3	3	2	1			
Commercial Issues	3	1	1				
<b>Total 2018</b>		<b>15</b>	<b>10</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Revised Deadlines

Year	Audit Area	Report Title	Grade	Action	Responsible Officer	Deadline	Revised Deadline
2018	Financial Issues	Cash and Bank	3	The Catering Manager at Arbroath should ensure that the income recorded on the banking sheet for each till agrees to the till reports prior to cash being banked	Catering Manager AC & Head of Estates	Jun-18	Dec 18
2018	Student Experience	Student Fees and Contracts / Registry	3	Investigate how additional validation controls can be built into UnitE to enhance the existing checking procedures which identify data issues before the fee data is transferred to Finance for import into the finance system. For example, linking the "Fees Checked" box to critical data fields in UnitE which, if ticked when those critical data fields have not been completed, generates an error or warning message which directs staff to recheck the data.	Head of Administration Operations	Jul-18	Jul 19
2018	Financial Issues	Asset / Fleet Management	2	The procedural instructions for asset additions, currently in draft, should be reviewed to take on board any issues arising from the review. Once updated the procedures should be discussed and agreed by the SMT for dissemination and implantation across all departments	Head of Finance	Jul-18	Dec 18
2018	Financial Issues	Asset / Fleet Management	2	The procedural instructions for the disposal of assets, currently in draft, should be reviewed to take on board any issues arising from this review. Once updated the procedures should be discussed and agreed by the SMT for dissemination and implementation across all departments	Head of Finance	Jul-18	Dec 18
2018	Financial Issues	Asset / Fleet Management	3	We recommend that the manual log of mileage be transferred to an electronic system to allow vehicles details to be held in one central fleet vehicle repository. The information to be captured for each vehicle should include the annual mileage; date of completed safety checks and MOTs; maintenance and repair costs; fuel costs. This information should be reviewed annually to ensure that the financial viability of vehicles is regularly monitored and challenged.	Head of Estates	Sep-18	Feb 19



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Financial Statement for the Year Ended 31 July 2018 and  
Annual Report from Audit Scotland**

**PAPER G**

**EMBARGOED**



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Annual Report on Internal Audit**

**PAPER H**



**Dundee and Angus College**

**Annual Report to the Board of Management and  
Principal on the Provision of Internal Audit Services for 2017/18  
Internal Audit Report No: 2018/10**

**Draft Issued: 19 November 2018**

**Final Issued:**

## Content

	Page No.
1. Annual Report and Opinion	1 - 3
2. Reports Submitted	4 - 5
3. Summary of Results and Conclusions	6 - 15
4. Time Spent – Budget v Actual	16
5. Operational Plan for 2018/19	17 - 19

# 1. Annual Report and Opinion

## Introduction

- 1.1 We were re-appointed as Internal Auditors of Dundee and Angus College ('the College') for the period from 1 August 2015 to 31 July 2018, with an option available to the College to extend for up to two further years. This report summarises the internal audit work performed during 2017/18.
- 1.2 An updated Audit Needs Assessment (ANA), based on the areas of risk that the College is exposed to, was prepared as part of our internal audit programme for 2015/16 (internal audit report 2016/01, prepared in November 2015). The ANA was prepared following discussion with the Assistant Principal (Finance & Estates) and review of previous internal and external audit reports and covered the three-year internal audit cycle from 2015/16 to 2017/18. The ANA was based on the College's own Risk Register and also the risk prompt list for higher education institutions issued as a guide by the Higher Education Funding Council for England (HEFCE). This was supplemented by our own assessment of the risks faced by the College. Following on from the ANA, a Strategic Plan was formulated covering the three-year cycle, and this was approved by the Audit Committee, together with the ANA, at its meeting on 8 December 2015.
- 1.3 The annual operating plan for 2017/18 shows a number of changes to the allocation set out in the above Strategic Plan although there was no overall impact on the total number of audit days of 40. Following discussion in previous years at the Audit Committee and with College management, and following further discussion with management to prepare the 2017/18 plan, the following changes have been made:
- Four days were added for a review of Workforce Planning;
  - Asset / Fleet Management was reduced by one day;
  - Of the five days originally allocated in 2017/18 for a review of Procurement and Creditors / Purchasing, three days were moved to 2016/17 for a review of Procurement and the remaining two days were removed from the plan;
  - Four days were added for a review of Cash & Bank;
  - Four days originally allocated in 2017/18 for a review of Partnership Working were removed from the plan; and
  - Two days were added for a review of Data Protection (General Data Protection Regulation)
- 1.4 The reports submitted are listed in Section 2 of this report and a summary of results and conclusions from each assignment is given at Section 3.
- 1.5 An analysis of time spent against budget is shown at Section 4.

## Public Sector Internal Audit Standards (PSIAS) Reporting Requirements

- 1.6 The College has responsibility for maintaining an effective internal audit activity. You have engaged us to provide an independent risk-based assurance and consultancy internal audit service. To help you assess that you are maintaining an effective internal audit activity we:
- Confirm our independence;
  - Provide information about the year's activity and the work planned for next year in this report; and
  - Provide quality assurance through self-assessment and independent external review of our methodology and operating practices.
- 1.7 Self-assessment is undertaken through:
- Our continuous improvement approach to our service. We will discuss any new developments with management throughout the year;
  - Ensuring compliance with best professional practice, in particular the PSIAS;
  - Annual confirmation from all staff that they comply with required ethical standards and remain independent of clients;
  - Internal review of each assignment to confirm application of our methodology which is summarised in our internal audit manual; and
  - Annual completion of a checklist in May to confirm PSIAS compliance.
- 1.8 The results of our self-assessment are that we are able to confirm that our service is independent of the College and complies with the PSIAS.
- 1.9 External assessment is built into our firm-wide quality assurance procedures. Henderson Loggie is a member of MHA, a national association of accountancy firms. Continued membership of MHA is dependent on maintaining a good level of quality and adhering to accounting and auditing standards in the provision of our services. Annual quality reviews are conducted to confirm our continuing achievement of this quality. The MHA review in April 2014 included our internal audit service. Overall the review found the firm's policies and procedures relating to internal audit to be compliant with the PSIAS in all material respects.

## Significant Issues

- 1.10 Internal Audit Report 2018/03, Asset / Fleet Management, was graded as 'Requires Improvement' and identified a number of weaknesses. In particular written procedures for asset additions and disposals had not been finalised, there were no formal departmental asset registers maintained, asset tagging was not always consistently undertaken, and there was no central control over the management of the College's fleet of vehicles.
- 1.11 All other work in 2017/18 assessed systems as either 'Good' or 'Satisfactory', or provided an unqualified opinion on College returns, and there were no significant issues identifying major internal control weaknesses arising from our internal audit work carried out. In general, procedures were operating well in the areas tested, but a number of areas for further strengthening were identified and action plans have been agreed to address these issues.

### Significant Issues (Continued)

- 1.12 We were asked to conduct an independent review of the circumstances surrounding an ICT procurement exercise which was conducted during 2017/18. This work did not form part of the internal audit plan but was an additional consultancy assignment. The request to conduct an independent review emanated from the consideration of a paper at the Finance and Property Committee (FPC) meeting on 12 September 2018. Following consideration of the paper it was agreed by the FPC that an independent review should be commissioned through the Audit and Risk Committee. The paper considered by the FPC at the September 2018 meeting was an action arising from discussion at the previous FPC meeting, on 22 May 2018, regarding the approval route for the procurement which had been highlighted to the Committee by the Vice Principal, Corporate Services. The results of the independent review were presented to a Special Meeting of the Audit and Risk Committee on 23 October 2018 and seven improvement actions were identified to strengthen existing controls. It should be noted that no issues around value for money were highlighted in relation to this procurement exercise.

### Opinion

- 1.13 In our opinion, with the exception of the issues noted in paragraphs 1.10 and 1.12 above, the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2017/18 and in previous years since our first appointment in 2013/14.

## 2. Reports Submitted

Number	Title	Overall Grade	Recommendations	Grade 1 (A)	Grade 2 (B)	Grade 3 (C)
2018/01	Annual Plan 2017/18	N/A	N/A	N/A	N/A	N/A
2018/02	Student Fees and Contracts / Registry	Satisfactory	3	-	-	3
2018/03	Asset / Fleet Management	Requires Improvement	5	-	4	1
2018/04	Data Protection	Satisfactory	1	-	-	1
2018/05	Cash & Bank	Satisfactory	6	-	-	6
2018/06	Workforce Planning	Good	-	-	-	-
2018/07	Follow-up Reviews	N/A	4 of 20 recommendations required further action	-	1	3
2018/08	Credits Audit	Audit opinion unqualified	2	-	-	2
2018/09	Student Support Funds	Audit opinion unqualified	-	-	-	-

Overall gradings are defined as follows:

<b>Good</b>	System meets control objectives.
<b>Satisfactory</b>	System meets control objectives with some weaknesses present.
<b>Requires improvement</b>	System has weaknesses that could prevent it achieving control objectives.
<b>Unacceptable</b>	System cannot meet control objectives.

Recommendation grades are defined as follows:

**Reports issued from 2016/17**

<b>Priority 1</b>	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit Committee.
<b>Priority 2</b>	Issue subjecting the College to significant risk and which should be addressed by management.
<b>Priority 3</b>	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

**Reports issued prior to 2016/17 (recommendations included in report 2018/07 – Follow-Up Reviews, refer split on page 13)**

A	Issues which required the consideration of the Board of Management or one of its committees.
B	Significant matters which could have been resolved by members of the Senior Leadership Team.
C	Less significant matters that did not require urgent attention, but which should have been followed up within a reasonable timescale.

### 3. Summary of Results and Conclusions

#### 2018/01 – Annual Plan

#### Final Issued – September 2017

The purpose of this document was to present for consideration by the Audit Committee the annual operating plan for the year ended 31 July 2018. The plan was based on the proposed allocation of audit days for 2017/18 set out in the Audit Needs Assessment (ANA) and Strategic Plan 2015 to 2018 (although refer to paragraph 1.3 above for changes from the initial Strategic Plan assignments).

The outline scope, objectives and audit approach for each audit assignment to be undertaken, arrived at following discussion with the Vice Principal Corporate Services, were set out in the report.



## Dundee and Angus College Internal Audit Annual Report 2017/18

### 2018/02 – Student Fees and Contracts / Registry

The scope of the audit was to review the policies and procedures in place within the Administration and Finance departments for the recording, processing, invoicing and receiving of student fees. In addition, debt management and recovery procedures were considered.

The table opposite notes each separate objective for this review and records the results.

#### Strengths

- For a sample of 40 students tested we confirmed that in all cases the student submitted data recorded in UnitE agreed to the information captured on application forms in the online application and enrolment system (CAMS);
- For the 2017/18 academic session the College's Administration staff had developed a suite of new reports which formed an integral part of the procedures for reviewing the accuracy of enrolment data, particularly data that impacted on the fee invoicing process;
- The College had developed the UnitE system to build in the 'Fees Checked' flag which clearly identified which student enrolment data had not been reviewed. This focused the work of the Administration team;
- Fees were calculated electronically and raised within the UnitE system, and the data was then exported to the SUN finance system. This process allowed reports to be run and reviewed for completeness and accuracy at various stages before invoices were raised and issued;
- For a sample of 40 students tested, with one exception, we confirmed for self-financing and sponsored students that fees had been fully and correctly processed, recognised in the finance system and invoiced. We also found that fee-waiver students within our sample had been appropriately identified. For the one exception, we noted that an incorrect fee was raised in UnitE based on the mode of attendance and course title recorded in UnitE. This was raised with Administration staff and the error corrected during the audit.

#### Weaknesses

- From the download of UnitE data that we obtained during our audit we performed a high-level review of the data focusing on the fields which would potentially impact the amount of fee being raised. Our review considered whether the source of fee code, residency status and fee status appeared in line with other data fields, including the student mode of attendance, course title and residency. Our review identified a number of anomalies and these issues were discussed with Administration staff who, where applicable, amended the UnitE data during the course of our audit work. We raised two recommendations to reduce the occurrence of these issues in future, which are set out on the following page:

**(Continued)**

### Final Issued – February 2018

**Overall grade:  
Satisfactory**

The objective of this audit was to obtain reasonable assurance that:	
1. Enrolment procedures are sufficient to ensure the accuracy of student records information, including adequate checking of student data by Administration staff and any checks carried out by Curriculum Teams	Satisfactory
2. There is accurate and timely transfer of data between the student records system and the finance system, and regular reconciliation between the systems	Satisfactory
3. All fees are fully and correctly invoiced and processed for self-financing students and sponsored students. Fee-waiver students are appropriately identified	Good
4. Adequate debt management and recovery procedures are in place and are consistently followed in practice	Satisfactory
<b>Overall Level of Assurance</b>	<b>Satisfactory</b>

**Weaknesses (Continued)**

- ◆ building additional validation controls into UnitE to enhance the existing checking procedures in order to identify data issues before the fee data is transferred to Finance for import into the finance system; and
- ◆ developing a checklist for Administration staff which details what data fields in UnitE are to be reviewed for errors and completeness as part of the Checking Fee Process.
- With the exception of full-time HE students, there had not been a formal reconciliation of fees raised in UnitE to fees posted to the SUN finance system during the financial year. Discussions with the Head of Finance noted that this had been recognised as a weakness and that actions were being developed to provide a formal analysis of expected fees per enrolment data recorded in UnitE against actual fee income recognised in the finance system as part of a wider development of College processes to improve areas such as financial forecasting. We recommended that amounts transferred between UnitE and SUN should be reconciled periodically and explanations for any variances documented and corrections made where necessary; and
- For a sample of 11 tuition fee debts across the various aged categories, we reviewed the supporting documentation, and noted two instances where the College's debt management procedures had not been followed. Discussion with senior Finance staff noted that temporary staff had been recruited to provide cover for long-term staff absences during the year and, whilst regular monitoring of outstanding debts did take place, debt management was not as strong as it could have been during the early part of the academic session. We were advised that greater focus was to be given to debt management from January / February 2018.

## Dundee and Angus College Internal Audit Annual Report 2017/18

### 2018/03 – Asset / Fleet Management

The scope of this audit considered two main areas; controls over the College's asset registers, covering capitalised items of equipment, non-capitalised hardware and related equipment and other portable non-capitalised equipment, and the arrangements in place within the College to manage its fleet of motor vehicles. The table opposite notes each separate objective for this review and records the results.

#### Strengths

- The Financial Regulations set out the authorisation levels for capital and revenue spend;
- A Portable Appliance System records electrical equipment with assets required to be checked annually for insurance purposes. A unique reference number was allocated, and these items were tagged to confirm the date of testing;
- The Fixed Asset register was maintained via a detailed Excel spreadsheet which recorded, for each asset capitalised over £25,000, a unique identification number, description, the carrying cost as at July 2015 (where appropriate), the useful life of the asset, the source of funding and the depreciation to be applied for each financial year. This was in line with the threshold in the Accounting Policies;
- As part of the year end accounts process for the financial year ending 31 July 2017 a review was undertaken with respect to the removal of obsolete assets from the asset register. We received assurances that this exercise will now be carried out as a routine element of the year end process.

#### Weaknesses

- Written procedures for asset additions and for the disposal of assets had been drafted (AM1 and AM2) but these had not been finalised or disseminated for application across the departments at the time of audit fieldwork;
- The Accounting Policy for Tangible Fixed assets stated that 'It is the responsibility of the Budget Holders to ensure that they keep suitable records of assets owned by their respective departments' However, other than the three legacy systems utilised to record ICT assets there were no formal departmental asset registers maintained to capture assets which fell below the £25,000 limit which was set for inclusion on the fixed asset register maintained by Finance.
- The routine tagging of assets was patchy across asset categories and this meant that it was impractical to carry out asset verification exercises to confirm that all types of assets held on the Finance fixed asset register were accurate and that assets were still in operational use.
- There was no central control over the management of the fleet. Information was held in a central invoices database and vehicle maintenance database as well as a manual log of mileage, but this information was not consolidated which made monitoring the information on individual vehicles difficult.
- There was no system in place to establish if Vehicles in the fleet were being properly utilised and were necessary to meet the College's need.

Final Issued: March 2018

Overall grade: Requires Improvement

The objective of this audit was to obtain reasonable assurance that:	
1. Assets are recorded with sufficient and appropriate information (e.g. unique identification numbers, quantity, description, age etc.) and are tagged	Satisfactory
2. There is a process to control additions to the asset registers	Requires Improvement
3. Processes are in place to control and authorise the transfer of assets and the removal of assets from the registers	Requires Improvement
4. Management processes are in place to ensure compliance and monitor the asset registers, including physical checks that recorded assets exist	Requires Improvement
5. There is central control over the management of the fleet	Requires Improvement
6. Vehicles in the fleet are being properly utilised and are necessary to meet the College's mission	
7. There is adequate scrutiny of plans for the acquisition of new vehicles and the decision to purchase or lease	Good
8. Procurement arrangements and the level of maintenance and fuel spend are regularly reviewed to ensure value for money is being achieved	Good
Overall Level of Assurance	Requires Improvement

## 2018/04 – Data Protection

This audit consisted of a high-level review of the College's preparedness for implementation of GDPR to ensure that appropriate processes and procedures would be in place by 25 May 2018 to allow compliance with new legislative requirements.

The table opposite notes each separate objective for this review and records the results.

### Strengths

At the time of audit fieldwork, the College had developed a GDPR Programme Plan, which was making steady progress in being implemented, with 27 of the 41 of the high-level actions completed or underway at the time of finalising this report on 4 May 2018, including:

- GDPR awareness training had been provided to the Board and the Senior Leadership Team (SLT) and other key management roles, and basic GDPR training had been identified for all staff which was to be made available before 25 May 2018;
- Establishment of a GDPR Working Group chaired by the Vice Principal (Corporate Services);
- Appointment of a Data Protection Officer (DPO) as the College lead for coordinating GDPR preparations and overseeing compliance with data protection legislation. The DPO reported directly to the Vice Principal (People & Performance) and therefore had access to the SLT;
- Having conducting a College wide data audit and created a data register, which identified all systems that contained personal information;
- Documentation of the lawful basis for each of the College's personal data processing activities;
- Development of data privacy impact assessment procedures;
- Development of privacy notices; and
- Review of data sharing agreements with external bodies.

### Weaknesses

From our review of the initial GDPR Programme Plan presented for audit we identified two additional areas which had not been included that we raised at the time with the College to address regarding:

- the use of personal data in the course of the College's marketing activities; and
- consideration of risks relating to encryption of data.

Final Issued: May 2018

Overall grade: Satisfactory

<b>The objective of this audit was to obtain reasonable assurance that:</b>	
1. Appropriate action is being taken by the College to prepare for compliance with the GDPR from May 2018	<b>Satisfactory</b>
<b>Overall Level of Assurance</b>	<b>Satisfactory</b>

## 2018/05 – Cash and Bank

This audit focused on reviewing the key internal controls in place within the College over the recording of cash, cheque, credit / debit card, direct transfer and direct debit payments received from students, commercial customers and staff onto the finance system. The audit covered the systems in place within the Courier Collection Points and other areas within the College where a significant volume of payments is received. This included testing of income received in the shops, refectories, nursery, 'pop-up' shop and sports centre. We also reviewed the key internal controls in place over petty cash expenditure. The table opposite notes each separate objective for this review and records the results.

### Strengths

- From our sample testing we found that monies collected by the College had been fully, accurately and timeously recorded, and that monies received had been banked intact and in a timely manner;
- Regular reconciliations were carried out between actual receipts and amounts recorded in the College's finance system. The bank reconciliations reviewed as part of our audit had all been prepared and reviewed on a timely basis and there were no unreconciled differences or unusual reconciling items; and
- From our sample testing we found that petty cash payments had been properly authorised, processed and recorded. We counted the petty cash in the cash box and agreed the balance to the Petty Cash Summary at that time.

### Weaknesses

- At Arbroath, we established that only one Catering staff member conducted the cashing-up as it was not always practical to have two members of staff count the takings. In addition, the Catering Manager at the Arbroath Campus checked that the daily banking amounts agreed to the 'Z' report from the till on an ad hoc basis only (although there had been an improvement in this area since our previous testing in 2014/15);
- At the College Nursery, no independent reconciliation was carried out between the spreadsheet used to track fees paid by parents and the cash received and processed through Capita;
- As part of our testing on Pop-up shop income we checked that the daily cash-up sheets had been signed by the student cashing-up and also signed by the manager who counter-checked. We found that on one occasion out of five reviewed the cash-up sheets had not been signed by the student and on four occasions the manager had not signed; and
- At the Sports Centre, we noted that no cash-up sheets had been completed to evidence daily cashing-up and no reconciliations had been completed between the booking system 'Club Manager'; Capita and the physical cash amount presented for banking.

Final Issued: May 2018

Overall grade: Satisfactory

The objective of this audit was to obtain reasonable assurance that:	
1. Monies collected by the College from all sources are fully, accurately and timeously recorded	Satisfactory
2. All monies received are banked intact and in a timely manner	Satisfactory
3. Regular reconciliations are carried out between actual receipts and amounts recorded in the College's finance system.	Good
4. Petty cash payments are properly authorised, processed and recorded.	Good
Overall Level of Assurance	Satisfactory

## 2018/06 – Workforce Planning

The scope of the audit was to review the College's workforce planning arrangements to consider whether these were in line with good practice.

The table opposite notes each separate objective for this review and records the results.

### Strengths

- The College published its Workforce Plan 2018-2021 in May 2018 which sought to provide the College with a long-term focus on workforce planning by taking a strategic view over a three-year period. From our review of the Workforce Plan, and discussion with key staff involved in the development of the Plan, we identified that the processes involved in its development were in line with good practice published by the CIPD and by Audit Scotland;
- The ROA, Financial Strategy and Workforce Plan all appeared aligned. Our review found that the Workforce Plan reflected the contextual analysis and regional and national priorities highlighted in the ROA and linked these to workforce planning initiatives which were reflected in the Workforce Action Plan;
- The Workforce Plan was also aligned with several other key strategies which combined to support the achievement of the ROA, including the People Strategy 2017-20, which supported the College's ambition to develop its staff through the 'Good to Great' scheme; and the Digital Strategy which was being developed to complement the 'Good to Great' scheme and the curriculum portfolio;
- The Workforce Plan sought to prioritise development activities and support, to ensure that staff skills and experience could respond to the changing profile of the regional economy. The 2018/19 and 2019/20 curriculum portfolios had been planned to address regional and national priorities and staff CPD requirements had been identified to ensure staff would have the right skills to deliver the 2019/20 portfolio;
- The College continually monitored student numbers to ensure that enough staff resources were attached to each course.

(Continued)

## Final Issued – September 2018

Overall grade: Good

<b>The main objective of the audit was to determine whether:</b>	
1. The College's workforce planning arrangements are in line with good practice published by the Chartered Institute of Personnel and Development (CIPD) and Audit Scotland	<b>Good</b>
<b>The Secondary objectives of the audit were to obtain reasonable assurance that:</b>	
2. The College's workforce plans are based on the strategic direction and priorities set out in the Regional Outcome Agreement (ROA) and linked strategies and plans	<b>Good</b>
3. The College has analysed demand – what workforce is needed in the future to deliver the required service	<b>Good</b>
4. The College has analysed supply – what workforce is available currently and how it is likely to change	<b>Good</b>
5. The College has identified actions that will deliver the future workforce	<b>Good</b>
6. These actions are being implemented and outcomes regularly reviewed	<b>Good</b>
<b>Overall Level of Assurance</b>	<b>Good</b>

## 2018/06 – Workforce Planning (Continued)

### **Strengths (continued)**

- The curriculum portfolio review performed during the 2017/18 academic year was more in depth than in previous years and for the first time took a longer-term view and sought to agree a curriculum portfolio for academic sessions 2018/19 and 2019/20 to provide better forecasting of curriculum and staffing requirements. As part of this process the College used improved regional and national labour market intelligence data to inform curriculum decisions. Investment in labour market intelligence tools, and the ongoing support provided by an in-house Business Intelligence Officer, are planned to allow the College to continue to access good quality and relevant data to inform future workforce and curriculum planning; and
- Employer and industry contacts at curriculum team level were leveraged to gain insight into employer needs, both current and future.

### **Weaknesses**

- No significant weaknesses were noted during our review.

## 2018/07 – Follow-Up Reviews

### Final Issued – September 2018

We carried out a follow-up review of recommendations made in Internal Audit reports issued during 2016/17. The objective of each of our follow-up reviews was to assess whether recommendations made in previous reports had been appropriately implemented and to ensure that, where little or no progress had been made towards implementation, that plans were in place to progress them.

The College had made good progress in implementing the recommendations followed-up as part of this review, with 16 of the 20 actions being assessed as 'fully implemented'. Of the remaining four recommendations: three were categorised as 'partially implemented' and one showed 'little or no progress'.

Our findings from each of the follow-up reviews have been summarised as follows:

From Original Reports			From Follow-Up Work Performed			
Area	Rec'n Grades	Number Followed-Up	Fully Implemented	Partially Implemented	Little or No Progress Made	Considered But Not Implemented
Payroll Follow-Up	1	-	-	-	-	-
	2	-	-	-	-	-
	3	1	1	-	-	-
<b>Total</b>		<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
Health & Safety	1	-	-	-	-	-
	2	-	-	-	-	-
	3	2	2	-	-	-
<b>Total</b>		<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>
Budgetary Control	1	-	-	-	-	-
	2	1	1	-	-	-
	3	-	-	-	-	-
<b>Total</b>		<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
Follow-up Reviews	1 / A	-	-	-	-	-
	2 / B	5	4	1	-	-
	3 / C	2	2	-	-	-
<b>Total</b>		<b>7</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>-</b>
Procurement	1	-	-	-	-	-
	2	-	-	-	-	-
	3	3	1	1	1	-
<b>Total</b>		<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>
Business Development	1	-	-	-	-	-
	2	-	-	-	-	-
	3	2	1	1	-	-
<b>Total</b>		<b>2</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>
IT Network Arrangements / ICT Strategy	1	-	-	-	-	-
	2	-	-	-	-	-
	3	3	3	-	-	-
<b>Total</b>		<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>
2016/17 Student Activity Data	1	-	-	-	-	-
	2	-	-	-	-	-
	3	1	1	-	-	-
<b>Total</b>		<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>20</b>	<b>16</b>	<b>3</b>	<b>1</b>	<b>-</b>



## 2018/08 – Credits 2017/18

### Final Issued – October 2018

In line with guidance issued by the Scottish Funding Council (SFC) on 2 August 2018, we considered the reasonableness of the procedures in place for the compilation of the Credits related element of the FES return submitted to the SFC.

In accordance with the Credits Audit Guidance we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was also carried out. Our testing was designed to cover the major requirements for recording and reporting fundable activity identified at Annex C to Credits Audit Guidance and the key areas of risk identified in Annex D.

Our report to the SFC was submitted on the deadline date of 5 October 2018. We reported that, in our opinion:

- The student data returns had been compiled in accordance with all relevant guidance;
- Adequate procedures were in place to ensure the accurate collection and recording of the data; and
- On the basis of our testing we could provide reasonable assurance that the FES return contained no material mis-statement.

Two minor recommendations were made in our internal audit report.

## 2018/09 – Student Support Funds

### Final Issued – November 2018

We carried out an audit on the following fund statements for the 2017/18 academic year: Higher Education Discretionary Fund; Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return; and Education Maintenance Allowance (EMA) Return.

The audit objectives were to ensure that:

- the College complies with the terms, conditions and guidance notes issued by SFC, the Student Awards Agency for Scotland and the Scottish Government;
- payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- the information disclosed in each of the returns for the year ending 31 July 2018 is in agreement with underlying records.

We were able to certify all fund statements for the year and submit these to the appropriate bodies, without reservation.

During our audit testing we noted that one student in our Bursary sample should only have been awarded a travel allowance however, due to a clerical oversight, they were also issued with a bus pass. This gave rise to a £656 overpayment which the College is seeking to recover from the student.

## 4. Time Spent – Actual v Budget

Internal Audit	Report number	Planned days	Actual days feed	Days to fee at Nov. 2018	Days to spend at Nov. 2018	Variance
<b>Staffing Issues</b>						
Workforce Planning	2018/06	4	4	-	-	-
<b>Estates and Facilities</b>						
Asset / fleet management	2018/03	4	4	-	-	-
<b>Financial Issues</b>						
Student fees and contracts/registry	2018/02	5	5	-	-	-
Cash & Bank	2018/05	4	4	-	-	-
<b>Information and IT</b>						
Data Protection	2018/04	2	2	-	-	-
<b>Other Audit Activities</b>						
Credits Audit	2018/08	8	8	-	-	-
Bursary, Childcare and Hardship Funds Audit	2018/09	6	6	-	-	-
EMA Audit	2018/09	2	2	-	-	-
Management and Planning )	2018/01	3	2	-	-	-
Follow-up Reviews	2018/07	2	2	-	-	-
		_____	_____	_____	_____	_____
<b>Total</b>		40	40	-	-	-
		=====	=====	=====	=====	=====

As highlighted in paragraph 1.12, above, the Audit & Risk Committee commissioned an additional internal audit output 'Review of ICT Expenditure'. This report was issued on 3 October 2018 and was considered at the Special Meeting of the Audit & Risk Committee on 23 October 2018.

## 5. Operational Plan for 2018/19

- 5.1 Following the extension of our appointment as internal auditors until 30 September 2019, we prepared an Audit Needs Assessment and Strategic Plan for 2018 to 2021 (internal audit report 2019/01, issued in April 2018).
- 5.2 An extract from the Strategic Plan, in relation to 2018/19, is attached on the following pages.

## Proposed Allocation of Audit Days

	Category	Priority	Planned 18/19 Days
<b>Reputation</b>			
Publicity	Gov	M	
Health and Safety	Gov	M	
Equality and diversity	Gov	M	3
<b>Student Experience</b>			
Curriculum	Perf	M	
Quality	Perf	M	
Student support	Perf	M	
Student recruitment	Fin/Perf	M	
Duty of Care	Gov	M	3
Student engagement / Students' Association	Perf/Gov	M	3
<b>Staffing Issues</b>			
Staff recruitment and retention	Perf	M	
Staff development	Perf	M	
Workforce planning	Perf	M	
HR/Payroll	Fin	M	
<b>Estates and Facilities</b>			
Building maintenance )	Fin/Perf	M	
Estates strategy / capital projects )	Fin/Perf	H/M	
Space management	Perf	H	
Asset / fleet management	Perf	H	
Catering (Business Process Review)	Fin/Perf	H	5
<b>Financial Issues</b>			
Budgetary control	Fin	H	
Student fees and contracts / registry	Fin	M	
General ledger	Fin	M	
Procurement and creditors / purchasing	Fin	M	
Debtors/ Income	Fin	M	
Cash & Bank	Fin	M	
Treasury management	Fin	H	
<b>Commercial Issues</b>			
Business Development	Fin/Perf	H/M	
<b>Organisational Issues</b>			
Risk Management / Business Continuity	Perf	H/M	3
Corporate Governance	Gov	M	
Corporate Planning	Perf	M	
Partnership Working	Gov/Perf	M	
Organisational Development	Perf	M	

## Proposed Allocation of Audit Days (Continued)

	Category	Priority	Planned 18/19 Days
<b>Information and IT</b>			
<i>IT network arrangements*</i>	Perf	M	
<i>Data protection / FOI</i>	Gov	H/L	
<i>Systems development / implementation</i>	Perf	M	
<i>IT strategy*</i>	Perf	M	
<i>Cyber Security</i>	Perf	M	2
<b>Other Audit Activities</b>			
Credits Audit		Required	8
Bursary, Childcare and Hardship Funds Audit		Required	6
EMA Audit		Required	2
Management and Planning )			3
External audit / SFC )			
Attendance at audit committees )			
Follow-up reviews		Various	2
ANA			2
<b>Total</b>			<hr/> 42 =====

### Key

**Category:** Gov – Governance; Perf – Performance; Fin – Financial

**Priority:** H – High; M – Medium; L – Low



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Minute of Finance & Property Committee  
11 September 2018**

**PAPER I**



## **BOARD OF MANAGEMENT FINANCE AND PROPERTY COMMITTEE MEETING**

Minute of the Finance and Property Committee meeting held on Tuesday 11 September 2018 at 5.00 pm in Y150, Gardyne Campus.

**PRESENT:** S Mill (Chair) A McCusker  
A O'Neill G Ritchie  
G Bisset

**IN ATTENDANCE:** C Blake (Vice Principal) S Hewitt (Vice Principal)  
S Taylor (Vice Principal and Secretary to the Board)  
W Grace (Head of Estates) B Ferguson (Head of Finance)

### **1. WELCOME**

S Mill welcomed members to the meeting. It was noted that there had been no nominations for the role of Vice Chair and that this would be revisited following completion of current Board recruitment arrangements.

### **2. APOLOGIES**

Apologies were noted from D Fordyce and M Galloway.

### **3. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **4. MINUTES OF FINANCE AND PROPERTY COMMITTEE MEETING 22 MAY 2018**

The minute of the Finance and Property Committee meeting held on 22 May 2018 was approved as an accurate record.

### **5. MATTERS ARISING**

C Blake noted that the ICT resource plan had been delayed due to staff absence. This would be revisited for the next meeting. **C Blake to progress.**

Developments in respect of month 2 reporting were outlined alongside improvements made in respect of communication over budgeting and forecasting arrangements.

All other actions had been progressed or were included in the agenda.

## 6. BUDGET MONITORING REPORT

S Mill stated that the draft out-turn for 2017/18 showed an improved position on the previous monitoring report and noted that this was presented alongside the 2018/19 budget monitoring report.

B Ferguson summarised the report, highlighting that the 2017/18 out-turn had improved from a deficit of £432k to a projected cash-backed surplus of £187k against a budgeted surplus of £343k. It was noted that this out-turn had also impacted positively on the initial forecast for 2018/19 with a projected surplus of £1,052k against a budget surplus of £570k.

The impact of additional voluntary severances on the figures was noted alongside the additional student support funds received and reduced ICT spend. B Ferguson noted that there had been a change in the provision made for the academic pay award to reflect anticipated values, but noted that this was still more prudent than the guidance for the Financial Forecast Return (FFR).

Differences in the scheduling of capital income/expenditures and Good to Great funding were noted alongside changes in timing for some of the Flexible Workforce Development Fund (FWDF) activities.

S Mill asked if current external audit discussions were likely to have an impact on the projected out-turn. B Ferguson stated that this was possible, but that he did not anticipate any significant change.

Developments in respect of risk management and related contingency planning were discussed. It was noted that the improved position was welcomed, but that variances could also have gone the other way. This was recognised, and C Blake noted comment within the report on the contingency approaches that could be adopted. It was noted that the options available in-year were limited and that this would impact on the profile of spend to give best flexibility. The importance of management information to provide early warning of financial risks was noted.

## 7. GOOD TO GREAT REVISED BUDGET

S Mill noted that the paper summarised planned changes to the Good to Great budget to reflect the range of projects and activities developed under the five themes.

C Blake stated that the changes planned to the budget reflected the project update provided to the Board at its June 2018 meeting. It was confirmed that these changes reflected the work undertaken across the range of workstreams and the known work plans in each case.

C Blake stated that the revised budget would go to the full Board and then the D&A Foundation if approved.

S Mill noted that the profile of spend highlighted to date would suggest that the project would be extended beyond September 2019. C Blake noted that this was likely, and the need to seek an extension from the D&A Foundation was discussed.

It was agreed that any extension request would be included alongside the budget update for consideration at the Board meeting on 25 September and (if approved) for submission to the D&A Foundation for its October 2018 meeting. **C Blake to progress.**

A McCusker suggested that it would be useful to invite the trustees of the D&A Foundation in to hear about the Good to Great project and the impact this was having. It was noted



that an invite for late November, alongside the launch of the new website, would be appropriate. **G Ritchie to progress.**

## **8. FINANCIAL FORECAST RETURN (FFR)**

S Mill noted the requirement on the College to produce the FFR for submission to the Scottish Funding Council (SFC) by 28 September 2018, with this going to the full Board meeting for approval prior to submission.

C Blake stated that the FFR was covered by detailed guidance on its production and the assumptions to be used in determining the forecast. It was noted that the assumptions on SFC funding were broadly similar to those in the financial strategy until 2022/23 where there was a significant change due to the loss of ESF credit funding and the planned enactment of the 'simplified' funding model. C Blake stated that any drop in funding from these combined changes would be capped at 3%, but that it was anticipated that these would equate to a 2.9% reduction in funding for D&A.

The impact of losing c3,400 ESF funded credits was discussed and it was noted that this funding covered students across a wide range of provision rather than specific ESF funded programmes.

The assumptions underpinning future cost of living increases were discussed, as were the complexities of showing the impact of voluntary severance within the FFR format.

S Mill asked what approach would be taken for assumptions that were not closely specified by SFC. C Blake stated that these would be developed in line with the assumptions underpinning the financial strategy.

It was agreed that the final draft FFR be developed in discussion with the Board Chair and Chair of the Finance and Property Committee for approval at the September Board Meeting. **C Blake to progress.**

## **9. VMWARE PROCUREMENT**

S Mill noted the paper presented in respect of the procurement of the VMWare maintenance contract renewal.

C Blake summarised the paper and the steps followed in respect of the renewal of the maintenance contract despite the significant increase in the three-year cost of this.

Failings in respect of the application of the necessary Board approvals under the terms of the College procurement policy were noted and discussed. Following this it was agreed that the issue was of significant enough importance to warrant referral to the Audit and Risk Committee for consideration of an internal audit review. **C Blake to progress.**

It was agreed that information be issued to all budget holders to remind them of the requirements of the procurement policy and to refresh awareness of the delegated spend limits and related requirements. **C Blake to progress.**

## **10. AUDIT SCOTLAND REPORT – COLLEGE POSITION**

S Mill highlighted that the paper produced detailed the underlying operating position as set out within the recent Audit Scotland report on Scotland's Colleges.

C Blake outlined how this underlying position was calculated and noted the areas of income and expenditure considered within this. It was noted that this picture did not provide any information that wasn't previously known and C Blake stated that it was awareness of the

underlying information that had prompted the need for the savings plan undertaken during 2017/18.

C Blake stated that what was new was the comparison with others in the sector and the concern that this raised with regard to the overall positioning of the College.

The analysis of this was discussed and C Blake stated that the key factors related to the overall income per staff FTE, where this was lower for the College compared with others. C Blake stated that this was already known, but that the factors underpinning this were complex and that further analysis would be undertaken.

It was noted that a clear factor within this was ensuring that all staffing was as efficient as it could be and that non-core 'commercial' income was maximised.

S Taylor highlighted that there were also some structural effects underpinning this picture, including the credit 'price band' mix of the College curriculum and the impact of rural provision where economies of scale were more difficult to achieve.

C Blake stated that work would continue in respect of analysis and also to improve the underlying income: staff ratio. **C Blake to progress.**

It was noted that the Audit Scotland report would be discussed in the Scottish parliament later that week.

The paper, and actions arising, would be discussed at the full Board. **C Blake to progress.**

## **11. ESTATES ANNUAL REPORT**

B Grace summarised the estates annual report and the range of works undertaken. It was noted that the report did not include data on space utilisation, but that this information for session 2017/18 had been made available at the May meeting.

The Kingsway campus redevelopment was discussed and it was noted that feedback from SFC was likely to result in a change of strategy with regard to this. It was noted that the prospect of large-scale redevelopment funding was less likely and that a mixed renovation/STEM centre project was now more likely. This would be considered in detail at the Board strategic session on 20 September.

B Grace noted progress being made in respect of the extensive range of summer backlog maintenance projects, including the window replacement in the Kingsway tower which was almost complete. B Grace stated that feedback on the works and the impact of the window replacement was very positive.

B Grace confirmed that the capital funds earmarked for backlog maintenance projects would be spent by 31 March 2019.

The timing of future Estates Annual Reports was discussed and it was agreed that these (including space utilisation data) be brought to May meetings of the Committee. **B Grace to progress.**

## **12. VP CORPORATE SERVICES REPORT**

C Blake summarised her report, highlighting the likely change in the pension fund valuation for the local government scheme.

The renewal of insurance arrangements were noted and C Blake summarised the range of recent (and imminent) contract renewals for mobile phones, travel and the new website.

### 13. DATE OF NEXT MEETING

Tuesday 27 November 2018 in Y150, Gardyne Campus (joint meeting with Audit).

<b><u>Action Point Summary</u></b>		
<b>Action</b>	<b>Responsibility</b>	<b>Date</b>
ICT Resource plan to be developed relative to updated ICT Strategy	C Blake/K Oza	27 November 2018
Revised Good to Great budget to be submitted to the Board for approval	C Blake	25 September 2018
D&A Foundation trustees to be invited to the College for an update on the project and its impacts	G Ritchie	30 November 2018
FFR to be finalised in discussion with Board and Finance & Property Committee Chairs for submission to the Board for approval	C Blake	25 September 2018
VMWare procurement issues to be subject to internal audit review and discussion at Audit & Risk Committee.	C Blake	27 November 2018
Procurement policy requirements and thresholds to be reinforced with budget holders	C Blake	30 September 2018
Work to continue to analyse and improve income: staff ratio.	C Blake	On-going
Audit Scotland – College Position paper to be discussed with full Board.	C Blake	25 September 2018
Annual Estates report (incorporating space utilisation data) to be presented at future May meetings of the Committee	B Grace	21 May 2019



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Estates Update**

**PAPER J**

## Finance and Property Committee – Estates Update

### Capital Backlog Maintenance Projects.

We remain on track to meet the deadline to fully spend the High Priority Capital Backlog Maintenance allocation of £1.236m for the period 1 April 2018 – 31 March 2019.

A range of project have been completed which include,

- Window replacement across all 3 campuses
- Road resurfacing across all 3 campuses
- Mechanical infrastructure improvements across all 3 campuses
- LED lighting replacement programme across all 3 campuses
- Replacement Chiller at Gardyne
- Roof replacements at Kingsway and Gardyne
- Electrical switchgear replacement at Arbroath and Gardyne
- Automatic fire detection installation in the North Annexe in Gardyne
- A range of painting and flooring improvements across all 3 campuses.

We still a range of projects planned to be completed between now and the end of March 2019.

It is really important to demonstrate to SFC that we are geared up to spend the budget allocation with the timeline. A number of Colleges in Scotland are to struggling to spend their allocation, so hopefully our organisation and ability to spend will influence an increased allocation next time round for 2019/20

We were required to send a **Very High Backlog Maintenance Funding Return to the Funding Council** by the 20 November and it is pleasing that our return will only populate the first 2 columns – see below

## Scottish Funding Council - Very high backlog maintenance funding return

Institution:   Dundee and Angus College  

The table below should cover all planned investment that involve the use of the backlog maintenance funding for 2018-19  
(Please add more rows as necessary)

Description of works - please provide a brief description of works undertaken/planned/committed	What element of the 2017 College Condition Survey for your institution do these works address?	Actual spend to 31 Oct 2018	Planned spend by 31 Mar 2019	Committed spend by 31 Mar 2019	Planned spend 1 Apr to 31 Jul 2019	Planned spend beyond 31 Jul 2019	TOTAL

### Kingsway Tower Windows

Prior to the installation of the windows, John Mitchell – Course Leader in construction used the Kingsway Tower to survey heat loss using infra –red technology. Since the windows have been installed John and his students have carried out further surveys and reported a 41% reduction in heat loss which is great news. We have also been able to significantly reduce our heating programmes due to the improved heat retention as a result of the windows. Our heating programme was previously 8 hours a day – this been reduced to 4 hours. We expect to report a significant reduction in gas consumption at the next meeting.

### Sustainability and Environment

The College has submitted its 2017/18 Mandatory Climate Change Reporting documentation and it is pleasing to report the carbon footprint associated with the College's operations has fallen for the 9th consecutive year. The College has now more than halved its carbon footprint

from the level in 2009, following signing up to the Universities and Colleges Climate Commitment for Scotland. The College has now reduced its carbon footprint by an outstanding 53%.

Student and staff engagement and awareness raising continues to be a priority as we strive to promote sustainability and social responsibility into all curriculum areas. This is in line with the new Scottish Funding Council Outcome Agreement which requires all universities and colleges to develop individual 'creative and innovative' approaches to demonstrate leadership in embedding environmental and social responsibility across the whole institution. The College will continue to work very closely with the EAUC to meet this demand.

The College Environment team continue to be very successful in obtaining grant funding for the lease of electric vehicles with total funding of £45k secured.

### Single Use Plastic

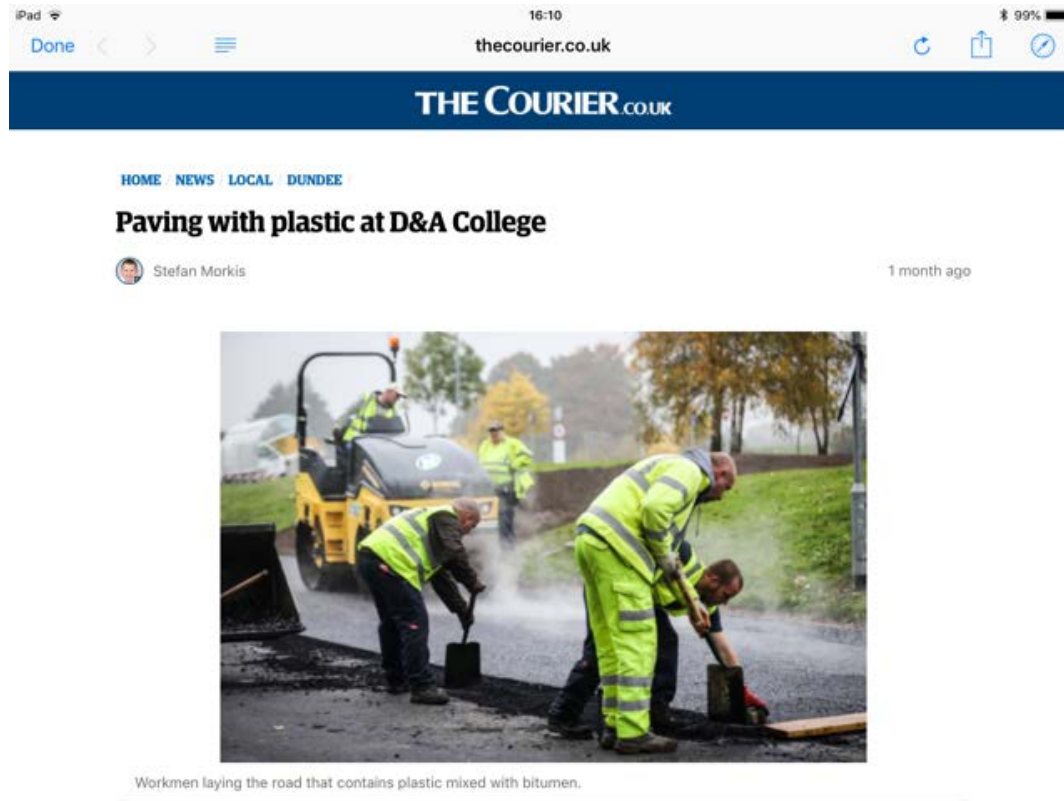
The College has successfully introduced a range of initiatives designed to significantly reduce the amount of single use plastic normally generated by our daily operations. It is now very clear, the catastrophic impact single use plastic is having on our planet both locally and globally, and as a College we want to promote and influence behaviour change around reducing our reliance on single use plastic.

It is extremely satisfying to see so many students and staff around College with their reusable water bottles and reusable cups.



The College also wanted promote the positive impact that properly recycled plastic can have and so as part of our Capital Backlog Maintenance programme, we have installed a plastic entrance road at our Gardyne Campus and a plastic car park at our Space Kingsway Campus. When installing a plastic surface, a plastic aggregate reduces the amount of bitumen required.

The plastic road installation at Gardyne generated excellent press coverage.



Dundee and Angus College are the first College or University in Scotland to install a plastic surface and this has generated a lot of interest from a range of institutions and a number have been touch for information and also asking to visit.



Our decision to stop providing disposable cups and selling plastic bottled water has also generated a lot of interest from across the FE/HE sector in Scotland. Again we are the only educational institution to take such a radical decision to tackle the scourge of single use plastic and testament to our commitment to lead for others to follow.

### **Award Success**

Finally, we recently attended the Scottish Resources Award Ceremony where we won the award for the Best Food Waste Initiative.

Our food waste initiative involves de-watering our food waste on site, transferring it in to our Rocket Composter, where it is transformed in to a very high grade compost which is used by our Landbased students and staff across the College estate.

We were also commended at the CDN awards for the same project.





**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Outreach Estate**

**Sale of Fairlie House, Kirriemuir**

**PAPER K**

## **FINANCE & PROPERTY COMMITTEE – 27 NOVEMBER 2018**

### **PROPOSAL TO DISPOSE OF FAIRLIE HOUSE, KIRRIEMUIR**

#### **Background**

1. The College owns one half of a property in Kirriemuir (Fairlie House), with Angus Council owning the other half. Previously, our half was used as the base for one of the Outreach Centres in Angus, the others being in Forfar and Montrose.
2. There is no longer any outreach activity taking place in the town and consequently the College half of the property is vacant and surplus to requirements.
3. We have been notified by Angus Council that they intend putting their half of the property on the market at some point in 2019, in the expectation that there will be interest in it as a development opportunity. They advise that the valuation for the whole property is £175k.
4. Our asset is fully written down in the fixed asset register, with a nil net book value.

#### **Proposal**

5. It would make sense for the College to dispose of its half at the same time, with the property jointly marketed in order to secure optimum value from the disposal.
6. The Financial Regulations require Board approval for the disposal of assets where proceeds are expected to be over £15k.
7. According to the Financial Memorandum with the Scottish Funding Council, colleges are able to dispose of property valued at less than £500k without requiring SFC permission and may retain the proceeds for re-investment in a manner consistent with its Estates Strategy.

#### **Recommendation**

8. FPC are asked to recommend to the Board of Management that it approves the disposal of Fairlie House, Kirriemuir.

Catriona Blake  
Vice Principal Corporate Services  
16 November 2018



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Outreach Estate**

**Forfar Centre Lease**

**PAPER L**

## **Potential Relocation of the Forfar Outreach Centre**

### **Background**

Dundee and Angus College is currently considering its options re the location of the Forfar Outreach Centre.

The College is currently tied in to a long term lease on a facility in Forfar High Street with a private landlord. The College currently pays £36k /year in rent and are also liable for the maintenance of the building and the cost of utilities.

The conditions of the lease have presented a window of opportunity for the College to terminate the lease, albeit with 6 months' notice. If the College took the decision to terminate, it would have to do so by the end of December 2018 for a leaving point of the end of June 2019. The Vice-Principal Corporate Services is currently taking advice from the College Solicitors – Thorntons to confirm arrangements for termination.

Despite the prime location of the existing facility in the centre of Forfar, there are a number of reasons why the College is considering terminating the lease –

1. The existing building is old and the design and layout is not ideal and not disabled user friendly
2. The current level of rent - £36k/year is higher than the College feels it should be paying for a facility in Forfar and we are subject to annual increases in rent.
3. There are currently repairs being carried to the building fabric internally and externally. In line with the terms of the lease agreement, the College will be liable for 52% of the overall cost, with the remaining 48% split between the other tenants within the building. The College share of these costs are expected to be in the region of £15k + VAT.
4. It is highly likely, given the age and condition of the building, that the College will incur further costs associated with future repair works.
5. The opportunity to terminate the lease will not be available again for another 5 years if we decide to stay.

### **Alternative Location**

The Head of Estates is exploring commercial leasing opportunities that are currently available within Forfar that would provide the size of accommodation required meet the demands of the curriculum provision we provide in Forfar. The current availability of suitable alternative accommodation is limited, but we have made contact with our partners at Angus Council to establish what facilities they may have available for lease. This led to a meeting recently with an official from Angus Council to look at alternative facilities in William Wallace House which is located in the Orchardbank area of Forfar that Angus Council have available.

The facilities available in William Wallace House were comparable in size to the existing facilities, but a lot more modern with lots of natural daylight. The facilities were also all on the ground floor, making it disabled user friendly.

The location of the facility is on the outskirts of Forfar and there isn't a lot of parking available, although we would be allocated a certain number of spaces. There is however an overflow carpark adjacent to the building which would be helpful and the location is on a regular bus route. The

recent introduction of parking charges in Angus has had a detrimental financial impact on students attending the current facility.

The likely rental costs for the William Wallace House facility would be circa £20k/year which is £16k cheaper than our existing arrangement.

### **Next Steps**

We will continue to explore the commercial leasing market within Forfar, however in terms of William Wallace House, we would like to at least consult with students and staff who use the existing Forfar Outreach Centre to promote the potential move to William Wallace House. This will involve arranging visits to the facility, the first of which will be a staff visit on Thursday 15 November. We are working closely with the Student Association and Learner Engagement teams to ensure that the students are fully involved in the decision making process. A student visit to the facility will also be arranged.

### **Recommendation**

FPC are asked to note the intention to terminate the current lease, on the understanding that alternative premises of higher quality and lower cost will be secured.

Once a proposed lease arrangement for alternative premises has been drafted, this will be brought to FPC and then the Board for approval, in line with the Financial Regulations.

**Billy Grace**  
**Head of Estates**



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Budget Monitoring**

**Management Accounts**

**PAPER M**

## Management Accounts Month 3 to 31 October 2018 and forecast for 2018/19

### Summary

1. Management Accounts report actual performance for the three months to October 2018 together with a revised forecast for the current year.
2. Ancillary reports supplement the primary financial statements and include a Risk Assessment of the current forecast.
3. **The forecast for the year to 31 July 2019 is revised to a consolidated cash backed surplus of £826K**, against a budget of £570K. This represents a downwards movement from the forecast surplus of £1,052K reported to Committee in September. This is due primarily to significant increases in pay costs now anticipated from April 2019, arising both from a re-assessment of cost of living pay awards and the increase in SPPA employer's pension contributions. The table below summarises the most significant movements from previous forecast.

### Analysis of the movement in forecast cash-backed surplus/ deficit for 2018-19 is as follows:

	£'000
<b>Month 0 Forecast reported September</b>	<b>1,052</b>
Pay award revisions	(93)
SPPA Pension increase from April to July	(210)
FWDF	10
ICT pay vacancy savings	47
European project contribution(net of f'cast correction)	(17)
Other net pay savings identified	39
Subsidiary company increased contribution	18
Other net movements	(20)
<b>Month 3 Forecast</b>	<b><u>826</u></b>

4. The Accounts also provide variance against budget, along with an adjusted variance which eliminates the inherently volatile timing movements arising from SFC Capital & Maintenance grant (C&M), Flexible Workforce Development Fund (FWDF) and Good to Great (G2G)

### Income

5. Other SFC grants increase £290K from budget, although £213K arise from C&M and FWDF deferred from 2017/18, with the assumption being that the latter will contribute a further 92K after allowing for additional associated costs. The adjusted increase of



£77K is due to the introduction of a new grant to fund the provision of sanitary products to students, with costs of £59K provided for net of the policy and implementation element of the grant. Actual costs will be monitored.

6. Tuition Fees remain largely unchanged in this forecast. A comparison of enrolment numbers provide a reasonable degree of assurance that the budget should not come under too much pressure. A comparison of fees billed during each first quarter is also positive, with the singular exception of commercial short courses. Service Design income has been reduced by £25K; however lost contribution has been contained to only £5K.
7. Whilst HE full-time enrolments are down slightly on 17/18, early attrition rates are also lower, and therefore no revision was deemed necessary until we move past the 1<sup>st</sup> December cut-off for payment of SAAS funded fees.
8. Fees will continue to be closely monitored and reported to senior academic management to ensure that fees are being appropriately generated and to provide early warning of deviations from budget.
9. Commercial Stretch Target forecast is reduced by £33K, reflecting the increases secured from international tuition fees of £43K, partially off-set by the removal of £10K following the cancellation of an HE contract with Robert Gordon University due to lack of viable student numbers.
10. Non-core income is forecast to be £308K more than budget at this time, benefitting from additional European Erasmus mobility and Interreg combined project activity of £287K omitted due to the uncertainty existing when the budget was agreed. This is assumed to add costs of £254K and consequently producing a net contribution to overheads conservatively stated at £33K. The balance of £21K is mainly additional income recognition from Energy Skills Partnership (ESP) matched by additional cost, primarily pay.
11. Catering and other income increases by £168K from budget, with Good to Great increases off-set by reduction in retail shop revenues now anticipated, sacrificing only a modest reduction in contribution.
12. Good to Great adds £192K to both (Catering and other) income and expenditure, reflecting the under spend from 2017/18. With activity now redefined within the broad themes, work is underway with stakeholders to recast the forecast for the next revision in January.

## **Pay**

13. Forecast pay costs are impacted by a variety of changes, with the most notable being savings of £200K accruing from VSS applicants not foreseen when the budget was established, and the very recent HM Treasury Direction to increase SPPA employer's pension contribution by 30% from April 19, adding circa £210K to academic pay costs this year. It is not yet clear if there will be any transitional funding made available and the worst case scenario has been assumed for this forecast.
14. Cost of living assumptions have also been revised. Support pay now reflects the full cost of the agreed pay award to be implemented in November, with minimum payments to staff for both 17/18 and 18/19 fiscal years. Academic pay award assumptions have been modified, to more closely align with the current pay offer, although additional contingencies remain for both 17/18 and 18/19 fiscal years.
15. Harmonisation increase assumptions made in the budget for part-time lecturing pay have found to be slightly lower in reality, resulting in a saving within this forecast. Together with hours saved during this first quarter, it has been possible to reduce the savings target from £250K in the budget to £60K in this forecast.
16. Further savings have accrued from support areas, including vacancies in areas such as ICT. Restructure in Learning & Digital Resources also sees a shift in categorisation into Teaching support pay but with little net change.
17. Despite a deferral of G2G activity from 2017/18, impact upon pay has been almost neutral, with increases currently recognised within academic pay off-set by reductions in support. This will be an area of particular focus in advance of the next revision, and could result in further reductions across support categories.

## **Non-Pay**

18. Non-pay costs are forecast to be £501K more than budget; however this reduces to an adjusted negative variance of £245K when additional costs of C&M and G2G are discounted. £229K has been added for European project costs but this is off-set by other savings, most notably a £28K saving from the insurance tender concluded after the budget was set.
19. Non-cash items have not been revised in this forecast with the exception of depreciation. The increase annual depreciation charge of just over £1 million is due entirely to the upwards land and property revaluation at July 2018.

### **Subsidiary company - Gardyne Theatre Limited**

20. The deficit is now forecast to reduce to £5K, in the light of higher activity levels. This is stated after a Licence to Occupy charge of £10K but takes no account of any Service Level Charge that may be levied at the year-end.

### **Student Support Funds**

21. The success of an SFC in-year distribution exercise will again determine the extent to which the College risks subsidising support funds. Early calculations suggest that we require at least £550K, perhaps considerably more. The budgeted contingency provision of £200K has been carried into this forecast as a hedge against this risk.

### **Cash**

22. The projected cash position at July 2019 benefits from a significantly stronger opening position, albeit with negative working capital movement now anticipated. This is however predicated on generally cautious assumptions. The March 2019 position is also expected to remain positive.

Brian Ferguson

Head of Finance

20 November 2018



## **Management Accounts**

Actual for the period to Month 3, October 2018  
and  
Revised Forecast for year to 31 July 2019

Registered Charity No: SC021188

Dundee and Angus College  
Management Accounts for the year to 31 July 2019  
Income and Expenditure Report  
Month 3, October 2018

	2017/18	Period to 31 October 2018/Month 3			Full Year 2018/19			
	Actual	Budget	Actual	Variance	Budget	Forecast	Variance	Adj.Variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
SFC Credit income	24,929	6,603	6,603	-	26,412	26,412	-	-
SFC ESF Credits	1,243	289	289	-	1,154	1,154	-	-
Other SFC grants	1,970	479	737	258	2,129	2,419	290	77
<b>SFC Total</b>	<b>28,142</b>	<b>7,371</b>	<b>7,629</b>	<b>258</b>	<b>29,695</b>	<b>29,985</b>	<b>290</b>	<b>77</b>
Tuition Fees	3,699	2,768	2,756	(12)	3,893	3,901	8	8
Non-Core income	2,986	474	613	139	2,229	2,537	308	308
Catering & other income	1,906	590	520	(70)	2,092	2,260	168	(24)
Commercial Income Stretch Target	-	-	-	-	126	93	(33)	(33)
<b>Total Income</b>	<b>36,733</b>	<b>11,203</b>	<b>11,518</b>	<b>315</b>	<b>38,035</b>	<b>38,776</b>	<b>741</b>	<b>336</b>
Teaching Pay - established	12,976	3,267	3,177	90	13,231	13,094	137	134
Teaching Pay - variable	2,705	747	552	195	3,682	3,537	145	208
Part-time variable savings	-	-	-	-	(250)	(60)	(190)	(190)
Invoiced Staff Costs	224	30	49	(19)	208	239	(31)	(31)
Teaching Support Pay	1,506	383	431	(48)	1,553	1,940	(387)	(387)
Support pay	10,423	2,551	2,431	120	10,238	9,914	324	321
Apprenticeship Levy	95	25	21	4	100	100	-	-
VS Scheme	391	-	-	-	-	-	-	-
Unfunded pension payments	402	102	99	3	408	408	-	-
<b>Total Pay Costs</b>	<b>28,722</b>	<b>7,105</b>	<b>6,760</b>	<b>345</b>	<b>29,170</b>	<b>29,172</b>	<b>(2)</b>	<b>55</b>
Staff related costs	382	168	97	71	457	518	(61)	(36)
Consumables & Equipment	1,412	371	411	(40)	1,442	1,539	(97)	15
Exam fees	798	78	114	(36)	742	742	-	-
Student related costs	219	43	63	(20)	318	540	(222)	(222)
Property cost	2,414	605	624	(19)	2,530	2,606	(76)	2
ICT & Telephony	937	262	229	33	1,056	1,055	1	1
Insurance	135	36	28	8	141	113	28	28
Marketing	54	16	12	4	65	65	-	-
Professional fees	164	33	11	22	129	162	(33)	(33)
General Overheads	347	99	158	(59)	387	389	(2)	(1)
Interest & Charges	214	48	47	1	191	191	-	-
VAT	748	190	217	(27)	814	853	(39)	1
<b>Total non-pay costs</b>	<b>7,824</b>	<b>1,949</b>	<b>2,011</b>	<b>(62)</b>	<b>8,272</b>	<b>8,773</b>	<b>(501)</b>	<b>(245)</b>
<b>Cash-backed surplus/(deficit)</b>	<b>187</b>	<b>2,149</b>	<b>2,747</b>	<b>598</b>	<b>593</b>	<b>831</b>	<b>238</b>	<b>146</b>
<b>Add: subsidiary profit/(loss)</b>	<b>(3)</b>	<b>(6)</b>	<b>9</b>	<b>15</b>	<b>(23)</b>	<b>(5)</b>	<b>18</b>	<b>18</b>
<b>Consolidated Cash-backed surplus/(deficit)</b>	<b>184</b>	<b>2,143</b>	<b>2,756</b>	<b>613</b>	<b>570</b>	<b>826</b>	<b>256</b>	<b>164</b>
<b>Net Depreciation</b>	<b>(750)</b>	<b>(419)</b>	<b>(684)</b>	<b>(265)</b>	<b>(1,680)</b>	<b>(2,736)</b>	<b>(1,056)</b>	<b>(1,056)</b>
<b>Other non-cash items:</b>	<b>(1,810)</b>	<b>(9)</b>	<b>(9)</b>	<b>-</b>	<b>(36)</b>	<b>(36)</b>	<b>-</b>	<b>-</b>
<b>Consolidated surplus/(deficit) after net dep'n</b>	<b>(2,376)</b>	<b>1,715</b>	<b>2,063</b>	<b>348</b>	<b>(1,146)</b>	<b>(1,946)</b>	<b>(800)</b>	<b>(892)</b>

Memo - SFC Student Support funds

Core allocation	7,541	7,648	-
ESF allocation (5,101 credits)	96	-	-
Total income	7,637	7,648	0
Expenditure	(7,620)	(8,200)	(352)
<b>Excess/(shortfall)</b>	<b>17</b>	<b>(552)</b>	<b>(352)</b>
		£200K provided within I&E above	

Dundee and Angus College  
Management Accounts for the year to 31 July 2018  
Income and Expenditure Report  
Month 3, October 2018  
Detailed Analysis  
Summary Analysis - Income

	Prior Year Actual	Period to 31 October 2018/Month 3			Full Year 2018/19		
		Budget	Actual	Variance	Budget	Forecast M3	Variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
SFC Estates grant	1,513	449	490	41	1,709	1,799	90
SFS: Flexible Workforce Development Fund	260	-	235	235	300	423	123
Strategic Funds	120	30	-	(30)	120	120	-
Misc. SFC grants	77	-	12	12	0	77	77
<b>Other SFC grants</b>	<b>1,970</b>	<b>479</b>	<b>737</b>	<b>258</b>	<b>2,129</b>	<b>2,419</b>	<b>290</b>
HE Full-time	2,952	2,233	2,322	89	2,972	2,962	(10)
Part-time Fees	337	218	248	30	351	351	-
Commercial and Leisure	328	267	93	(174)	519	494	(25)
International Fees and Overseas contracts	80	50	93	43	50	93	43
Other fees	2	-	-	-	1	1	-
<b>Tuition Fees</b>	<b>3,699</b>	<b>2,768</b>	<b>2,756</b>	<b>(12)</b>	<b>3,893</b>	<b>3,901</b>	<b>8</b>
Commercial: Work-Based	260	53	74	21	210	210	-
Managing Agents	447	92	92	-	367	367	-
SDS	869	94	142	48	537	537	-
Other Public Sector contracts	166	15	27	12	60	60	-
SG Grant - Developing Young Workforce	234	59	54	(5)	222	221	(1)
Schools Senior Phase	177	-	6	6	177	177	-
European Projects	294	46	73	27	92	379	287
Trust funding and sponsorships	101	-	7	7	-	-	-
Strategic funds - non SFC income	315	76	114	38	369	390	21
Other misc. income	123	39	24	(15)	195	196	1
<b>Non-Core income</b>	<b>2,986</b>	<b>474</b>	<b>613</b>	<b>139</b>	<b>2,229</b>	<b>2,537</b>	<b>308</b>
ALF revenue grant	140	172	100	(72)	477	669	192
Consultancy	47	20	7	(13)	80	80	-
T&D Performances & Community Classes	11	4	1	(3)	15	15	-
Catering	1,089	278	305	27	998	998	-
Training Restaurants	65	12	9	(3)	58	58	-
Nursery	111	25	25	-	110	110	-
Retail shops	43	0	1	1	35	12	(23)
Salon treatments	27	6	3	(3)	25	25	-
Gardyne Sport facilities	111	28	34	6	110	110	-
Lets	34	3	4	1	14	14	-
Staff secondments	9	1	-	(1)	4	4	-
Support cost grants	31	10	8	(2)	40	40	-
Income from GTL	40	2	3	1	10	10	-
Library charges	18	5	5	-	19	24	5
Photocopy charges	14	6	3	(3)	25	25	-
Sale of materials, produce, scrap etc.	22	3	-	(3)	14	9	(5)
BIOMASS RHI	25	11	6	(5)	45	45	-
Bank Interest	3	1	1	-	2	2	-
Other misc.	66	3	5	2	11	10	(1)
<b>Catering &amp; other income</b>	<b>1,906</b>	<b>590</b>	<b>520</b>	<b>(70)</b>	<b>2,092</b>	<b>2,260</b>	<b>168</b>

# Summary Analysis - Expenditure

	Prior Year Actual	Period to 31 October 2018/Month 3			Full Year 2018/19		
		Budget	Actual	Variance	Budget	Forecast M3	Variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Mileage	152	37	18	19	125	125	-
Taxi Fares	6	1	1	-	6	6	-
Travel & Accommodation	59	9	20	(11)	43	43	-
Overseas Travel	40	12	3	9	38	74	(36)
Other staff expenses	13	2	5	(3)	14	14	-
Recruitment	6	-	-	-	1	1	-
Organisational Development	106	107	50	57	230	255	(25)
<b>Staff related costs</b>	<b>382</b>	<b>168</b>	<b>97</b>	<b>71</b>	<b>457</b>	<b>518</b>	<b>(61)</b>
Course Consumables etc.	586	174	205	(31)	611	611	-
Project Materials etc.	58	19	11	8	137	254	(117)
Catering	504	117	134	(17)	445	445	-
Library	48	16	13	3	62	62	-
Goods for resale	34	9	1	8	25	6	19
Stationery & Printing	31	10	7	3	30	30	-
Equipment purchase & maintenance	112	12	22	(10)	83	83	-
Other misc.	39	14	18	(4)	49	48	1
<b>Consumables and Equipment</b>	<b>1412</b>	<b>371</b>	<b>411</b>	<b>(40)</b>	<b>1,442</b>	<b>1,539</b>	<b>(97)</b>
SQA Fees	604	12	12	-	540	540	-
Other fees	141	57	99	(42)	143	143	-
Accred/Regn/Assess/Verifin	53	9	3	6	59	59	-
<b>Exam Fees</b>	<b>798</b>	<b>78</b>	<b>114</b>	<b>(36)</b>	<b>742</b>	<b>742</b>	<b>0</b>
Residentials, travel etc.	219	43	63	(20)	118	340	(222)
Student Support Funds subsidy	-	-	-	-	200	200	-
<b>Student related costs</b>	<b>219</b>	<b>43</b>	<b>63</b>	<b>(20)</b>	<b>318</b>	<b>540</b>	<b>(222)</b>
Maintenance, minor works etc.	978	283	299	(16)	1106	1,184	(78)
Building rentals and rates	333	83	82	1	349	346	3
Utilities	849	177	179	(2)	830	830	-
Cleaning, wast management etc.	163	33	45	(12)	135	135	-
Transport costs	55	22	13	9	88	88	-
Health & Safety costs	18	3	3	-	12	12	-
	18	4	3	1	10	11	(1)
<b>Property Cost</b>	<b>2414</b>	<b>605</b>	<b>624</b>	<b>(19)</b>	<b>2,530</b>	<b>2,606</b>	<b>(76)</b>
ICT Hardware, Software, consumables etc.	390	119	41	78	476	473	3
ICT Maintenance & Licenses	373	105	116	(11)	422	425	(3)
Web Development	3	-	30	(30)	2	2	-
Telephony & data line rentals	171	38	42	(4)	156	156	-
<b>ICT &amp; Telephony</b>	<b>937</b>	<b>262</b>	<b>229</b>	<b>33</b>	<b>1,056</b>	<b>1056</b>	<b>-</b>
HR/Payroll systems	16	4	4	-	16	16	-
Consultancy (inc.projects)	48	6	5	1	22	55	(33)
Audit Services	35	10	-	10	38	38	-
Bad Debts and collection fees	46	8	-	8	33	33	-
Legal & other professional fees	19	5	2	3	20	20	-
<b>Professional fees</b>	<b>164</b>	<b>33</b>	<b>11</b>	<b>22</b>	<b>129</b>	<b>162</b>	<b>(33)</b>
Photocopying, copyright & postage	183	59	61	(2)	233	233	-
Sponsorship, subscriptions, Licences	80	20	79	(59)	75	75	-
Hospitality and events	54	12	10	2	46	46	-
Miscellaneous and other	30	8	8	-	33	35	(2)
<b>General Overheads</b>	<b>347</b>	<b>99</b>	<b>158</b>	<b>(59)</b>	<b>387</b>	<b>389</b>	<b>(2)</b>

**Dundee and Angus College****Forecast for the year to 31 July 2019****Risk Assessment of key volatile areas at Month 3**

Income/Expenditure Category	Forecast £000's	Possible Cash Deviations		Adverse Risk Assessment			Comments and mitigation
		Favourable £000's	Adverse £000's	Likelihood £000's	Impact £000's	Overall £000's	
SFC Credit income	26,412	336	-	Low	Low	Low	Credit delivery will be carefully managed and risk of failure to achieve reduced target considered unlikely. Favourable potential reflects possibility of receiving additional NPB allocation together with funding for additional SPPA pension costs. Support Job Evaluation funding ignored meantime as costs similarly omitted from budget.
SFC ESF Credits	1,154	-	150	Low	Low	Low	Notional adverse potential recognises theoretical risk of achieving sufficient HN credits but this threat appears to have diminished.
Other SFC grants	2,419	100	50	Low	Low	Low	FWDF budget for 18/19 remains prudent. Any potential movement in other grants likely to be matched with costs.
Tuition Fees	3,901	100	200	Low	Mid	Mid	Risk likely to attach primarily to HN full-time and commercial fees. It is difficult to reliably assess HN risk until we pass the critical cut-off for payment by SAAS.
Non-Core income(Inc. stretch target)	2,630	100	200	Low	Mid	Low	Budgets were prudently set, reducing downward risk. Lower stretch target in this forecast also minimises risk.
Total Pay (exc. VSS)	28,764	300	450	Low	High	Mid	Numerous variables introduce various risks, rendering it difficult to quantify a realistic value, however variations in academic cost of living award may present the greatest threat.
Property cost	2,606	50	150	Low	Low	Low	Reactive maintenance and utility costs present the most significant budget challenges not directly funded. There are no particular concerns at this time but potential utility increases from April are unknown.
Student Support Funds subsidy	200	200	100	Low	Low	Low	Inadequate initial allocation and policy changes for this year have increased inherent risk, however inclusion of contingency mitigates potential adverse impact. SFC mechanism for In-year distribution, coupled with favourable outcome ultimately achieved in 2017/18, provides a high degree of reassurance.



Dundee and Angus College

Management Accounts for the year to 31 July 2019

Cash Flow Forecast

	2017/18	2018/19		
	Actual	Actual M3	Budget	Forecast
	£000's	£000's	£000's	£000's
<b>Cash backed surplus/(deficit)</b>	<b>184</b>	<b>2,756</b>	<b>570</b>	<b>826</b>
Loan repayment	(571)	(571)	(571)	(571)
Working capital movements	(754)	(1,529)	-	(500)
<b>Net Movement in cash balances</b>	<b>(1,141)</b>	<b>656</b>	<b>(1)</b>	<b>(245)</b>
Opening cash balances	2,313	1,172	213	1,172
<b>Closing cash balances</b>	<b>1,172</b>	<b>1,828</b>	<b>212</b>	<b>927</b>

Values are gross including vat, and fees

**Funded projects, active from 1st August 2018  
through to 31 July 2019**

### Priority Maintenance

Works costing >£50K:

KC - Tower window r

KC - Library building window repl

KC - Horticulture and Integrated Workshop

ALL -Roads resurfacing and external works

GR - Replacement chiller

### Other back-log works

### Total Priority maintenance

### Other Maintenance

Other maintenance works>£50K:

GR - PE block lift

Other planned and reactive property maintenance

ICT Projects:

HR/Payroll integration

### General ICT works

## Vehicles

Budget contingency for FY19/20

**Total Other Maintenance****Total Expenditure**

**Funding:**

2 SFC FY18/19

3 SFC FY 19/20

Total SFC funding

Good to Great

**Total funding**

1 All priority maintenance works included in order to demonstrate utilisation of ring-fenced FY18/19 allocation of £1,236

2 SFC FY 18/19 allocation totalled £2,009K, of which £723K was absorbed within AY 2017/18, leaving a balance of £1,286K available in the current year.

3 SFC funding for FY 19/20 is estimated. Planned expenditure will be adjusted when actual funding is known.

2017/18 Actual	Period to 31 October 2018/Month 3		
	Budget	Actual	Variance
140	172	100	(72)
140	172	100	(72)
11	6	7	(1)
9	58	-	58
56	15	39	(24)
76	79	46	33
5	55	-	55
26	19	7	12
5	0	2	(2)
19	7	35	(28)
-	-	1	(1)
2	2	1	1
7	10	8	2
64	93	54	39
-	-	-	-

Full Year 2018/19		
Budget	Forecast	Variance
477	669	192
477	669	192
10	7	3
163	195	(32)
61	58	3
234	260	(26)
109	134	(25)
74	186	(112)
-	-	-
28	31	(3)
-	-	-
4	5	(1)
28	53	(25)
243	409	(166)
-	-	-

**Dundee and Angus College**  
**Management Accounts for the year to 31 July 2018**  
**Income and Expenditure Report - Gardyne Theatre Limited**  
**Period to 31 May 2018**

	Prior Year	Period	Full Year		
	Actual	ACTUAL	Budget	Forecast	Variance
	£000's	£000's	£000's	£000's	£000's
Rental Income	87	24	67	91	24
Box Office	185	34	50	56	6
Merchandise	2	-	-	-	0
Bar	60	10	15	32	17
Catering	10	7	-	7	7
Grants, Sponsorships & Awards	2	-	30	30	0
Donations	1	-	-	-	0
Miscellaneous	-	-	-	-	0
<b>Total Income</b>	<b>347</b>	<b>75</b>	<b>162</b>	<b>216</b>	<b>54</b>
Payroll Costs	88	24	84	101	(17)
Other Staff Costs	1	-	-	-	0
Production Costs	154	31	61	71	(10)
Box Office Costs	1	-	1	1	0
Bar	24	4	10	12	(2)
Catering	8	-	-	6	(6)
Marketing & PR	26	1	5	5	0
Property & Transport Costs	12	3	12	12	0
Bad Debts	1	-	5	5	0
Other Operating Costs	36	3	7	8	(1)
<b>Total Expenditure</b>	<b>351</b>	<b>66</b>	<b>185</b>	<b>221</b>	<b>(36)</b>
<b>Surplus/(-Deficit)</b>	<b>(4)</b>	<b>9</b>	<b>(23)</b>	<b>(5)</b>	<b>18</b>



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Budget Monitoring**

**Good to Great Monitoring Schedule**

**PAPER N**



## **FINANCE AND PROPERTY COMMITTEE – 27 NOVEMBER 2018**

### **GOOD TO GREAT MONITORING SCHEDULE**

#### **1. Drawdown**

A claim has been submitted to the Trustee meeting on 15<sup>th</sup> November 2018 for £116k for Quarter 5, as per the attached monitoring schedule.

Please note that this is the first claim submitted using the revised budget layout which was approved at the September Board meeting.

#### **2. Actions**

Finance and Property Committee are asked to note the monitoring schedule.

Catriona Blake  
Vice Principal Corporate Services  
16 November 2018

## GOOD TO GREAT – QUARTER 5 SCHEDULE

	Budget	Actual	Actual	Balance
	£'000	Quarters 1-4 £'000	Quarter 5 £'000	£'000
<b>Recruitment</b>				
Funding Focus	2	0	1	1
Help Points	100		25	75
Learn 2 Learn (Prepare Me)	8	3	8	-3
Schools Engagement	40			40
Total Recruitment	150	3	34	113
<b>Retention</b>				
Escape Room	10	1	7	2
Wellbeing	64	3	9	52
Government Retention Project	50	25	6	19
Total Retention	124	29	22	73
<b>Digital</b>				
Digital Community	50	5	2	43
Digital Curriculum	40		7	33
Digital Environment	75			75
Data project	15			15
Total Digital	180	5	9	166
<b>Learning &amp; Teaching</b>				
Gateway programmes	20			20
IIIR Curriculum Portfolio Review	60			60
Curriculum Resources	40	20		20
Career Coach	28	23	2	3
CommuniTAY STEM bus	25		2	23
Total Learning & Teaching	173	43	4	126
<b>Customer Experience</b>				
Customer Charter	15			15
College Website	65		37	28
SA/SU Website	2		1	1
Total Customer Experience	82	0	38	44
<b>General</b>				
Service Design Training	30	15	2	13
Support review	25			25
Project Manager	66	30	7	29
Project Administration and material	15			15
Total General	136	45	9	82
<b>Grand Total</b>	845	125	116	604



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Financial Strategy Update**

**PAPER O**





## **FINANCE AND PROPERTY COMMITTEE – 27 NOVEMBER 2018**

### **5-YEAR FINANCIAL STRATEGY**

#### **1. Background**

- 1.1. In March 2018 a 5-year financial strategy for the period 2018/19 to 2022/23 was approved by FPC and the Board.
- 1.2. In September 2018 the Financial Forecast Return (FFR) for submission to SFC was approved by FPC and the Board. It was agreed that the financial strategy should be re-submitted to FPC in November, with some of the assumptions revised to align with the FFR assumptions.

#### **2. Assumptions**

- 2.1. The starting point is the 2018/19 forecast as at Month 3, subject to an adjustment of £40K, being the net effect of possible SPPA funding and new VS costs. See below for details.
- 2.2. See Appendix 2 for a comparison of assumptions used in the March financial strategy, the September FFR and this update.
- 2.3. One of the key changes from the March financial strategy is the reduction in credit funding for 2022/23, as a result of the end of ESF funding and the move to a new funding model.
- 2.4. The other significant area where assumptions have changed is in relation to cost of living awards. The financial strategy is now aligned with the FFR, with the exception of April 2017 and April 2018 academic pay awards, where we continue to use a more pessimistic assumption.
- 2.5. Finally, the impact of the increase in employer's contribution to SPPA from April 2019 is reflected in this iteration of the numbers, although the announcement came too late to be included in the FFR. At this stage transitional funding for 12 months has been included in Other SFC grants. Please note that the Management Accounts take a conservative position of there being no transitional funding.

#### **3. Projections**

- 3.1. Projected I&E and cashflow for five years to 2022/23, along with the outturn for 2017/18, are set out in Appendix 1.
- 3.2. The revised assumptions generate significantly different savings requirements, with an indication that £500-750K savings will be required each year for the following four

years. The updated strategy assumes that these savings will be generated through voluntary severance, with the associated costs incurred in the previous year.

- 3.3.** See the table below for a comparison between the Financial Strategy approved in March and the November update.

<b>Table: comparison between financial strategy and November update</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cash-backed surplus</b>				
Financial strategy	380	688	630	577
November update	445	553	597	573
<b>Closing cash balances</b>				
Financial strategy	126	243	302	308
November update	761	744	769	771
<b>Savings target</b>				
Financial strategy	0	250	0	0
November update	500	750	500	750

#### **4. Recommendation**

- 4.1.** FPC is invited to note the updated financial strategy and to inform the Board of the revised anticipated savings requirements.

Catriona Blake  
Vice Principal Corporate Services  
16 November 2018

**INCOME & EXPENDITURE / CASH FLOW**

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>INCOME</b>						
Funding council grants	28,142	30,195	31,001	30,581	30,581	29,758
Tuition fees and education contracts	3,699	3,901	3,960	4,019	4,079	4,140
Other income (incl GTL net)	4,889	4,885	5,056	5,233	5,416	5,606
<b>Total income</b>	<b>36,730</b>	<b>38,981</b>	<b>40,016</b>	<b>39,833</b>	<b>40,076</b>	<b>39,504</b>
<b>EXPENDITURE</b>						
Staff costs before VS savings	28,331	29,172	31,156	31,769	32,390	33,021
VS costs (in-year)	391	250	375	250	375	0
VS savings (cumulative)	0	0	(500)	(1,260)	(1,785)	(2,571)
Other operating expenses	7,610	8,582	8,382	8,382	8,382	8,382
Interest payable	214	191	158	138	118	98
<b>Total expenditure</b>	<b>36,546</b>	<b>38,195</b>	<b>39,571</b>	<b>39,279</b>	<b>39,480</b>	<b>38,931</b>
<b>Cash-backed surplus/(deficit)</b>	<b>184</b>	<b>786</b>	<b>445</b>	<b>553</b>	<b>597</b>	<b>573</b>
<b>Net depreciation</b>	<b>(750)</b>	<b>(2,736)</b>	<b>(2,736)</b>	<b>(2,736)</b>	<b>(2,736)</b>	<b>(2,736)</b>
<b>Other non-cash</b>	<b>(1,810)</b>	<b>(36)</b>	<b>(36)</b>	<b>(36)</b>	<b>(36)</b>	<b>(36)</b>
<b>Operating surplus/(deficit)</b>	<b>(2,376)</b>	<b>(1,986)</b>	<b>(2,327)</b>	<b>(2,219)</b>	<b>(2,175)</b>	<b>(2,199)</b>
<b>Cash-backed surplus/(deficit)</b>	<b>184</b>	<b>786</b>	<b>445</b>	<b>553</b>	<b>597</b>	<b>573</b>
Working Capital / Provision movements	(754)	(500)				
Loan repayments	(571)	(571)	(571)	(571)	(571)	(571)
<b>Cash movement</b>	<b>(1,141)</b>	<b>(285)</b>	<b>(126)</b>	<b>(18)</b>	<b>26</b>	<b>2</b>
Cash balance b/f	2,313	1,172	887	761	744	769
Cash movement	(1,141)	(285)	(126)	(18)	26	2
<b>Cash balance c/f</b>	<b>1,172</b>	<b>887</b>	<b>761</b>	<b>744</b>	<b>769</b>	<b>771</b>

**ASSUMPTIONS**

Element	Period	FFR	Financial Strategy - March 2018	Financial Strategy - updated November 2018
Credit funding	2019-20	As 2018-19 plus final curriculum harmonisation increase plus support job evaluation	As FFR, except impact of support job evaluation not yet reflected in costs or funding (nil net effect)	As FFR, except impact of support job evaluation not yet reflected in costs or funding (nil net effect)
	2020-21 and 2021-22	Flat cash	As FFR	As FFR
	2022-23	3.2% reduction	Flat cash	As FFR
Non-SFC income	All years	Nothing prescribed	1.5% price increase on all non-SFC income plus 2% volume increase on commercial income	1.5% price increase on all non-SFC income plus 2% volume increase on commercial income
Cost of living - academic	April 2017	Top up to £600 after effect of harmonisation (non-consolidated)	1% (consolidated)	1% (non-consolidated)
	April 2018	Top up to £1000 after effect of harmonisation (non-consolidated)	As per public sector pay policy (consolidated)	As per public sector pay policy (consolidated)
	April 2019	Per latest offer - 2.5%	1%	As FFR
	April 2020 onwards	2%	1%	As FFR
Cost of living - support	April 2018	Public sector pay policy, subject to minimum £650	Per latest offer - public sector pay policy	As FFR
	April 2019	Public sector pay policy, subject to minimum £650	1%	As FFR
	April - August 2020	Public sector policy pay pro rata, subject to minimum £300	1%	As FFR
	September 2020 onwards	2%	1%	As FFR
Pensions	All years	No increase	No increase	SPPA to increase to 22.4% from April 2019
VS costs	2019-20	None	None	£0.5m
VS costs	2020-21	None	£0.25m	£0.75m
VS costs	2021-22	None	None	£0.5m
VS costs	2022-23	None	None	£0.75m
Non-pay	All years	Nothing prescribed	Inflation off-set by efficiencies	Inflation off-set by efficiencies
Student Support Funds	All years	Assume funding sufficient to cover costs	As FFR	£200k shortfall in 2018/19, thereafter risk transferred



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Financial Authorisation Process**

**PAPER P**

## **FINANCE & PROPERTY COMMITTEE – 27 NOVEMBER 2018**

### **FINANCIAL REGULATIONS – SCHEDULE OF DELEGATION**

#### **Introduction**

1. Discussions have been held with FPC over the last year about the application of Schedule 1 of the Financial Regulations: Scheme of Delegated Budget Authority Thresholds. Schedule 1 is reproduced at Appendix 1 to this paper.
2. It has been re-emphasised that the thresholds set out in the Schedule apply to ALL procurements, including those which represent a continuation of existing contractual arrangements, for example Insurance.
3. The highest level of authorisation for procurements above £50k sits with the Chairs of the Board of Management and FPC, FPC itself, or the full Board, depending on the value. Authorisation of procurements up to £50k is delegated to officers.

#### **Proposed application and procedure**

4. Authorisation of new and/or one-off procurements will continue to be supported by a full Business Case and follow the thresholds set out in Schedule 1.
5. For those procurements which represent a continuation of existing contractual arrangements, it is proposed that a report will be provided to FPC at its September meeting with a schedule of expected contract renewals for the upcoming calendar year. This report will include sufficient information on each contract to allow FPC the option of approving the prospective procurement at that stage.
6. Where the renewal is less straightforward, or FPC believes there are other considerations to be taken into account, FPC may request that further information be provided to a subsequent meeting and withhold approval until then.
7. Outturn contract award values for approved procurements will subsequently be reported to FPC through the Vice Principal's report at the relevant meeting.
8. Please note: as FPC papers are publicly available, there may be restrictions on the information we can provide for commercial reasons.

#### **Anticipated procurements over £50k – 2018-19**

9. The schedule at Appendix 2 sets out details of the anticipated procurements during 2018-19 which are above the threshold for authorisation by the Senior Leadership Team.

#### **Recommendation**

10. FPC are asked to:
  - a. Note the clarification of how the Schedule of Delegation should be applied;
  - b. Approve the proposed procedure;

- c. Approve, where appropriate, the anticipated procurements over £50k for 2018-19 or, where required, request that further information on individual procurements be submitted to the next FPC meeting for further consideration.

Catriona Blake  
Vice Principal Corporate Services  
16 November 2018

## **SCHEDULE 1 – SCHEME OF DELEGATED BUDGET AUTHORITY THRESHOLDS**

These thresholds apply to all non-pay expenditure, including capital and revenue. They are intended to operate sequentially, for instance expenditure of £30,000 which is initiated by a Head of Learning should be approved by their Curriculum Director and then Vice Principal Curriculum & Attainment, before being submitted to the Senior Leadership Team for final authorisation.

### **Authority up to £1,000**

Team Leaders/Supervisors

### **Authority up to £3,000**

Heads of Learning and Support Department Managers

### **Authority up to £5,000**

Relevant member of Senior Leadership Team

### **Authority up to £25,000**

Relevant Vice Principal

### **Authority up to £50,000**

Senior Leadership Team, subject to approval from the Principal and the VP

### **Authority up to £100,000**

Chair of the Board of Management and Chair of Finance and Property Committee

### **Authority up to £500,000**

Finance and Property Committee

### **Authority over £500,000**

Board of Management

It is the responsibility of the Head of Finance to ensure that a current list of expenditure levels of authority by named post holders is published on the College intranet. This will reflect the hierarchical approval workflows which will also be maintained within the College's e-Procurement systems.

The College's Financial Regulations require alternative or supplementary arrangements for other exceptional or extraordinary circumstances. These include, but are not limited to, capital additions, contractual commitments and non-competitive actions.

Compliance with the College's Procurement policy and procedures is mandatory. This will include specific guidance on the procurement journey and prescribed competitive thresholds for quotations and tendering.



## Planned Contracting Nov 2018 – Sept 2019

## Utilities

<b>Contract name</b>	<b>Supply of Electricity</b>
Incumbent Supplier	EDF Energy
Annual Value (2017/18)	£650K
Estimated Contract Value	c£3.5M (over 7 year term)
Owner	Scottish Procurement
Original Start Date	01/04/13
Route to Market	National Cat A Contract.
Contract Start Date	01/04/19
Contract Period	12 month extension within existing contract
Rationale	<p>This is a significant area of spend which would require an OJEU contract.</p> <p>Over 99% of in-scope Scottish public sector volume is committed to this national agreement which offers savings through reduced management fees. Advanced purchase of electricity provides price certainty which manages the risk associated with purchasing in volatile energy markets.</p> <p>Added value available related to support for carbon management schemes.</p> <p>Central contract management via APUC/Scottish Procurement provides collaborative weight and leverage.</p>
Risks	No significant risks. The risks would be considerably greater in moving away from this framework agreement.

<b>Contract name</b>	<b>Water and Waste Water Services</b>
Incumbent Supplier	Anglian Water Business
Annual Value (2017/18)	£115K
Estimated Contract Value	£500K (over 4 year term)
Owner	Scottish Procurement
Original Start Date	01/03/16
Route to Market	National Cat A Contract
Contract Start Date	01/03/19
Contract Period	12 month extension within existing contract
Rationale	<p>This framework provides water and waste water services including automated meter reading services across the public sector.</p> <p>Overall the contract offers significant discounts against market pricing estimated at £5-£10 million per year cost saving for the duration of the contract across the public sector. There are also significant community benefits due to the overall value including apprenticeships and education opportunities within schools.</p> <p>This is a fully compliant contract, with good customer service support.</p>
Risks	<p>No significant risks.</p> <p>The risks would be considerably greater moving away from this framework agreement.</p>

## Software Licences and Maintenance

<b>Contract name</b>	<b>Timetabling Software</b>
Incumbent Supplier	Celcat
Annual Value (2017/18)	£27K
Estimated Contract Value	£27K (12 month renewal only)
Owner	Dundee & Angus College
Original Start Date	Not available
Route to Market	Local Contract
Contract Start Date	01/04/19
Contract Period	12 month licence renewal
Rationale	Continuing use of existing timetabling software, around which business processes have been developed.  Core organisational business system.  Risk to business continuity and considerable change costs if the contract is not renewed.
Risks	Aggregation of 4 year spend will exceed Regulated Contract threshold.  Initial contract to be checked to confirm compliance by way of perpetual contract.

<b>Contract name</b>	<b>SUN Finance System Licence Maintenance</b>
Incumbent Supplier	Castle Computer Services Ltd
Annual Value (2017/18)	£20K
Estimated Contract Value	£20K (12 month renewal only)
Owner	Dundee & Angus College
Original Start Date	Not available
Route to Market	Local Contract
Contract Start Date	01/07/19
Contract Period	12 month licence renewal
Rationale	Core organisational business system.  Risk to business continuity and considerable change costs if the contract is not renewed.
Risks	Aggregation of 4 year spend will exceed Regulated Contract threshold.  Initial contract to be checked to confirm compliance by way of perpetual contract.

<b>Contract name</b>	<b>Unit-e Licence and Maintenance</b>
Incumbent Supplier	Capita IT Services
Annual Value (2017/18)	£44K
Estimated Contract Value	c£200K
Owner	Dundee & Angus College
Original Start Date	01/08/14
Original contract period	5 years
Route to Market	Local Contract
Contract Start Date	01/08/19
Contract Period	12 month licence renewal

Rationale	Core organisational business system. Annual renewal based on perpetual contract arrangement.  Risk to business continuity and considerable change costs if the contract is not renewed.
Risks	Potential risk in relation to Capita's reported financial difficulties. This will require to be monitored on an ongoing basis.

<b>Contract name</b>	<b>Adobe Creative Cloud Licence</b>
Incumbent Supplier	Eduserv
Annual Value (2017/18)	£25K
Estimated Contract Value	£25K (12 month renewal only)
Owner	Dundee & Angus College
Original Start Date	Not available
Route to Market	Local Contract
Contract Start Date	14/08/19
Contract Period	12 month licence renewal
Rationale	Core licence for staff and student access to Adobe applications.  Current licence to be checked for renewal terms and conditions and options appraised based on framework options. There may be savings to be achieved through commitment to a longer term contract.
Risks	None identified

<b>Contract name</b>	<b>Microsoft Campus Licence</b>
Incumbent Supplier	Pugh Computing
Annual Value (2017/18)	£51K
Estimated Contract Value	c£55K pa
Owner	Dundee & Angus College
Original Start Date	01/12/2014
Route to Market	Local Contract Under National Framework Agreement
Contract Start Date	01/12/2019
Contract Period	3-year contract likely.
Rationale	Core licence for staff and student access to Microsoft applications.  Change of supplier to SoftCat, ranked 1 on the Software Licence Resellers agreement.  MS licencing arrangements for educational institutions have changed within the last 12 months, meaning a cost increase is inevitable, however this will apply regardless of which reseller is used.  Contract term to be decided upon based on the available options which offer the best value for money.
Risks	None identified

## Goods and Services

<b>Contract name</b>	<b>Mobile Phones</b>
Incumbent Supplier	EE
Annual Value (2017/18)	£62K
Estimated Contract Value	c£37K over 2 years
Owner	Dundee & Angus College
Original Start Date	02/04/2014
Route to Market	Crown Commercial Services Aggregation – National Further Competition for UK Public and Third Sector organisations.
Contract Start Date	01/04/2019
Contract Period	2 years with 2 optional extensions each of 12 months
Rationale	<p>All connections are out of contract with incumbent supplier, offering the opportunity for a single move of all connections to a new contract. Current handsets are at end of life and starting to fail.</p> <p>Aggregation through Crown Commercial Services with other UK public sector/third sector bodies (c10,000 connections in total) offers a potential saving on voice and data of around 70%.</p> <p>Proposed contract will also offer increased flexibility in terms of data allowances, handsets etc, to enable effective contract management to achieve maximum value for money and optimum savings.</p>
Risks	None identified.

<b>Contract name</b>	<b>Mobile Client Devices (Laptops)</b>
Incumbent Supplier	Hewlett Packard UK Ltd (HP)
Annual Value (2017/18)	£130K (laptops and PCs – see below) Demand-led ad-hoc purchase/planned replacement
Estimated Contract Value	c£800K over 4 year contract term (laptops and PCs – see below)
Owner	Scottish Procurement
Original Start Date	16/11/15
Route to Market	National Cat A Contract
Contract Start Date	16/11/18
Contract Period	12 month extension within existing contract
Rationale	<p>Spend levels exceed regulated contract threshold.</p> <p>The Framework delivers significant cash savings and environmental benefits, including a reduction in carbon emissions through the inclusion of latest environmental and energy efficiency certification.</p> <p>The Framework addresses Scottish public sector organisations' aspirations with regards to ethical, social, economic, environmental and sustainability issues – this is an area with significant ethical supply chain issues.</p> <p>Central point for ordering and contract management covering warranty, insurance and general supply enquiries.</p>
Risks	Single supplier presents a continuity of supply risk, however this has been mitigated within the contract through business continuity planning.

<b>Contract name</b>	<b>Desktop Client Devices (PCs)</b>
Incumbent Supplier	Hewlett Packard UK Ltd (HP)
Annual Value (2017/18)	£130K (laptops and PCs – see above) Demand-led ad-hoc purchase/planned replacement
Estimated Contract Value	c£800K over 4 year contract term (laptops and PCs – see above)
Owner	Scottish Procurement
Original Start Date	01/01/16
Route to Market	National Cat A Contract
Contract Start Date	01/01/19
Contract Period	12 month extension within existing contract
Rationale	<p>Spend levels exceed regulated contract threshold.</p> <p>The Framework has secured a diverse range of products, which offer Scottish public sector organisations choice, at market leading prices. In addition, there is a range of competitively priced upgrades, accessories and services, which complement the core devices.</p> <p>See above for other benefits of framework use.</p> <p>Consistency of device across all sites provides benefits in terms of ICT support and technician familiarity.</p>
Risks	Single supplier presents a continuity of supply risk, however this has been mitigated within the contract through business continuity planning.

<b>Contract name</b>	<b>Fresh Fruit and Vegetables</b>
Incumbent Supplier	George Anderson
Annual Value (2017/18)	£45K
Estimated Contract Value	£90K (2 years); £180K (4 years if 2 optional extensions are taken up.)
Owner	APUC
Original Start Date	21/07/14
Route to Market	Sector-wide Cat B contract
Contract Start Date	21/5/19
Contract Period	2 years with 2 optional extensions, each of 12 months.
Rationale	<p>Spend levels exceed OJEU thresholds, therefore framework offers a legally compliant option.</p> <p>Framework will be lotted on a geographical basis to allow for local SME supply. Ranking/direct award will limit the work required locally to appoint a suitable supplier.</p> <p>Pricing will be fixed ensuring stability in a volatile supply market.</p> <p>Increased leverage due to higher consolidated spend volumes will provide access to more competitive pricing and also to added value services at zero or low additional cost. Added value services could potentially enhance the student experience through site visits, demonstrations etc.</p>
Risks	<p>Potential change of supplier, involving changes to ordering processes.</p> <p>Potential quality issues through supplier change will need to be closely monitored in initial stages and contract managed on an ongoing basis.</p>

<b>Contract name</b>	<b>Electrical Sundries</b>
Incumbent Supplier	Edmundson Electrical
Annual Value (2017/18)	£11.5K
Estimated Contract Value	c£140K over 4 year contract term
Owner	APUC
Original Start Date	25/04/17
Route to Market	Sector-wide Cat B contract
Contract Start Date	25/04/19
Contract Period	24 month extension within existing contract.
Rationale	<p>Historic aggregated spend levels bring this above the regulated contract threshold.</p> <p>Although spend is reducing in this area, this framework offers a compliant route to market for a wide range of sundries.</p> <p>There are no known issues in relation to service or customer support. In case of supply chain issues, there are 2 other suppliers named on the framework who could be used to maintain continuity of supply.</p>
Risks	No known risks.

<b>Contract name</b>	<b>Provision of Taxi Services and Private Transfers</b>
Incumbent Supplier	Various
Annual Value (2017/18)	£124K
Estimated Contract Value	c£530K over 4 year contract term
Owner	Dundee & Angus College
Original Start Date	07/07/17
Route to Market	Local collaborative Cat C1 contract
Contract Start Date	07/07/19
Contract Period	24 month contract extension within existing contract
Rationale	<p>Collaborative contract with Abertay University, Angus Council and University of Dundee for the provision of taxis in Dundee, Angus and also for private transfers.</p> <p>Top ranked provider provides 25% invoice discount based on the Council set taxi meter rate.</p> <p>No known issues in relation to quality of service provided.</p>
Risks	All risks have been addressed with mitigating actions in the contract.

<b>Contract name</b>	<b>Hair and Beauty Supplies</b>
Incumbent Supplier	Various depending upon lot
Annual Value (2017/18)	c£96K

Estimated Contract Value	<p>c£462K over 4-year contract term</p> <p>Individual contracts with suppliers appointed to the difference lots are relatively low value, however aggregated across the category, spend exceeds the £50K Regulated Contract threshold.</p>
Owner	APUC
Original Start Date	15/02/16
Route to Market	Sector-wide Cat B contract

Contract Start Date	15/02/19
Contract Period	12 month extension within current framework agreement
Rationale	<p>Fully compliant framework which provides access to a range of products and services for this curricular areas.</p> <p>Added value available through the contract which will enhance the student experience and also provide valuable product knowledge and CPD for staff.</p> <p>There is good engagement and support from all suppliers used through this framework.</p>
Risks	No known risks



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**2019/20 Fees Policy**

**PAPER Q**





## **FINANCE AND PROPERTY COMMITTEE – 27 NOVEMBER 2018**

### **FEES 2019/20**

#### **INTRODUCTION**

This paper outlines the rationale for the recommended fees to be charged for all categories of provision for academic year 2019/20.

#### **EU AND REST OF UK FEES**

##### **Full time fees**

Set nationally.

##### **Part Time fees**

The Dundee & Angus College fee per single credit remains high compared with other colleges. The recommendation is to retain the £140 unit fee, unless a unit is delivered on a bespoke basis for a company, in which case the commercial rate would apply. It is recommended that other fees remain unchanged: £3.50 per student hour; £700 for a part-time HN of 6 credits per annum.

The budget for 2018/19 is £351K. In addition, the value of part-time provision delivered under Fee Waiver arrangements for 2017/18 was £497K.

##### **Professional Development Awards (PDA)**

Currently these are charged on a per Credit Unit basis. It is recommended that this continues for core subjects, but that a premium commercial rate continues to apply for specialist subjects where there is no similar provision. This would include Service Design, where it is recommended that the fee remains at £600 per unit.

##### **Commercial Training Rate**

The hourly cost of a lecturer for 2018/19 cannot yet be precisely determined because pay awards have not yet been agreed, but it is expected to have risen by at least 13% since 2016/17. It is recommended that the commercial rate increases by 15% from £65 to £75 per hour. In line with current College costing policy, a minimum of 30% margin should be added to all commercial costings once other associated costs of delivery have been included. Costings outwith this policy with a valid rationale must be agreed by the appropriate Director.

The budget for 2018/19 is £668K.

##### **Higher and Intermediate Courses**

It is recommended that this fee increases from £460 to £480, comprising 4 units at £120 each, to reflect administrative costs including awarding body charges. The majority of learners are funded fully or in part through Fee Waiver or ILA.

##### **Re-Assessment Charges**

It is recommended that these rates increase for 2019/20 by £5 to £50 per single credit.

## **Courses with no recognised qualification:**

### **SFC funded courses**

It is recommended that this remains at £3.50 per student hour plus the cost of all materials.

### **Non-SFC funded courses**

All College Leisure provision is included in this category. This rate has remained at £6 per hour for the last 4 years which was set at the midway point of the rate for the 2 former Colleges. It is recommended that this increases to £7 for 2019/20.

The budget for 2018/19 is £60K.

## **INTERNATIONAL FEES**

### **Full-time**

The fee for 2018/19 was approved last year at £6,500, unchanged since 2015/16. In comparison with other colleges, the £6,500 fee is a mid-range fee. Feedback from international students suggests that the fee is not a crucial factor in the decision to choose which college to study in. Other factors include: level of English language, qualification levels, success in obtaining a visa, and ability to pay by Direct Debit. In recent years, the majority of students have already been living in this region rather than requiring a Tier 4 visa. It is recommended that the fee increases to £7,000 for 2019/20.

The budget for 2018/19 is £50K.

### **Part-time**

It is recommended that this fee is increased to £700 per unit, in line with the increase in the full-time fee, although it should be noted that a part-time fee has not been applied within the last 3 years.

## **OTHER FEES**

### **Distance and Flexible Learning**

It is recommended that this follows the Part Time unit fee rate.

### **Work based learning**

It is recommended that this follows the commercial hourly rate, unless part of a Full Time Course.

### **School and Community activity**

It is recommended that this activity is £45 per hour plus the cost of all materials for delivery of a minimum of 10 hours. Where SFC funding is not available, the Commercial hourly rate will apply.

## **RECOMMENDATIONS**

It is recommended that FPC agrees the above recommended fee changes for 2019/20.

Catriona Blake  
Vice Principal Corporate Services  
16 November 2018

**DUNDEE AND ANGUS COLLEGE**  
**COURSE FEES – ACADEMIC YEAR 2019/20**  
**DRAFT**

	<u>2019/20</u>	<u>2018/19</u>	<u>NOTES</u>
<b>1 EU &amp; Rest of UK (RUK) STUDENTS</b>			
<b>1.1 Full Time (including ESOL)</b>			
Advanced (Degree Equivalent)	£1,820	£1,820	Eligible students will be entitled to have tuition fees paid by SAAS. Eligibility for full-time Fee Waiver will be routinely determined via the Application and Registration process.
Advanced (Higher National or Equivalent)	£1,285	£1,285	
Non Advanced (inclusive of Assessment/Examination Fees)	£1,008	£1,008	
<b>1.2 Part Time (HN)</b>			
Fee per Single Credit (inclusive of SQA costs) Part-time students will be charged for number of credits taken (Part-time HND studied over 2 years will be charged at £700 per year)	£140	£140	Some programmes may carry an additional fee for equipment and/or materials
Fee per student hour ( <i>inclusive of Assessment, but subject to Examination Presentation costs</i> )	£3.50	£3.50	
<b>1.2 Part Time</b>			
Commercial PDA – fee per unit	£600	£600	
<b>1.3 Commercial Training Rate</b> (including VQs, MAs and Lets)	£75	£65	Per Costing Policy. Additional assessment may incur charges.
<b>1.4 Higher &amp; Intermediate Courses</b>			
Fee per Course (inclusive of SQA costs)	£480	£460	

	<u>2019/20</u>	<u>2018/19</u>	<u>NOTES</u>
<b>1.5 Re-Assessment Charges</b>			
Fee per Single Credit	£50 £3.50/hr	£45 £3.50/hr	<u>Plus</u> appropriate external charges/ fees including AAA additional assessment if applicable.
<b>1.6 Courses – No Recognised Qualification</b>			
<b>1.6.1</b> SFC funded courses to be costed at hourly rate <u>plus</u> the full cost of any course materials	£3.50/hr	£3.50/hr	
<b>1.6.2</b> Non SFC funded courses to be costed at hourly rate <u>plus</u> the full cost of any course materials	£7.00/hr	£6.00/hr	
<b>2 OVERSEAS STUDENTS (NON EU)</b>			
<b>2.1 Full Time</b>			
Advanced/Non Advanced	£7,000	£6,500	
<b>2.2 Part Time</b>			
Fee per Single Credit	£700	£650	



**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Procurement Annual Report**

**PAPER R**



## **FINANCE AND PROPERTY COMMITTEE – 27 NOVEMBER 2018**

### **ANNUAL PROCUREMENT REPORT**

#### **1. Background**

As required by the Procurement Reform (Scotland) Act 2014, FPC approved the College's procurement strategy in November 2016. The College is also required to review its strategy annually.

The first Annual Procurement Report is attached. It covers the period from 1 January 2017 to 31 July 2018 and addresses performance and achievements in delivering the strategy.

The requirement is for the report to be approved by a relevant committee, in our case FPC. Once approved, it will be published on our website and the Scottish Government will be notified.

#### **2. Recommendation**

FPC are asked to approve the annual procurement report.

Catriona Blake  
Vice Principal Corporate Services  
16 November 2018

## **Dundee and Angus College - Annual Procurement Report (APR)**

### **Executive Summary**

The Procurement Reform (Scotland) Act 2014 (PRA) required any public organisation which has an estimated annual regulated spend of £5 million or more to develop a procurement strategy and then review it annually. This requirement took effect from 31 December 2016. Organisations (including HE and FE institutions) required to develop and publish a procurement strategy were also required publish an APR, reflecting on the relevant reporting period of the procurement strategy.

This report covers the period from 1 January 2017 to 31 July 2018 and addresses performance and achievements in delivering the Dundee and Angus College organisational procurement strategy.

The development of the procurement strategy was the outcome of consultation and discussion with internal and external stakeholders who have an interest in the institutional approach to procurement and its impact. Stakeholder engagement will also feature in the annual assessments of the achievement of regulatory compliance, strategic objectives of the institution, value for money (defined as the best balance of cost, quality and sustainability) and delivery against the authority's broader aims and objectives, in line with Scotland's National Outcomes. This process of review and reporting will inform any adjustments to the procurement strategy deemed necessary to secure future performance improvements and to respond to the economic, political and financial influences to which the institution may need to adjust.

#### [Link to Dundee and Angus College Procurement Strategy](#)

Dundee and Angus College has analysed third party expenditure and has identified that over the period covered by this report the following expenditure has occurred:

- EU regulated procurement spend [goods and services worth more than £164,176; works worth more than £4,104,394] amounted to £6,740,917. There were 5 such procurements undertaken during the period.
- Lower value regulated procurement spend [goods and services worth more than £50,000, works worth more than £2 million] amounted to £2,100,537 There were 4 such procurements undertaken.

More detailed information on the regulated procurements, sorted into procurement categories, is provided in Sections 1 and 2 and in Annex A of this report.

Dundee and Angus College has over 968 active suppliers with whom the College did business in the reporting period) and the total procurement expenditure was £11,175,941 - £8,841,455 of regulated expenditure (recorded on the Contracts Register) and £2,334,486 on non-regulated.

The College has been optimising use of national, sectoral, local or regional C1 collaborative contracts and frameworks. As well as bringing leverage based savings, the burdens of risk, contract and supplier management are shared and the number of resource-intensive formal local tenders that need to take place is reduced significantly. 34% of the College spend went through collaborative agreements.

This report comprises five sections:

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Section 1: Summary of Regulated Procurements Completed

Section 2: Review of Regulated Procurement Compliance

Section 3: Community Benefit Summary

Section 4: Supported Businesses Summary

Section 5: Future Regulated Procurements Summary

## **Report Approved**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(Committee)

Signed: \_\_\_\_\_  
(Responsible Officer)

Position: \_\_\_\_\_



## Section 1: Summary of Regulated Procurements Completed

Dundee and Angus College strongly believes in conducting its procurements in an open and inclusive manner with procurement objectives aligned to the College's [Strategic Plan](#).

The detailed summary of regulated procurements completed is set out in Annex A. That information, coupled with the publication of the institutional [Contracts Register](#) and the systematic use of Public Contracts Scotland (PCS) – see glossary of terms in Annexe E – and Quick Quotes, provides complete visibility of the College's procurement activity over the reporting period.

In Annex A, information is set out to show lower value regulated procurements completed and EU regulated procurements completed. These are separated into contract categories and distinguish collaborative contracts from institutional ones. For each completed regulated procurement the information provided shows:

- the date of award
- the start dates
- the category subject matter
- the name of the supplier
- estimated value of the contract – total over contract period
- collaborative or institution owned
- the end date provided for in the contract or a description of the circumstances in which the contract will end.
- SME / supported business.

## Section 2: Review of Regulated Procurement Compliance

Where appropriate, Dundee and Angus College has made use of collaborative contracts to deliver improved contract terms, supported contract and supplier management, sustainable procurement outcomes and value for money (the best balance of cost, quality and sustainability).

In making its regulated procurements every care has been taken to ensure that the College awards the business to suppliers who are capable, reliable and who can demonstrate that they meet high ethical standards and values in the conduct of their business.

In the period covered by this report, the College has conducted all its regulated procurements in compliance with EU Treaty Principles of equal treatment, non-discrimination, transparency, proportionality and mutual recognition.

Successful delivery against the procurement strategy objectives is part of a customer valued, continual improvement process (CIP) that seeks incremental improvements to process and outcomes over time.

Procurement Strategy Statement	Annual Report Commentary on strategy delivery/compliance
To sustain and further develop partnerships within the sector, with other publicly funded bodies, with professional bodies and with supply markets that will yield intelligence, innovation and deliver value to users of procurement services.	Closer working relationships are being developed with other local publicly funded bodies through TOPIC (Tayside Opportunities for Procurement in Collaboration) and TPC (Tayside Procurement Consortium). Staff attend regular meetings to share knowledge and best practice whilst discussing forward

	<p>contracting plans with a view to collaborative contracting.</p> <p>In addition, an APUC shared service agreement has been agreed for a Tayside Regional Procurement Team to ensure that collaborative opportunities between University of Abertay and Dundee and Angus College is maximised, whilst resource is shared to ensure appropriate levels of support for procurement activity in both partners.</p>
<p>To work with internal academic budget holders, professional support service colleagues and suppliers to deliver innovation and best value to the teaching and learning, and service support communities, through the development of an effective and co-ordinated purchasing effort within the College.</p>	<p>For each regulated procurement, a contract strategy is developed to determine the most appropriate route to market and this is agreed with key stakeholders and end users.</p> <p>For non-regulated contracts, a similar approach is adopted, dependent upon the value and risk associated with the contract.</p> <p>Dundee and Angus College procurement activity follows guidelines set out in the Scottish Procurement Journey ensuring consistency, and transparency.</p>
<p>To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities.</p>	<p>Whole life cost, quality and sustainability are used to ensure Dundee and Angus College's procurement activities deliver best value for money.</p> <p>Procurement staff consult with users and wider stakeholder groups to ensure that all contract strategies and tender specifications meet their needs, are clearly understood and can be delivered by suppliers. In addition, we seek post contract award feedback from internal and external stakeholders to ensure continual and continuing improvement.</p> <p>College requirements are aggregated when feasible to increase leverage avoid duplication of effort whilst mitigating against unnecessary procurement costs.</p> <p>Uptake of framework agreements and spend through collaborative opportunities is increasing year on year.</p>
<p>To seek out professional development opportunities to enrich and enhance experience and capability of procurement practitioners, and to work with the supply</p>	<p>Procurement staff adopt a pro-active approach to their continuing professional development, participating in training courses organised for the sector by APUC and making use of</p>

<p>chains to ensure continued value, managed performance and minimal risk throughout the life of contracts for the benefit of customers and students.</p>	<p>available online resources to ensure that professional competence is maintained.</p> <p>Staff holding devolved purchasing responsibilities are provided with guidance and support from procurement staff in areas such as legal compliance, sustainability and value for money. Support with effective contract management will be provided in the coming academic year.</p> <p>Where there are significant legislative or operational changes, formal staff awareness sessions are held.</p> <p>Advice and guidance is also disseminated through the Procurement and Resources Group which is attended by staff from a range of functional areas, both curricular and non-teaching.</p>
<p>To develop sound and useful procurement management information in order to measure and improve procurement and supplier performance in support of corporate planning conducted through a fair and transparent process.</p>	<p>All regulated procurements are advertised on PCS and regular use is made of the Quick Quote facility for exercises which fall below the regulatory thresholds.</p> <p>This approach, coupled with the use of lotting, where appropriate, detailed specifications and clear evaluation criteria ensure that our contract opportunities are open to as many suppliers as possible.</p> <p>Where relevant, tender specifications make use of appropriate standards and labels to ensure fair and ethical trading is a consideration in suppliers' offers. This is particularly important in areas where there are known and recognised risks associated with supply chains.</p> <p>Use of Sector Framework Agreements provides additional assurance that Dundee and Angus College is contributing to fair and ethical trading. For example, the use of Electronics Watch information in the procurement of ICT equipment mitigates the risks of the use of forced labour in the supply chain.</p> <p>Extensive use is made of spend analysis data to inform forward planning, whilst the Institutional Dashboard information available</p>

	<p>from APUC provides useful benchmark information in relation to spend, savings and collaborative activity.</p> <p>In addition to this, the externally facing contracts register based on the Hunter database is kept up to date to ensure that the key principles of openness and transparency are adhered to.</p>
<p>To embed sound ethical, social and environmental policies within the College's procurement function and to comply with relevant Scottish, UK and EU legislation in performance of the sustainable procurement duty.</p>	<p>Procedures are in place to ensure that contracts are only awarded to businesses that are capable, reliable and, where relevant, meet high ethical standards and values in the conduct of their business.</p> <p>Dundee and Angus College is committed to contracting only with suppliers that comply with all appropriate and relevant legislation. Where appropriate, and on a contract by contract basis, the institution will assess the legislation applicable to the contract and take steps to ensure bidders comply with it eg Health and Safety, Equality and GDPR/Data Protection legislation.</p> <p>Where appropriate and proportionate, fair work practices will be evaluated as part of the tender process, with areas such as zero-hours contracts and payment of the real/national living wage being taken into consideration.</p> <p>Where appropriate, Community Benefits Clauses will be considered and performance against these measured throughout the lifespan of the contract.</p>

Dundee and Angus College has procurement process and sign off arrangements that are consistent with the guidelines set out in the Procurement Journey and that have met the objectives and obligations set out immediately above.

### Section 3: Community Benefit Summary

For every procurement over £4m, Dundee and Angus College will consider how it can improve the economic social or environmental wellbeing of its area through inclusion of community benefit clauses, to assist with achieving sustainability in contracts activity, including targeted recruitment and training, small business and social enterprise development and community engagement. Where possible, relevant and proportionate, and where they are considered not to have a negative impact on the delivery of value for money, such clauses may be included in regulated procurements valued at below £4m.

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The general College policy on identifying community benefit requirements is to conduct risk and opportunities assessments through stakeholder consultation and engagement – on a case-by-case basis the question is asked, ‘could a community benefit clause be usefully included’? Where relevant and proportionate to the subject matter of the procurement, the requirement is then built into the procurement specification and into the eventual conditions of contract performance.

Where applicable, as part of the tendering process, suppliers are invited to describe their approach to delivering community benefits or achieving social value through a contract. Relevant community benefits are cited such as:

- providing ‘upskilling’ opportunities (e.g. Toolbox talks) with students and staff,
- offering advice and assistance on the best practice methodology,
- employment, student work experience and vocational training opportunities,
- apprenticeships,
- local subcontractor opportunities available to SMEs, 3rd sector and supported businesses,
- direct involvement in community based schemes or programmes,
- equality and diversity initiatives,
- supply-chain development activity,
- educational support initiatives,
- to minimise negative environmental impacts, for example impacts associated with vehicle movements and/or associated emissions and impacts on protected areas, buildings or sites.

Tenderers are invited to describe how such benefits will be successfully delivered through the contract and promoted to contract users. Where community benefits are included in a procurement (at or above the £4 million threshold), the award notice would include a statement of the benefits that are expected to be derived from the contract.

Dundee and Angus College has awarded 22 regulated procurement contracts over the reporting period. None of these was over £4 million in value.

### **Section 4: Supported Business**

Higher value procurements, regulated procurements (between £50k and OJEU threshold and those equal to and above the OJEU thresholds) are conducted in line with Routes 2 and 3 respectively of the Procurement Journey. Both Routes 2 and 3 mandate the use of the European Single Procurement Document (ESPD (Scotland)). The ESPD covers exclusion, selection and award criteria and includes questions relating to companies self-certifying themselves in terms of size (micro, small or medium), or whether they are supported businesses.

The institution reviews each procurement to determine whether it could be fulfilled by a Supported Business, whilst remaining compliant with EU and Scottish Procurement Legislation and ensuring value for money for the institution (using the only Supported Business register currently available and published by Ready for Business).

The College did not reserve any contracts for supported businesses in the period covered by this report, however there is 1 contract in place with a supported business.

### **Section 5 – Future Regulated Procurements**

Dundee and Angus College is keen to encourage competition by promoting optimal participation in its procurement process and achieve better value for money in its procurements. One method of achieving this is to give notice to suppliers of tendering opportunities that are expected to commence over the next two financial years after the period covered by this report.

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In preparing this forward projection of anticipated regulated procurements, it is difficult to be precise about providing details of actual requirements. Over a forecast period of two years it is very probable that circumstances and priorities will change so the list of projected individual regulated procurement exercises outlined in Annex D should be viewed with this caveat in mind.

The information provided in Annex D covers:

- the subject matter of the anticipated regulated procurement
- whether it is a new, extended or re-let procurement
- the expected contract notice publication date
- expected award date
- expected start and end date
- the estimated value of the contract.
- contract category A, B, C or C1

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## Annex A List of Regulated Procurements Completed in the Reporting Period 1/17 – 7/18

### Compliant

Category Subject	Supplier name	Date of Award	Owner: Cat A/B or C?	Start Date	End Date	Value over contract period	SME status	Supported Business
Central Network Storage Refresh	Cutter Project Ltd	24/04/2017	C	01/05/2017	31/07/2022	£376,000	Large	No
Taxi Services and Private Transfers	Dundee 505050 Ltd Teletaxis (Dundee) Ltd Links Cabs Carnoustie Discovery Travel	04/07/2017	C	07/07/2017	06/07/2021	£474,000	Small	No
Industrial Gases	BOC	18/10/2017	B	01/11/2017	31/10/2019	£69,000	Large	No
Development and Build of a New Website	Innovation Digital	13/06/2018	C	02/07/2018	01/07/2019	£45,367	Small	No
Supply and Delivery of AV Equipment	Streamtec AV Solutions	13/06/2018	B	02/07/2018	01/09/2018	£87,762	Small	No
FS Logix Suite Perpetual Licensing and Support	Cutter Project Ltd	14/07/2018	C	14/07/2018	13/07/2020	£42,000	Large	No
Provision of Non-life Insurance	Zurich Municipal	16/17/2018	B	01/08/2018	31/07/2021	£298,278	Large	No

### Non-Compliant

Category Subject	Supplier name	Date of Award	Owner: Cat A/B or C?	Start Date	End Date	Value over contract period	Compliance issue/solution
Student Travel – Angus Smart Travel	Stagecoach Buses	07/08/2018	C	07/08/2018	06/08/2020	£1,100,000	Voluntary Ex Ante Transparency Notice

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Student Travel – Dundee Smart Travel	Xplore Dundee	03/07/2018	C	07/08/2018	06/08/2020	£900,000	Voluntary Ex Ante Transparency Notice
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The requirements of these contracts could only be fulfilled by the suppliers appointed.

A Voluntary Ex Ante Transparency (VEAT) Notice was published on PCS, which provides a 10-day period during which any other operator that believes they could fulfil the requirements of the contract could challenge the award.



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**Annex B List of Regulated Procurements with Community Benefit Requirements Fulfilled**

There were none of these due to no individual project exceeding the £4M threshold.

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**Annex C List of Regulated Procurements placed with Supported Businesses**

None during the period covered by this report.

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**Annex D List of Regulated Procurements planned to commence in next two F/Ys 18/19 & 19/20**

<b>Category Subject</b>	<b>Owner: Cat A/B/C or C1?</b>	<b>New, extended or re-let procurement</b>	<b>Expected contract notice publication date</b>	<b>Expected Date of Award</b>	<b>Expected Start Date</b>	<b>Expected End Date</b>	<b>Estimated Value over contract period</b>
Road Surfacing	B	Extension	N/A	N/A	29/09/2018	28/09/2019	£12,000
Game and Fine Foods	C	Extension	N/A	N/A	17/10/2018	16/10/2020	£24,000
Mobile Client Devices	A	Extension	N/A	N/A	16/11/2018	15/11/2019	£130,000
Desktop Client Devices	A	Extension	N/A	N/A	01/01/2019	31/2/2020	
Fresh Fruit and Vegetables	B	Re-let	APUC Contract		21/05/2019	20/05/2021	£90,000
Fresh Butcher Meat	B	Re-let	APUC Contract		05/01/2019	04/01/2022	£36,000
Hair and Beauty Supplies and Consumables	B1	Extension	N/A	N/A	15/02/2019	14/02/2020	£96,000
Water and Waste Water Services	A	Extension	N/A	N/A	01/03/2019	28/02/2020	£115,000
Supply of Electricity	A	Extension	N/A	N/A	01/04/2019	31/03/2020	£650,000
Electrical Sundries	B	Extension	N/A	N/A	25/04/2019	24/04/2021	£70,000
Vehicle Lease	A	Extension	N/A	N/A	16/05/2019	15/05/2020	£27,000
Provision of Taxi Services and Private Transfers	C1	Extension	N/A	N/A	07/07/2019	06/07/2021	£248,000
Provision of Network Equipment and Support	C	Re-let	04/2019	07/2019	13/08/2019	12/08/2022	£57,000

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Fresh Bakery Products	B	Re-let	APUC Contract		07/09/2019	06/09/2022	£42,000
Microsoft Campus Licence	C	Re-let	10/2018	11/2018	01/12/2019	31/11/2022	£165,000
FS Logix Suite Perpetual Licensing and Software Support	A	Re-let	03/2020	04/2020	14/07/2020	13/07/2023	£42,000

## Annex E - Glossary of Terms

### A, B, C and C1 Contracts (Who buys what?)

<b>Category A</b>	Collaborative Contracts available to all public bodies <ul style="list-style-type: none"> <li>• Scottish Procurement</li> </ul>
<b>Category B</b>	Collaborative Contracts available to public bodies within a specific sector <ul style="list-style-type: none"> <li>• Scottish Procurement</li> <li>• APUC</li> <li>• Scotland Excel</li> <li>• NHS National Procurement</li> </ul>
<b>Category C</b>	Local Contracts for use by individual public bodies
<b>Category C1</b>	Local or regional collaborations between public bodies

**APUC's Code of Conduct** - APUC and its client community of colleges and universities is committed to carrying out procurement activities in an environmentally, socially, ethically and economically responsible manner and to entering into agreements and contracts with suppliers that share and adhere to its vision. To demonstrate this commitment, current and potential suppliers are asked to acknowledge their compliance with the principles of the APUC Supply Chain Code of Conduct with respect to their organisation and their supply chain.

**BT14 – Sustainability Based Benefits** - sustainability benefits where costs are not normally relevant can be reported but will normally be described in narrative including but not limited to the following areas:

- Reduction in waste – packaging and / or further use of residue from processes etc.
- Reduction in consumption - use of raw materials (consumables, utilities etc.)
- Recycling and/or reuse of products
- Enhanced Reputation and/or marketing opportunities
- Community Benefits delivery
- Carbon Reduction
- Social, equality and / or environmental improvements

**Category Subject** is a collection of commodities or services sourced from the same or similar supply base, which meet a similar consumer need, or which are inter-related or substitutable.

**Community Benefits** are requirements which deliver wider benefits in addition to the core purpose of a contract. These can relate to social- economic and or environmental benefits.

**Community Benefits Clauses** are requirements which deliver wider benefits in addition to the core purpose of a contract. These clauses can be used to build a range of economic, social or environmental conditions into the delivery of institutional contracts.

**Contracts Registers** these typically provide details of the procurement exercise to capture key information about the contract (the goods and services, values, date started, expiry date, procurement category etc).

**Cost Avoidance** The act of eliminating costs or preventing their occurrence in the first place. It tends not to show up on, but materially impacts, the bottom-line cost and is normally referred to as a “soft” cost saving i.e. negating supplier requests to increase costs, procuring services/goods/works under budget, obtaining prices lower than the market average/median.

**Contract management or contract administration** is the management of contracts made with customers, suppliers, partners, or employees. Contract management activities can be divided into three areas: service delivery management; relationship management; and contract administration. EU regulated procurements are those whose values require that they are conducted in compliance with the Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014.

**Flexible Framework Self-Assessment Tool (FFSAT)** enables measurement against various aspects of sustainable procurement.

**Hub (Spikes Cavell)** - The Scottish Procurement Information Hub is provided by Spikes Cavell as a spend analysis tool allowing organisations to: -

- Identify non-pay spend on external goods and services
- Identify key suppliers and how many transactions are made with each
- Highlight common spend across suppliers and categories
- Identify spend with SMEs and/or local suppliers

This information means that individual organisations and Centres of Expertise can identify where collaborative opportunities might exist and where transactional efficiencies could be made. For more information, visit the Scottish Government's Hub page.

**Hunter** - Hunter has been developed by the eSolutions team. It is a database solution which uses standard Microsoft packages (Access and SQL Server) enabling organisations to effectively monitor and report on collaborative contracting activities.

As a solution, it is operational within the HE/FE sector in Scotland and is also being utilised by the HE consortia in England and Wales that also provide collaborative contracting services to the sector. Hunter has a multi-level structure which allows consortia to share collaborative agreements, make them visible to their member organisations, and in turn enabling them to record their own contracts.

**Institutional Dashboard** - is the area within the APUC Buyers Portal being developed by the APUC eSolutions team providing easy access to institutions' key management reporting data being recorded centrally through Hunter. The dashboard currently hosts key regulatory procurement information on Contracts Registers, forward contracting plans, expenditure reporting and APR Data. The list of reports is planned to expand to cover savings and PCIP dashboard data.

**Lotting** - the Public Contracts (Scotland) Regulations 2015 encourage the use of lots (regulation 47), to promote competitiveness and to facilitate the involvement of SMEs in the public procurement market, by considering the appropriateness of dividing contracts into lots to smaller contracts

**OJEU thresholds** OJEU is the Official Journal of the European Union, the gazette of record for the European Union. Around 2500 new notices are advertised every week - these include invitations to tender, prior information notices, qualification systems and contract award notices. The European public contracts directive (2014/24/EU) applies to public authorities and the following thresholds will apply to procurement carried out whose value equals or exceeds specific thresholds. The present thresholds are (net of VAT): - for Supply, Services and Design Contracts, £164,176, for Works Contracts £4,104,394. Public contracts (EU) thresholds are revised every 2 years – this is next due on 01/01/2018.

**Output Specification** requirements are set out in terms of what you want to achieve, leaving the tenderers to decide on how they will deliver those requirements. This can lead to innovation by the tenderers. The services detailed in the output specification should be capable of objective assessment so that the performance of the supplier can be accurately monitored.

**Prioritisation** - the Sustainable Public Procurement Prioritisation Tool which is a tool to aid all procuring organisations across the Scottish Public Sector designed to bring a standard structured approach to the assessment of spend categories.

**Procurement Journey** is public procurement toolkit with guidance and templates on the procurement process to facilitate a standardised approach to the market and contract and supplier management.

**Procurement & Commercial Improvement Programme (PCIP)** replaced the previous Procurement Capability Assessment (PCA) and focuses on the policies and procedures driving procurement performance and more importantly, the results they deliver.

**PCS (Public Contracts Scotland)** is the national advertising portal used to advertise all public sector goods, services or works contract opportunities.

**PCS-Tender** is the national eTendering system, and is centrally funded by the Scottish Government. The system is a secure and efficient means for buyers and suppliers to manage tender exercises online. The standard templates enable buyers to create consistent tender documentation.

**Segmentation** is the division and grouping of suppliers or contracts in relation to spend and its criticality to business.

Small and Medium Sized Enterprises (SMEs) encompass –

- Micro enterprises: enterprises which employ fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed £1.57 million.
- Small enterprises: enterprises which employ fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed £7.86 million.
- Medium enterprises: enterprises which are neither micro nor small, which employ fewer than 250 persons and which have an annual turnover not exceeding £39.28 million, and/or an annual balance sheet total not exceeding £33.78 million.

**Social Enterprises** are revenue-generating businesses with primarily social objectives whose surpluses are reinvested for that purpose in the business or in the community, rather than being driven by the need to deliver profit to shareholders and owners.

**Supply Chain** encompasses all activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.

**Supported business** means an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons, and where at least 30% of the employees of the economic operator are disabled or disadvantaged persons.

**Supported employment programme** means an employment programme operated by an economic operator, the main aim of which is the social and professional integration of disabled or disadvantaged persons, and where at least 30% of those engaged in the programme are disabled or disadvantaged persons.

**Sustain** - is the APUC supply chain sustainability web portal, a central hub where sector suppliers can complete and store sustainability compliance data. The portal is the core supply chain sustainability tool supporting HE and FE institutions and their suppliers in delivering a transparent, environmentally positive, ethical and socially responsible supply chain

**Sustainable Procurement** A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits, not only for the organisation but also to society, the economy and the environment.

**Third-Party Expenditure** is calculated based upon the total value of invoices paid per annum, excluding VAT, to all suppliers for the purchase of goods and services. It is defined as including: goods – tangible products such as stationery, which are often also known as supplies. Services – provision of an intangible product such as refuse collection, elderly home care, whether carried out internally or externally. Works – including construction works and utilities – energy costs. It excludes employee costs, non-cash expenditure (e.g. depreciation), grants, trust payments and other non-controllable payments to other publicly funded bodies but should include spending on agency staff, capital expenditure and programme spend on commodities and services.

**Voluntary Ex Ante Transparency (VEAT)** notices are a form of notice which was first introduced in December 2009. They allow users to issue awards to companies who they believe are the only company selling something that they need to procure. VEAT notices, which note the award of a contract, will be typically reported in the Official Journal of the European Union (OJEU) and provide other operators the opportunity to challenge the contract award within a 10-day period.





**JOINT AUDIT & RISK, FINANCE & PROPERTY COMMITTEE**

**Tuesday 27 November 2018**

**Vice Principal – Corporate Services Report**

**PAPER S**

## **FINANCE AND PROPERTY COMMITTEE – 27 NOVEMBER 2018**

### **VICE PRINCIPAL CORPORATE SERVICES - REPORT**

#### **1. Introduction**

This report brings to the Committee's attention matters which are not covered by other agenda items.

#### **2. SFC funding update**

The final confirmed number of credits delivered in 2017-18 was 109,360, against a target of 108,962. Early indications are that there should be no difficulty in meeting the 2018-19 reduced target of 107,807. Specific targets for ESF and early years are also expected to be met.

We will be submitting our return to SFC for In-Year Redistribution of student support funds by 23 November and will report orally to FPC on the amount of additional funding requested. The SFC circular indicates that Colleges will be individually notified in December, with a public announcement in January.

Updated costings for the impact of harmonisation were recently circulated to the sector, indicating that the transitional funding requirement has reduced in total by £1.7m. There are significant differences between colleges, ranging from an increase of £127k to a reduction of £496k. SFC has indicated that they will adjust 2018-19 funding in-year, although nothing has yet been officially announced and it is unclear how the destabilising impact on some colleges would be managed. If funding were simply adjusted in line with the updated costings, Dundee & Angus College would receive an additional £126k.

#### **3. National pay bargaining**

The support staff cost of living pay awards have now been agreed up to 31 August 2020. Consolidated pay increases will be applied as at the following dates:

- 1 April 2018
- 1 April 2019
- 1 April 2020 (5 months to 31 August)

Increases for each of these dates will be as follows (pro rata for the 5 month period):

- £650 on salary points up to £21,667
- 3% on salary points £21,668 to £36,500
- 2% on salary points £36,501 to £80,000
- £1,600 on salary points over £80,000

There are a number of other changes to terms and conditions, including an additional annual leave day, taking entitlement to 45 days per year.

There is no further progress on the three-year academic cost of living pay award for April 2017 to March 2020.

#### **4. Scottish Teachers' Superannuation Scheme**

The sector was notified in October of a significant potential increase to the employer's contribution rate on the Scottish Teachers' Superannuation Scheme, which is one of the pension schemes administered by the Scottish Public Pensions Agency. The proposal is to increase the rate from 17.2% to 22.4% from April 2019, which represents a 30% increase. The current contribution rate has been in effect since September 2015. This increase would add around £650k to our pay costs in a full year, with a third of this in the current year.

#### **5. P2P - purchasing module**

P2P, the new purchasing module which interfaces to Sun Financials, has now been successfully rolled out across the College.

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16 November 2018