

BOARD OF MANAGEMENT

Joint Audit & Risk, and Finance & Property Committee



Tuesday 26 November 2019
Room Y150, Gardyne Campus

4.00pm (please note early start time)

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. ESRC RESEARCH PROJECT – INFORMED CONSENT Paper A for information

5. MINUTES OF AUDIT & RISK COMMITTEE – 17 SEPTEMBER Paper B for approval

5.1 Matters arising Paper C for information JC

6. STRATEGIC RISK REGISTER Paper D for approval ST

7. DRAFT AUDIT & RISK COMMITTEE ANNUAL REPORT TO BOARD Paper E for approval GR

8. INTERNAL AUDIT

8.1 Student Activity Paper F for approval HL

8.2 Student Support Funds Paper G for approval HL

8.3 Follow-up Summary Paper H for information JC

9. DATA BREACH REPORTING Verbal update JC

10. DATE OF NEXT MEETING - Tuesday 3 March 2020, 5:00pm, A214, Kingsway Campus

Close of Audit & Risk Committee Business

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

- | | | | | |
|------------|------|--|----------------------|---------|
| 11. | 11.1 | Financial statements for the year ended 31 July 2019 | Paper I for approval | JC / BF |
| | 11.2 | Audit Scotland Covering Letter | Paper J for approval | AS |
| | 11.3 | Audit Scotland Annual Report | Paper K for approval | AS |
| | 11.4 | Internal Audit Annual Report | Paper L for approval | HL |

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

FINANCE & PROPERTY COMMITTEE MEETING

- | | | | |
|------------|---|--|----------------------------|
| 12. | MINUTE OF FINANCE & PROPERTY COMMITTEE – 10 SEPTEMBER 2019 | Paper M for approval | |
| | 12.1 | Matters arising | Paper N for information JC |
| 13. | BUDGET MONITORING | | |
| | 13.1 | 2019/20 Management Accounts/Revised Budget | Paper O for approval BF/JC |
| | 13.2 | Good to Great monitoring schedule | Paper P for information JC |
| 14. | ESTATES UPDATE | Paper Q for information | BG/JC |
| 15. | 2020/21 FEES POLICY | Paper R for approval | JC |
| 16. | PROCUREMENT ANNUAL REPORT | Paper S for information | JC |
| 17. | STRATEGIC RISK REGISTER | Paper T for approval | ST |
| 18. | VP CORPORATE SERVICES REPORT | Paper U for information | JC |
| 19. | DATE OF NEXT MEETING | | |

Tuesday 21 January 2020, 5:00PM, Y150, Gardyne Campus

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

Tuesday 26 November 2019



PAPER A

ESRC Research Project – Informed Consent

Processes and practices of governing in FE colleges in the UK

Note to Board of Management to ensure ongoing informed consent

Dundee and Angus College is one of a select number of colleges participating in a four nations study of the processes and practices of governing in FE colleges. Funded by the Economic and Social Research Council (ESRC), this project is led by a team of highly regarded and experienced investigators from the Universities of Stirling, Birmingham and Cardiff (further details available on the project website <https://fe-governing.stir.ac.uk/>).

The main focus of the study is to observe and video meetings of the College Board of Management held between January and December 2019. In addition, a select number of committee meetings may be observed, but not recorded. Observational studies of governing bodies, whether in the public or the corporate sphere, are rare so by agreeing to have your board meetings videoed you are supporting leading-edge research in this area.

In order to be funded, the research has been through a highly rigorous process of review by the ESRC. It has also been closely assessed and approved by research ethics committees at the three universities. Working to the highest ethical standards, the researchers will ensure that confidentiality is maintained, that sensitive information is not shared, and that individuals are not identifiable (unless they have explicitly agreed otherwise) in any communications, presentations or publications. Furthermore, all data will be deleted within a year of the project ending.

All participants in the meetings that are videoed and/or observed are required to complete a participant consent form to confirm that they understand the nature of the research and are aware of their right to withdraw (and have any contributions disregarded) at any time without consequence. They are also encouraged to speak to a member of the research team should they have any questions or concerns. The contacts for Scotland are Dr Helen Young, Research Fellow (01786 467748, h.l.young@stir.ac.uk) and Professor Cate Watson, Principal Investigator (01786 467626 cate.watson@stir.ac.uk).



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

Tuesday 26 November 2019



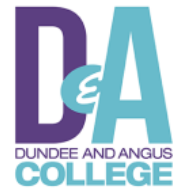
PAPER B

Minutes of Audit & Risk Committee – 17 September 2019

BOARD OF MANAGEMENT

Audit and Risk Committee Meeting

Tuesday 17 September 2019



Draft confirmed by Chair

Minute of the Audit and Risk Committee meeting held on Tuesday 17 September 2019 at 5.00pm in Room A214, Kingsway Campus.

PRESENT: G Robertson (Chair) H Honeyman
M Williamson M Thomson
P Milne

IN ATTENDANCE: J Carnegie (Vice Principal)
S Taylor (Vice Principal and Secretary to the Board)
D Archibald (Henderson Loggie) R Smith (Audit Scotland)
T D'All (Principal's/Board Chair PA) C Watson (Stirling University)

1. WELCOME

G Robertson welcomed members of the Audit and Risk Committee.

2. APOLOGIES

Apologies were received from K Keay & T Pirie

3. DECLARATIONS OF INTEREST

None

4. ESRC RESEARCH PROJECT – INFORMED CONSENT

Board Members and those in attendance at meetings have completed the ESRC Consent Forms.

Filming for the ESRC Project will be limited to BOM Meeting with the videos being used for the purpose of research then destroyed. The videos will not be made public.

5. REFLECTION ON RISK SESSION

G Robertson thanked H Honeyman for facilitating the BOM Development Session on Risk that took place just before the meeting.

G Robertson gave a brief background re documentation, procedures and processes along with guidance for the Chairs of the Committees in relation to their responsibility for each key strategic risk allocated to the Committees for regular review and consideration.

A detailed discussion took place after which G Robertson sought confirmation from the Committee Chairs present that they were content with the allocated risks and their responsibilities to adequately monitor those risks.

The Committee Chairs were asked to consider any areas not covered in the Risk Register that they felt were critical and asked that they consider whether the work of their Committees gave reasonable comfort that risks were being managed appropriately.

On the question of Governance S Taylor confirmed that through the Scheme of Delegation the Audit & Risk Committee (not the individual Committees) would retain responsibility for the Risk Register, with the Committees recommending change as required.

M Williamson stated that she felt that the monitoring reports supplied to the Learning, Teaching & Quality and the Audit & Risk Committees were very robust and give confidence in the Risk Register scoring. Feedback would be discussed at the full Board meeting. **S Taylor to progress.**

6. MINUTE OF AUDIT AND RISK COMMITTEE – 14 MAY 2019

The Minute of the Audit & Risk Committee meeting held on 14 May 2019 was approved as an accurate record following correction to Andrew Kerr's name under Item 1 of the Minute.

7. 7.1 Matters Arising

Business Continuity & Risk

J Carnegie gave a brief update on the recent development session undertaken by the Senior Leadership Team and others facilitated by Zurich on Disaster Recovery. J Carnegie stated that that session would inform the College's Business Continuity Plan update. Further similar development sessions would be planned in the future.

7.2 Duty of Care

S Taylor intimated that a short annual Duty of Care update will be available for staff by the Organisational Development Team in the next few weeks. The benefits of the training being available at this time (rather than at the start of the Academic Year) were discussed. S Taylor also noted that Duty of Care training would become mandatory as part of the Induction process for all new staff and on a rolling basis thereafter.

8. STRATEGIC RISK REGISTER

S Taylor summarised the Risk Register paper highlighting the changes / updates made and noting changes to the Brexit Risk, but highlighting that this remained difficult to quantify.

H Honeyman noted her appreciation for the covering paper prepared to accompany the Risk Register.

S Taylor intimated that the Agenda for the next Board of Management meeting on 24 September 2019 would include the Risk Register.

The Committee approved the updated Risk Register.

9. CYBER RESILIENCE UPDATE

J Carnegie noted that the Board had received a report advising on the College's progress towards compliance with the Scottish Government's Public Sector Action Plan on Cyber Resilience in December 2018.

Highlighting Key Action 4 and the requirement to have in place appropriate independent assurance of critical cyber security controls. The College completed the Cyber Essential Certification in November 2018 and was now working towards Cyber Essentials Plus with testing starting in November 2019 with completion likely for the summer of 2020.

J Carnegie noted that the accreditation was undertaken annually and was an intensive and thorough process. The update, and progress being made, was welcomed.

10. NATIONAL FRAUD INITIATIVE

J Carnegie reminded the Committee that the National Fraud Initiative was part of Audit Scotland's Annual Audit Plan in 2018/19 and summarised arrangements and requirements in respect of this. J Carnegie summarised the College's progress with this work and highlighted that, although this had identified some areas for development, there had been nothing of significant concern raised. It was noted that the work would progress on a two year rolling cycle.

J Carnegie noted her desire to revise the College's Fraud Prevention Policy, and (in light of the new curriculum structure) undertake a robust training exercise with all new managers. This was welcomed.

11. INTERNAL AUDIT REPORTS

11.1 Learner Engagement / Students' Association

D Archibald summarised the report, highlighting that this was a really positive report with impressive engagement by students in the process. D Archibald noted that the Class Representatives arrangements were working well and that the Students' Association provided an effected "voice" for the students. G Robertson noted that this was a positive report and congratulated the Learner Engagement Team for their involvement.

S Taylor stated that the Learner Engagement / Students' Association would lead the development of the new Learner Engagement strategy, working with cross-college managers and newly promoted staff.

The report was approved.

11.2 Catering Business Process Review

D Archibald summarised the report (which focused on the commercial catering offered to students and staff) and highlighted the complexity and variation across the three D&A College campuses. It was noted that this was a review report, and not an internal audit, and as such the report was presented slightly differently.

Discussion took place in relation to the potential for future development between commercial and academic areas of the catering facilities in College.

J Carnegie advised that a meeting will take place with key staff in October 2019 to progress discussions and plans. This would involve Catering Managers, the Head of Curriculum and Quality and the Head of Estates plus others as required.

D Archibald noted the positive engagement he had had from staff and students, and noted that all involved had shown a willingness to participant in the Catering Business Process Review. This was welcomed.

G Robertson noted that the review was very useful and stated that he would be keen to hear about future developments arising from this. The review report approved.

11.3 Progress of 2018/19 Audit Plan

D Archibald summarised the internal audit work undertaken through the 2018/19 plan and advised that all work was complete, with reports on the mandatory student activity and funding audits to be considered at the November meeting.

11.4 Follow Up Reviews

D Archibald summarised the follow up review work completed and noted that the College had made good progress. Of the 19 recommendations remaining, 13 had been fully implemented; 5 partially implemented; with one considered but not implemented due to IT system implications.

The progress was welcomed and G Robertson thanked D Archibald for the update.

The report was approved.

11.5 2019/20 Audit Plan

D Archibald outlined the proposed audit plan for 2019/20, noting that this had been updated following requests made by the Committee and changes proposed by the College. D Archibald advised that these changes impacted on the proposed schedule for 2019/20 and 2020/21.

J Carnegie highlighted the changes as follows:

- Four day review of Staff Recruitment & Retention – due to the significant changes in the College structure and to consider lessons learned.
- Four day review of Procurement & Creditors Purchasing as requested by the Committee.
- Two day review following up on the work undertaken for the National Fraud Initiative
- Four day review of ICT Network arrangements and the one day IT Strategy in to 2019/20.

G Robertson noted that removing the Curriculum Review was a good change due to the level of external scrutiny already taking place with for example Education Scotland.

Following discussion around the plan, and the impact of the proposed changes, the programme was approved for implementation. **Henderson Loggie to progress.**

12. EXTERNAL AUDIT

R Smith confirmed the same main audit team as last year will undertake the Accounts Audit.

J Carnegie noted how challenging it was to have the Financial Forecast Return (FFR) being completed at the same time as the Annual Accounts audit.

13. A.O.B.

G Robertson informed the Committee that Steve Watt had stepped down from the Board and noted Michael Thomson had confirmed that he was happy to continue as a co-opt member of the Committee for a further year.

14. DATE OF NEXT MEETING

Tuesday 26 November 2019 **at 4.00pm in Room Y150, Gardyne Campus** (Joint Meeting with Finance and Property Committee).

Action Point Summary

Action	Responsibility	Date
Feedback and discussion of Risk points at full Board	S Taylor	24 September 2019
2019/20 internal Audit plan to be implemented	Henderson Loggie	immediate

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

Tuesday 26 November 2019



PAPER C

Minutes of Audit & Risk Committee – 17 September 2019

Matters Arising

BOARD OF MANAGEMENT

Audit & Risk Committee Tuesday 26 November 2019



Matters Arising

Paper for information

The following actions were noted from the Tuesday 17 September 2019 Audit & Risk Committee meeting.

Agenda Item No	Action	Current status	Open / closed
5.0	Reflection on Risk Session Feedback and discussion of Risk points at full Board – S Taylor	A risk management discussion took place at the Board meeting.	Closed
11.5	2019/20 Audit Plan 2019/20 internal Audit plan to be implemented – Henderson Loggie	The first audit, staff recruitment and retention, is scheduled to start in December 2019	Closed

The following actions were transferred to the Audit & Risk Committee from the Board meeting of Tuesday 24 September 2019.

Agenda Item No	Action	Current status	Open / closed
11.1	Risk Register to be updated to create separate Health, Safety and Wellbeing risk – S Taylor (26 November 2019)	Updated in November draft for approval at A&R meeting 26 November	Closed
11.1	Evaluation of revised arrangements for allocation of Risks – G Robertson (March 2020)	This will be evaluated once a cycle of meetings has been completed and risks considered by each Committee.	Open

Author & Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

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

Tuesday 26 November 2019



PAPER D

Strategic Risk Register

BOARD OF MANAGEMENT



Audit and Risk Committee Tuesday 26 November 2019

Strategic Risk Register Update

Paper for discussion / approval

1. Introduction

Following discussion at the Audit and Risk Committee in May 2019, it was agreed that a short paper accompany each update to the Strategic Risk Register. This paper summarises activity in respect of risk related matters since the previous meeting.

2. Allocation of Risks to Board Committees

Following discussion at the Audit and Risk Committee in May 2019, the Board of Management agreed at its meeting in September 2019 that key strategic risks be allocated to each Board Committee for regular review and consideration.

The Strategic Risk Register now highlights the allocation of risk areas across the range of Board Committees.

In identifying these delegated risks, it has been agreed that each Committee consider (and amend/update as appropriate) the key risk areas within their responsibility as a standing item at each future meeting.

Proposed changes arising from this consideration will be brought back to the next appropriate meeting of the Audit & Risk Committee for final approval.

In making these changes, it is important to reinforce that the overall responsibility for risk management will remain with the Board of Management, with delegated authority for the implementation and review of this to the Audit & Risk Committee. The further allocation of areas of risk oversight to Board Committees is intended to improve the awareness, oversight and consideration of risk, rather than amend the terms of the Board of Management scheme of delegation.

3. Consideration of Risks to Board Committees

In making these changes, each Committee has also been asked to consider how it is informed around the areas of key risk and assure itself that the regular reporting and information, updates and opportunities for scrutiny within the operation of the Committee are reasonable and sufficient in respect of this.

4. Review of Strategic Risk Register

The November 2019 Strategic Risk Register has been updated as a result of feedback from Committees and has been subject to review by the Senior Leadership Team. Through this activity some minor amendments have been made as follows.

- The former risk 3.3 in respect of legal action has been amended and expanded to reflect the College's wellbeing and positive duty of care obligations under risks 3.3 and 3.4.
- An additional risk, 3.11 has been added to cover risks arising through the promoted academic staff restructure (this reflects a similar risk used during merger).
- Separate to these changes, the College has updated consideration and review of risks and contingency planning arising from Brexit (Risk 1.3). This reflects additional information provided by the Scottish Funding Council/Scottish Government, and the heightened consideration in the run up to the 31 October date. This remains as an amber risk, but given the continuing uncertainty around Brexit, remains under close review.

All other risks have remained consistent from those approved by the Committee in September 2019.

5. Approvals

In respect of the above information approval for the following actions is sought.

- Approval by the Committee to accept oversight of the relevant risks as identified on the Strategic Risk Register.
- Approval of the updated Strategic Risk Register.

6. Information

Further information in respect of Governance matters is available for Board members by contacting Steve Taylor, Vice Principal People & Performance, s.taylor@dundeeandangus.ac.uk.

Author and Executive Sponsor: Steve Taylor, Vice Principal People and Performance



STRATEGIC RISK REGISTER

2019 - 2020

As at November 2019

Post Holders	ELT	Executive Leadership Team	Prin	Principal	Score	Impact	Likelihood
	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	Chair	Chair of the Board of Management	4	Major	Probable
	VPCA	Vice Principal Curriculum & Attainment			5	Critical	Very Likely

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS				TREATMENT	POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
1	Strategic and Structural									
1.1 LT&Q	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">Robust strategic planningEffective environmental scanningStrong partnershipsClear links between strategy and practiceConcerted demands for increased activity levels	4	1	4	<ul style="list-style-type: none">Robust monitoring via ROAClear performance metricsAmendment of strategic direction/ plansRolling curriculum review	Prin & Chair
1.2 Board	College may be disadvantaged by changes to either UK or Scottish Government policies	4	3	12	<ul style="list-style-type: none">Effective environmental scanningNegotiation/influence at national level	4	2	8	<ul style="list-style-type: none">Review of changes and amendment of strategic direction/plansFinancial strategy sensitivities	Prin & Chair
1.3 Board	College disadvantaged by changes arising from UK leaving European Union	5	4	20	<ul style="list-style-type: none">Negotiation/influence at national levelReview of activities/ projectsResponsiveness to new opportunities	5	3	15	<ul style="list-style-type: none">Review of changes and amendment of strategic direction/plans/ curriculumFinancial strategy ESF sensitivityWorkforce planningInternational strategy & planning	Prin

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

Post Holders	ELT	Executive Leadership Team	Prin	Principal	Score	Impact	Likelihood
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
2	Financial									
2.1 F&P	Change in SFC Funding Methodology and Allocation – Reduction in Funding	3	3	9	<ul style="list-style-type: none">Negotiation/influence at national levelContingency plans for reduced funding	2	3	6	<ul style="list-style-type: none">Advance modelling of new funding methodologies and allocationsMonitoring impact of changesAmendment of strategic or operational direction/plansFinancial strategy sensitivities	VPCS
2.2 F&P	Failure to achieve institutional sustainability	5	4	20	<ul style="list-style-type: none">Protection of funding through dialogue with SFCRobust annual budget-setting and multi-year financial strategic planningEffective budgetary controlWhere required, swift action to implement savings	4	3	12	<ul style="list-style-type: none">Monthly monitoring of budgetsRegular review of financial strategy and non-core income sensitivityDetailed monitoring of savings programmes	VPCS
2.3 F&P	National outcomes on salaries and conditions of service outstrip ability to pay	4	4	16	<ul style="list-style-type: none">Influence within Employers AssociationManagement of staffing expenditures	4	3	12	<ul style="list-style-type: none">Expenditure modellingOn-going discussions with staffFinancial strategy sensitivitiesWorkforce planning	VPP&P, VPCS

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
2	Financial (cont)									
2.4 A&R	Financial Fraud	4	3	12	<ul style="list-style-type: none"> Strong financial controls: segregation of duties and review of transactions. Review of impact of any changes in structure or duties Whistleblowing arrangements 	3	2	6	<ul style="list-style-type: none"> Continuous review of financial controls Internal Audit programme 	VPCS
2.5 F&P	D&A Foundation refuses/withholds funding for key College priorities	5	3	15	<ul style="list-style-type: none"> On-going dialogue with Foundation Trustees Appropriate bid arrangements in place 	3	2	6	<ul style="list-style-type: none"> Monitor and advise Board of Management 	Prin & VPCS

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
3	People and Performance									
3.1 LT&Q	Failure to reach aspirational standards in learning, teaching and service delivery	4	3	12	<ul style="list-style-type: none"> Clear quality arrangements and priority actions Continuous self-evaluation and action planning Rigorous CPD arrangements in place Regular classroom observation and learner feedback arrangements 	3	2	6	<ul style="list-style-type: none"> Comprehensive monitoring of key PIs and student/staff feedback Regular Stop and Review events External review and validation findings 	VPC&A, VPP&P, DirC&A
3.2 LT&Q	Failure to achieve/maintain compliance arrangements, e.g. contracts; awarding bodies; audit.	4	3	12	<ul style="list-style-type: none"> Robust strategic planning and monitoring Effective environmental scanning Strong partnerships Clear links between strategy and practice Concerted demands for increased activity levels 	2	2	4	<ul style="list-style-type: none"> Effective internal monitoring/review/verification arrangements External review findings 	VPP&P, VPC&A
3.3 A&R	Legal actions; serious accident; incident or civil/criminal breach	4	5	20	<ul style="list-style-type: none"> Adherence to legislative and good practice requirements Positive Union relations and staff communication Effective management development programmes 	3	2	6	<ul style="list-style-type: none"> Monitoring and reporting in key areas – eg H&S, equalities, employee engagement Continuous professional development Internal audit programme Staff surveys 	Prin, VPP&P, VPCS, HoE

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3	People and Performance (cont.)									
3.4 HR&D	Failure to meet the aspirational standards in respect of the health, safety, wellbeing and development of staff and students	3	4	12	<ul style="list-style-type: none">• Clear and proactive approaches to managing and promoting health, safety and wellbeing• Continuous self-evaluation and action planning• Rigorous CPD arrangements in place• Regular staff and learner feedback arrangements	3	2	6	<ul style="list-style-type: none">• Regular employee engagement monitoring• Open communication with staff• Comprehensive monitoring of key PIs and student/staff feedback• Regular union/management dialogue	VPP&P, VPCS
3.5 Board	Reputational Risk – Loss of reputation with key stakeholders	4	3	12	<ul style="list-style-type: none">• Marketing strategy• Reputation plan• Positive marketing approaches	4	2	8	<ul style="list-style-type: none">• Stakeholder engagement• Social media monitoring arrangements	VPC&A, DirC&A
3.6 HRD	National bargaining outcomes impact adversely on College operations, activity and flexibility	4	4	16	<ul style="list-style-type: none">• Influence within Employers Association• Management of bargaining outcomes and implementation	4	3	12	<ul style="list-style-type: none">• Positive union relations and staff communication• On-going discussions with staff• Innovation in approaches	VPP&P, VPC&A

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3	People and Performance (cont.)									
3.7 HRD	Industrial Relations Problems (including industrial action)	4	5	20	<ul style="list-style-type: none"> Adherence to legislative and good practice requirements Positive Union relations and staff communication Effective management development programmes Industrial action continuity planning 	4	3	12	<ul style="list-style-type: none"> Regular union/management dialogue Regular employee engagement monitoring Open communication with staff Industrial action continuity planning 	VPP&P
3.8 A&R	Breach of data security / data protection	5	4	20	<ul style="list-style-type: none"> Effective management of GDPR compliance Mandatory staff CPD and awareness raising on data protection (relative to role) 	4	2	8	<ul style="list-style-type: none"> Active data protection monitoring and auditing Effective information and data security policies in operation Regular data security monitoring/testing GDPR Action Plan Staff CPD 	VPC&A, HoICT
3.9 HRD	Failure to meet Prevent and related obligations	5	3	15	<ul style="list-style-type: none"> Prevent training Staff awareness and contingency planning Engagement/practice sharing with local agencies 	5	1	5	<ul style="list-style-type: none"> Business Continuity Plan including scenario testing Information sharing with local agencies 	VPC&A, 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

Post Holders	ELT	Executive Leadership Team	Prin	Principal	Score	Impact	Likelihood
	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	Chair	Chair of the Board of Management	4	Major	Probable
	VPCA	Vice Principal Curriculum & Attainment			5	Critical	Very Likely

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT	POST MITIGATION EVALUATION					
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
3	People and Performance (cont.)									

3.10 HRD	College arrangements do not minimise risk associated with Modern Slavery	4	3	12	<ul style="list-style-type: none"> Clear and compliant procurement arrangements and procedures Staff identity checking arrangements and use of PVG. 	4	1	4	<ul style="list-style-type: none"> Annual procurement monitoring/reporting Regular employee engagement monitoring Open communication with staff 	VPC&A, VPP&P
3.11 HRD	Difficulties with implementation of structural change leading to: <ul style="list-style-type: none"> Loss of good, flexible and committed staff Loss of critical staff during period of transition ineffective post-restructure arrangements 	4	3	15	<ul style="list-style-type: none"> Effective planning and scheduling of change Managed transitions/handovers Implementation Plan Contingency Planning On-going focus on core business requirements 	3	2	6	<ul style="list-style-type: none"> Regular union/management dialogue Monitoring of implementation plans Performance measures/ reporting Open communication with staff 	VPP&P VPC&A

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

Post Holders	ELT	Executive Leadership Team	Prin	Principal	Score	Impact	Likelihood
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	VPCA	Vice Principal Curriculum & Attainment			5	Critical	Very Likely

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT		POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
4	Infrastructure									
4.1 A&R	Disasters – eg Fire, MIS Failure, Failure of Emergency Procedures	5	4	20	<ul style="list-style-type: none"> Sound systems of administration Clear fire and disaster recovery arrangements Staff CPD 	5	1	5	<ul style="list-style-type: none"> Business Continuity Plan including scenario testing 	Prin & VPCS
4.2 F&P	Failure to achieve ambitions of ICT strategy; strategy and development is ineffective	4	3	12	<ul style="list-style-type: none"> Planning, careful phasing of changes to processes and systems Effective management of ICT arrangements Clear investment plan 	4	2	8	<ul style="list-style-type: none"> Regular review/reporting on milestones, systems effectiveness etc Regular CPD 	VPC&A, HolICT
4.3 A&R	Breach of ICT/Cyber security	4	3	12	<ul style="list-style-type: none"> Effective management of ICT arrangements Active ICT/data security monitoring and cyber security policy 	4	2	8	<ul style="list-style-type: none"> Staff CPD on cyber security issues Regular security monitoring/testing Cyber resilience plan 	VPC&A, HolICT
4.4 A&R	ICT infrastructure fails to support effective data security / data protection	5	3	15	<ul style="list-style-type: none"> Effective infrastructure and systems design and implementation Effective management of ICT arrangements and GDPR compliance 	4	2	8	<ul style="list-style-type: none"> Active data protection monitoring and auditing Effective information and data security policies in operation Regular data security monitoring/testing 	VPC&A, HolICT

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 AND
FINANCE & PROPERTY COMMITTEE**

Tuesday 26 November 2019



PAPER E

Draft Audit & Risk Committee Annual Report to Board

BOARD OF MANAGEMENT



Audit and Risk Committee Tuesday 26 November 2019

DRAFT Annual Report from the Audit and Risk Committee

Paper for discussion/agreement

1. Introduction

The Audit & Risk Committee is required to report annually to the full Board on its activities, and on the reports presented to the Committee by the College's internal and external auditors.

2. Recommendation

Members are asked to discuss and agree the contents of this report for submission to the Board of Management in December 2019.

3. Background

In accordance with the Scottish Government [Audit and Assurance Committee Handbook](#) ("the Handbook") the Audit & Risk Committee is required to provide the Board with a written annual report, timed to support the finalisation of the accounts and the governance statement, summarising its conclusions from the work it has done during the year.

This report is intended to be presented to the Board by the Chair, on behalf of the Audit & Risk Committee to cover the period of its operations in relation to the financial year 2018/19, including the Audit & Risk Committee meeting held on 17th September 2019.

This is the draft report, which following discussion and agreement on its content by this Audit and Risk Committee will be submitted to the full Board at its meeting of 11th December 2019.

4. Overview

- 4.1. The period of this Annual Report includes the consideration of the statutory accounts for 2018/19, together with the associated 2018/19 Annual Audit Report from Audit Scotland, the College's External Auditors for the period.
- 4.2. The Committee continues to have an oversight of the work of the College's Internal Auditors, Henderson Loggie, and considers reports issued by them.
- 4.3. The Committee met four times over the period covered by this report.
- 4.4. In addition to the reports provided by the College's Internal and External Auditors the Committee considered the following during the course of the year:
 - College's Strategic Risk Register
 - College's involvement in the National Fraud Initiative
 - Updates on progress towards implementing internal audit recommendations

- Brexit Risk and Planning
- Extension of the Internal Audit contract to the end of 2019/20 and the timeline for procuring the new Internal Audit contract
- College's Business Continuity Plan
- Agreement of the 2019/20 Annual Internal Audit Plan
- Board Member training by way of a Risk workshop, delivered by a Board Member
- Update on the College's progress on the Public Sector Action Plan (PSAP – a cyber resilience strategy for Scotland)

5. Committee Membership

The Audit & Risk Committee Membership in the 2018/19 year was as follows:

George Robertson (Chair); Trisha Pirie (Vice Chair); Margo Williamson; Pamela Milne; Steven Watt (Stepped down - September 2019); Kirsty Keay (January 2019); Helen Honeyman (January 2019); Michael F Thomson (Co-Opted August 2018).

College staff members – Catriona Blake (until retirement in April 2019), Jaki Carnegie (starting in May 2019), Vice Principal Corporate Services, and Steve 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.

6. Meetings and Discussions

The Audit & Risk Committee met during the year on the following dates:

- 27th November 2018
- 5th March 2019
- 14th May 2019
- 17th September 2019

7. Internal Audit

The Internal Auditor's 2018/19 Annual Plan was presented and approved at the Audit & Risk Committee meeting in September 2018. The reports considered by the Audit & Risk Committee under this plan include:

Report	Grading ¹	Committee (2019)	Number of Priority Action Grades ²		
Cyber Security	Satisfactory	March	1	2	3
Equality & Diversity	Good	May	-	-	-
Duty of Care	Satisfactory	May	-	-	-
Risk Management & Business Continuity Planning	Satisfactory	May	-	1	2
Student Engagement / Students' Association	Good	September	-	-	-
Catering Business Process Review	N/A	September	-	-	4

Report	Grading ¹	Committee (2019)	Number of Priority Action Grades ²		
Follow-Up Reviews	N/A	September	-	-	1
Student Activity Data	Audit opinion unqualified	November	-	-	2
Student Support Funds	Audit opinion unqualified	November	-	-	-

¹ Good - System meets control objectives

Satisfactory - System meets control objectives with some weaknesses present

Requires improvement - System has weaknesses that could prevent it achieving control objectives,

Unacceptable - System cannot meet control objectives.

² Priority 1 = Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.

Priority 2 = Issue subjecting the College to significant risk and which should be addressed by management.

Priority 3 = Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

The Internal Auditors reported that the “College has made very good progress in implementing the recommendations followed-up as part of this review with 13 of the 19 recommendations followed-up being classified as ‘fully implemented’. Five recommendations were assessed as ‘partially implemented’. These five recommendations will be subject to formal follow-up as part of the equivalent review in 2019/20. One recommendation was assessed as ‘considered but not implemented’.”

In the Annual Report for 2018/19 the Internal Auditor concluded that “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.”

The work of Internal Audit is carried out primarily for the benefit of the Board/Executive of the College and is the single most significant resource used by the committee in discharging its responsibilities to be assured of the overall adequacy and effectiveness of the organisation’s governance, risk management and control processes. The relationship between Henderson Loggie and the Committee and College staff continues to be professional, proactive, positive and effective.

The Committee are pleased that all Internal Audits of systems are reported as being satisfactory or good and that there were no Priority 1 issues identified.

The Committee also considers at each meeting a management report on progress made in respect of recommendations made in previous audits. As of September 2019 there were 12 outstanding actions, five of which were “Complete” in September, six of which are not due for completion yet and are “On Track” and one which is “Behind Schedule”.

The Committee are satisfied with the progress being made on closing out outstanding actions.

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 and in March 2019 the Audit & Risk Committee approved a further 12 months extension. The fee for internal audit activities in 2018/19 was £11k.

The contract for the provision of Internal Audit services beyond 2019/20 will be procured during the first half of 2020.

8. External Audit of Year End Financial Statements

The external audit of the Financial Statements to 31 July 2019 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 2018/19 is reported in the Financial Statements to 31 July 2019 as £26k.

The external auditor's Annual Audit Plan was considered by the Committee at its May 2019 meeting and was subsequently published on the Audit Scotland website.

At a joint meeting with the Finance and Property Committee on 26 November 2019, the Audit & Risk Committee received the Annual Accounts for 2018/19, 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 the financial statements of Dundee and Angus College:

- gave a true and fair view of the state of affairs of the College and its group as at 31 July 2019 and of the deficit for the year then ended.
- Expenditure and income were incurred or applied in accordance with any applicable enactments and guidance.
- The audited part of the Performance Report, Governance Statement and the Remuneration and Staff Report were all consistent with the financial statements and properly prepared in accordance with applicable legislation and directions made by the Scottish Funding Council.

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 pleased with the organisation of the external audit process and the performance and effectiveness of the External Audit team throughout the financial year.

The Committee were delighted to note that all recommendations made in Audit Scotland's Scotland's colleges 2019 report had been actioned and that all recommendations made in the 2017/18 Annual Report for improvement as part of the 2018/19 statutory accounting process were completed.

The Committee were particularly satisfied to note that Audit Scotland reported that the Audit and Risk Committee provide a good level of scrutiny and challenge.

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

9. 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 responded positively and timeously to implement suggested changes for improvement.

10. Risk Management

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

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.

During the latter part of 2018/19 the Board agreed that appropriate risks be allocated to each Committee for their regular review and consideration, with feedback on these discussions and considerations being fed back into the Audit & Risk Committee.

To enhance awareness and understanding of Risk Management Helen Honeyman, a Board Member who specialises in risk and governance delivered a workshop on risk to Board members and the Executive Team.

11. National Fraud Initiative

The Committee welcomes the College's involvement in the National Fraud Initiative, which is a data-matching exercise led by Audit Scotland to aid the detection of fraudulent payments.

The Committee was encouraged that of the 199 matches no frauds were identified. The Committee was reassured that the duplicate payment of £1,998, which was highlighted by the data matching, was successfully recovered from the College's regular supplier.

The Committee was satisfied that as a result of the College's engagement in the NFI, the College's Fraud Policy will be reviewed and updated during 2019/20, with a particular focus on using the Fraud Triangle to engage staff with regards to the environment in which frauds are more likely to be prevalent.

12. Opinion

In accordance with the Audit and Assurance Committee Handbook, this Annual Report should summarise the committee's work for the year past, and present its opinion about:

- the effectiveness of governance, risk management and control;
- the comprehensiveness of assurances in meeting the Board's needs;
- the reliability and integrity of these assurances;
- whether the assurance available is sufficient to support the Board in their decision taking and their obligations;
- the implications of these assurances for the overall management of risk;
- any issues the committee considers pertinent to the Governance Statement and any long term issues the committee thinks the Board should give attention to;
- financial reporting for the year;
- the quality of both Internal and External Audit and their approach to their responsibilities; and
- the committee's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed.

The Audit & Risk committee considers that it has been successful in progressing the Board's governance and internal control priorities during the period covered by this annual report.

The Committee welcomed the success in finalising the annual accounts and the improvement in the efficiency in completing the external audit process. The Committee recognised the significant efforts of the College's Finance team, led by Brian Ferguson and Rhonda Bissett and the External Audit team led by Andrew Kerr and Richard Smith.

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 was revised in September 2016, and
- Scottish Government [Audit and Assurance Committee Handbook](#), which was revised in April 2018, and

that the College has been compliant for the period from 1 August 2018 to 31 July 2019.

13. Link to Strategic Risk Register

The preparation and consideration of this Audit & Risk Committee Annual Report alongside the topics covered within the report, by its very nature, support the mitigation of all the risks included within the Strategic Risk Register.

Author: George Robertson, Chair Audit & Risk Committee

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

Tuesday 26 November 2019



PAPER F

Internal Audit – Student Activity



Dundee and Angus College

2018/19 Student Activity Data

Internal Audit Report No: 2019/10

Draft issued: 14 October 2019

Final issued: 28 October 2019

Now, for tomorrow



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Management Summary

Introduction

The Guidance Notes issued by the Scottish Funding Council (SFC) on 30 May 2019, '*2018-19 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 2018/19, which includes the Credits data relating to College activity for the academic year 2018/19.

Guidance on completion of the 2018/19 return was issued by the SFC on 2 July 2018.

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 26 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 Senior Auditor and Audit Trainee with one and two years' experience in the sector respectively. An Assistant Manager with 14 years' experience in the sector was also involved at the planning, 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 8, split ½ day for the Audit Director, 1 day for the Assistant Manager, 3½ days for the Senior Auditor and 3 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:

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

Conclusion

Our report was submitted to the SFC on 9 October 2019. 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 the College who helped us during our audit visit.

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>Fundable Students</p> <p>R1 Ensure that Credits are only claimed for non-EEA students that satisfy the criteria for residency exemptions included in the Credits guidance; and ensure that the details of any exemptions that are being applied are captured within enrolment data.</p>	3	Data Management will implement further checks surrounding nationality and country of domicile, liaise with International and Administration Team to ensure student records are updated accordingly.	Y	Fiona Beattie, Data Management Team Leader	June 2020
2.3.2	<p>Work-Based Learning</p> <p>R2 The College should ensure evidence of progression and participation / engagement is retained to evidence eligibility of the Credits claimed for work-based learning students. Where curriculum staff identify that no evidence is available, or that students are no longer engaging, this should be notified to the Student Records team to ensure that the Credits are removed from the Credits claim.</p>	3	The Administration team will issue student checklists to relevant curriculum staff each semester in relation to work-based students to ensure all students are still participating / engaged in their studies. Any students identified as no longer engaged will be notified to the Data Management team and records will be updated accordingly.	Y	Chrissie Clinkscale, Curriculum Support Services Team Leader	Dec 2019

Main Report

1. Introduction

1.1 SFC Guidance

1.1.1 The Credits Audit Guidance issued by the Scottish Funding Council (SFC) on 30 May 2019 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 dominant Price Group code;
- capturing of enrolments and identification and recording of student withdrawals;
- allocation of Credit values;
- claims for related study;
- recording of fee waivers;
- recording of progress for students on open / distance learning programmes;
- claims for non-accredited work experience / placement; and
- claims for collaborative provision.

1.1.2 For academic year 2018/19 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; an indication of analytical review work performed; 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; 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 73 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 2018/19 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;
- e) For students following courses of open / distance and work-based learning vouched to study plan etc. and ensured that required criteria was met; and
- f) For students undertaking work experience ensured that the Credits value had been calculated in line with the Credits guidance.

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 2018/19 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 students resident outwith Scotland.

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. Systems and Procedures for Compilation of Returns (continued)

2.1 Introduction (continued)

- 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 2018/19. 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. No other collaborative courses were identified during our audit testing.
- 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 2018/19 student activity data.

2.2 Fundable Students

- 2.2.1 The Credits guidance sets out the criteria for fundable and non-fundable students. Students are fundable if, amongst other things, they are considered ordinarily resident in the EEA (European Economic Area). We identified one student in our sample from outwith the EEA and where information was not available to demonstrate that the student satisfied any of the residency exemptions included in the Credits guidance, resulting in an over-claim of 18 Credits. This was adjusted at the time of our audit. We did not identify any further issues with residency eligibility in our sample of students tested.

Recommendation

R1 Ensure that Credits are only claimed for non-EEA students that satisfy the criteria for residency exemptions included in the Credits guidance; and ensure that the details of any exemptions that are being applied are captured within enrolment data.

2.3 Work-Based Learning

- 2.3.1 The Credits guidance requires that when a programme is delivered by flexible learning methods, including work-based / open / distance learning, and the subjects involved have a nominal duration, the planned learning hours per student are derived from the duration of the subjects on which the student has both enrolled and completed within the session. Records of work of such students which record formal progress against a schedule with milestones agreed at enrolment must be maintained.

2. Systems and Procedures for Compilation of Returns (continued)

2.3 Work-Based Learning (continued)

- 2.3.2 Our sample of courses for audit included one work-based learning programme. Testing of a sample of seven students enrolled on this programme, SVQ Level 3 Fabrication and Welding, identified one student where there was no evidence of progression or participation on the programme. Four Credits were removed from the Credits claim at the time of the audit. We did not identify any further issues with records of student progress on this programme or one further distance learning programme which was included within our sample of courses.

Recommendation

R2 The College should ensure evidence of progression and participation / engagement is retained to evidence eligibility of the Credits claimed for work-based learning students. Where curriculum staff identify that no evidence is available, or that students are no longer engaging this should be notified to the Student Records team to ensure that the Credits are removed from the Credits claim.

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, 4, 6, 7, 12, 13, 14 and 17. Analytical review by dominant Price Group at Appendix III also showed variances in Price Groups 1 and 2. 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 – this area has had a downturn in applications at all levels, in particular at the Outreach Centres. This has been partly offset due to changes in the curriculum provision within the Office Secretarial area resulting in movement between DPG 13 and DPG 2 as more of these programmes incorporate a business element. Reductions in Credits in this area were offset by increases in Credits in other Price Group 2 programmes;
 - DPG 4 Computer, Software & Information – there was a downturn in applications, particularly within the Arbroath campus and lower level programmes. Changes have been made to the curriculum for 2019/20, and the part-time provision within the area is currently under review. Reductions in Credits in this area were offset by increases in Credits in other Price Group 2 programmes;
 - DPG 6 Creative arts & design – this area has undergone a curriculum review which has seen an increase in applications and enrolments. This is reflected in an increase in activity in Price Group 2;
 - DPG 7 Engineering – there was an increase due to changes in curriculum provision within the Vehicle programmes which has resulted in an increase in DPG 7 and a corresponding reduction in DPG 17. Also changes within DPG 12 have resulted in reclassification to Engineering. This is reflected in an increase in activity in Price Group 3;

3. Analytical Review (continued)

- DPG 12 Personal Development – there has been a significant reduction in Higher and National Level applications and enrolments. Curriculum changes have also seen some provision now move to DPG 7. This is reflected in a decrease in activity in Price Group 1;
- DPG 13 Secretarial / Office work & Sales – this area has had a downturn in applications at all levels, in particular at the Outreach Centres. In addition, there were also changes in the curriculum provision within the Office Secretarial area resulting in movement between DPG 13 and DPG 2 as more of these programmes incorporate a business element. Reductions in Credits in this area were offset by increases in Credits in other Price Group 2 programmes;
- DPG 14 Social Studies & Languages – there was an increase due to changes in the curriculum provision in Health and Social Care resulting in movement from DPG 8 to DPG 14. This is reflected in an increase in activity in Price Group 2; and
- DPG 17 Transport, Services & Vehicle Engineering– changes in the curriculum provision within Vehicle programmes have resulted in movement between DPG 17 and DPG 7. Reductions in Credits in this area were offset by increases in Credits in other Price Group 3 programmes.

Appendix I – Copy of Audit Certificate

DUND386/DA/SI

Dundee and Angus College
Old Glamis Road
Dundee
DD3 8LE

9 October 2019

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 2 July 2018 and which has been confirmed as being free from material misstatement by the College's Principal in his Certificate dated 4 October 2019. We conducted our audit in accordance with guidance contained in the 2018-19 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 misstatement.

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 misstatement.

Stuart Inglis
Director
For and on behalf of MHA Henderson Loggie
Chartered Accountants
Dundee Office
stuart.inglis@hlca.co.uk

9 October 2019

Date FES returned: 3 October 2019

MHA Henderson Loggie is a trading name of Henderson Loggie LLP

Appendix II – Summary of Adjusted and Unadjusted Errors

Report Para	Error identified	Adjusted/unadjusted	Approx. Value
2.2.1	Credits claimed for one student who did not satisfy the residency criteria for fundable students.	Adjusted	-18 Credits
2.3.2	Credits claimed for one student enrolled on a work-based learning programme where there was no evidence of student progression or engagement.	Adjusted	-4 Credits

College Funded Target 2018/19 109,307 Credits

The above target figure includes 104,813 core Credits and 4,494 ESF Credits.

Final claimed 2018/19 109,345 Credits

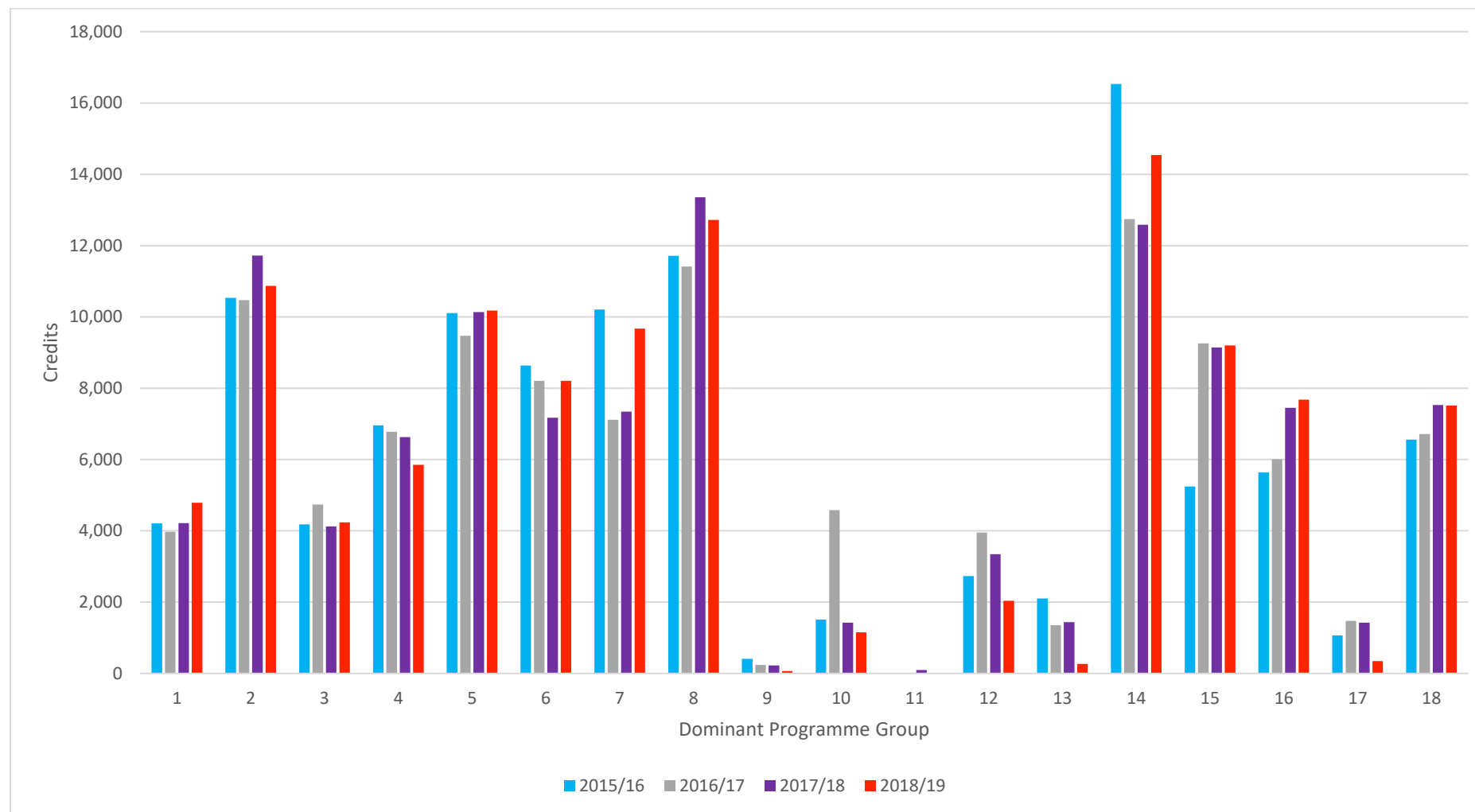
Appendix III – Price Group Analytical Review 2017/18 and 2018/19

Price Group	2017/2018		2018/2019		Variance	Variance
	Credits		Credits		Credits	%
1	23,753		22,250		(1,503)	(6.3)
2	44,221		45,101		880	2.0
3	30,934		31,200		266	0.9
4	2,920		3,284		364	12.5
5	7,532		7,510		(22)	(0.3)
	109,360		109,345		(15)	0.0

Appendix IV – DPG Analytical Review 2017/18 and 2018/19 - Figures

Dom Gp		2017/2018	2018/2019	Credits	%
		Credits	Credits	Variance	Variance
1	Agriculture, horticulture and animal care	4,214	4,787	573	13.6
2	Business & management	11,719	10,873	(846)	(7.2)
3	Catering & food	4,121	4,241	120	2.9
4	Computers, software & information	6,629	5,851	(778)	(11.7)
5	Construction	10,139	10,179	40	0.4
6	Creative arts & design	7,170	8,210	1,040	14.5
7	Engineering	7,344	9,674	2,330	31.7
8	Health & related studies	13,358	12,723	(635)	(4.8)
9	Minerals, materials & fabrics	225	66	(159)	(70.7)
10	Personal development & self help	1,428	1,153	(275)	(19.3)
11	Printing	99	0	(99)	(100.0)
12	Science & maths	3,343	2,041	(1,302)	(38.9)
13	Secretarial/office & sales work	1,438	266	(1,172)	(81.5)
14	Social studies & languages	12,584	14,543	1,959	15.6
15	Social work	9,142	9,203	61	0.7
16	Sport & leisure	7,450	7,679	229	3.1
17	Transport, services & vehicle engineering	1,425	346	(1,079)	(75.7)
18	Special educational needs	7,532	7,510	(22)	(0.3)
Totals (excluding ELS)		109,360	109,345	(15)	(0.0)
Total Target Activity			109,307		
- including ESF Target Activity of:			4,494		
ESF Actual Activity			5,824		

Appendix V – DPG Analytical Review 2015/16 to 2018/19 - Graph



Appendix VI – Updated Action Plan – Student Activity Data 2017/18

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2019
<i>Systems and Procedures for Compilation of Returns</i> Credits Value 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.	3	Data Management will review all infill student bookings to ensure guidelines are adhered to.	Y	Fiona Beattie, Student Records Co-ordinator	June 2019	No similar issues noted from testing in 2018/19.
Student Withdrawals 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	The College's new automation withdrawal process should eliminate this issue.	Y	Leann Crichton Head of Administrative Operations	June 2019	No similar issues noted from testing in 2018/19.

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HENDERSON LOGGIE

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

Tuesday 26 November 2019



PAPER G

Internal Audit – Student Support Funds



Dundee and Angus College

Student Support Funds 2018/19

Internal Audit Report No: 2019/11

Draft issued: 6 November 2019

Final issued: 11 November 2019

Now, for tomorrow

Contents

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	• Audit Scope	2
	• Audit Objectives	2
	• Audit Approach	2
	• Findings and Conclusions	2 - 3
	• 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	



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 both the Further Education Discretionary Fund and the Higher Education Discretionary Fund is £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 2018/19 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 2019, 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.

In our covering letter to the SFC enclosing the audited EMA Return we made the following two observations.

- For one student in our sample testing we noted that their household income was considerably over the EMA income threshold however the student was awarded EMA of £1,050 in academic year 2018/19 when they were not eligible for an award. Further investigation established that there had been a keying error by a new member of staff at the College whereby a lower level of income than actual had been entered into the fund management system. Based on our own testing undertaken and review and walk-through of the College's spot checks, overall, we were satisfied that the systems and controls of the administration and disbursement of the EMA funds were adequate; and

Findings and Conclusions (continued)

- Total EMA payments of £409,080 were made by the College in the year-ended 31 July 2019 compared with £408,720 included in the monthly returns and year-end statement (including the June 2019 adjustment). The difference of £360 relates to an underclaim for July 2019, which was noted by the College in the monthly return for August 2019.

In our covering letter to SAAS enclosing the audited HE Discretionary Return we made one observation arising from our audit work. The College does not operate a separate interest bearing bank account for the HE Discretionary Fund and all transactions are through the College's main bank account. The College uses the Government banking service for all of its financial transactions, on instruction from the Scottish Funding Council, and this account does not pay interest.

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

Acknowledgements

We would like to take this opportunity to thank the staff at the College who helped us during 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



Appendix III – Education Maintenance Allowance Return and Audit Certificate

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

Tuesday 26 November 2019



PAPER H

Internal Audit – Follow-Up Summary

BOARD OF MANAGEMENT

Audit & Risk Committee Tuesday 26 November 2019



Internal Audit Outstanding Actions Follow-up Summary

Paper for information

1. Introduction

This report provides an update on the Internal Audit actions that are not yet closed off. These are a combination of actions:

- that are not yet due to be completed or;
- where the originally anticipated deadline has passed or;
- that are partially completed.

2. Recommendations

Members are asked to note the tremendous progress highlighted in the Appendix.

3. Background

The format of the report has been revised to provide more information to members. Rather than reporting the yet to be completed actions by type of organisational issue (i.e. reputation, student experience) the report provides the name of the internal audit report with the number/level of actions yet to be completed.

		Number of Actions Outstanding (& Priority Grades)		
Audit Area	Report Grades	1	2	3
Business Development	Satisfactory			1
Student Fees and Contracts / Registry	Satisfactory			1
Data Protection	Satisfactory			1
Cash and Bank	Satisfactory			1
Duty of Care	Satisfactory	-	1	2
Risk Management / Business Continuity	Satisfactory	-	-	4
Student Engagement / Students' Association	Good	-	-	1
Credits	Report being considered at this meeting			
Bursary, childcare and hardship funds	Report being considered at this meeting			
Educational Maintenance Allowance	Report being considered at this meeting			
Total		-	1	11

Of the 12 outstanding actions, since the last Audit & Risk Committee, good progress has been made:

- Six are "Complete"

- Three are “On Track”, in line with the deadline
- One is “In Progress” slightly behind the deadline
- One has been “Reviewed and not progressed”
- One is “Behind Schedule” with the possibility of not being delivered. This priority grade level 3 - “matter subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness” will be discussed with the Committee at the meeting.

The outstanding actions with the respective progress updates are detailed in the appendix below.

4. Catering business Process Review Update

Members will recall that due to the nature of this review, the report highlighted opportunities for improvement and recommended actions. As was recognised by the Committee, progressing the potential opportunities was not necessarily going to be straightforward.

A small group of managers are tasked with leading on this:

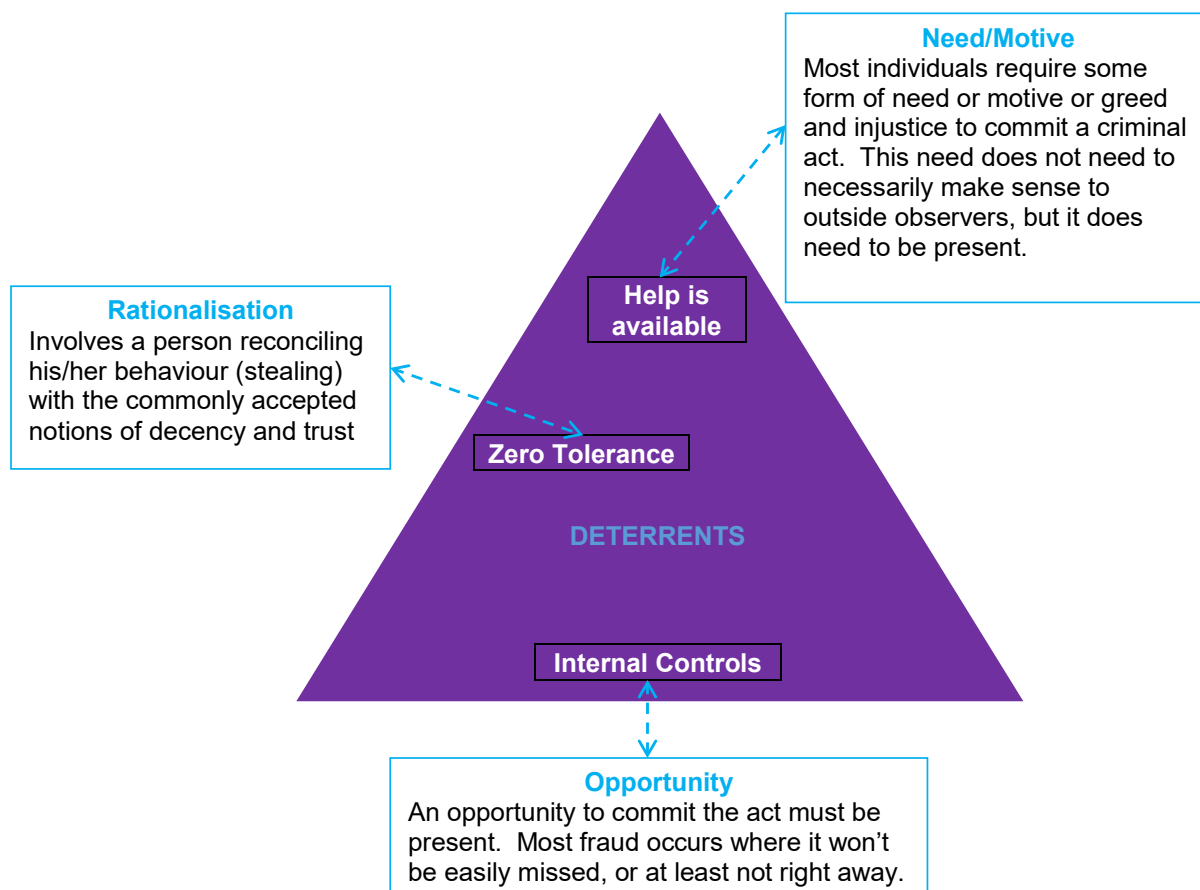
- Kichelle Williams-Robinson (Head of Curriculum and Quality, Hospitality and Professional Cookery)
- Michael Robinson (Catering Manager – Dundee)
- Jennifer Dick (Catering Manager – Arbroath)
- Gillian McGovern (Head of Sector (Creative, Cultural & Digital))
- Billy Grace (Head of Estates)
- Jaki Carnegie (Vice Principal)

We started by inviting all Canteen and Hospitality & Professional Cookery staff, Student Association and unions to hear the main findings and recommendations from the report. These sessions have been well received with all staff agreeing with the main findings and opportunities for improvements with a number of staff volunteering to be part of specific short life working groups and/or focus groups.

The next stage is to develop our action plan, which will prioritise the various initiatives/projects required to support the delivery of the recommendations. A key project will be the use of data to influence future decisions.

5. Fraud Initiative Update

Members will note from Audit Scotland’s Annual Report that all National Fraud Initiative matches have been investigated. At the September Committee members will recall the intention to incorporate the use of the “fraud triangle” into the revised Fraud Policy.



The use of the fraud triangle was successfully presented to one department and this will be explored further at the next Leadership Development Forum in January before presenting the revised Fraud policy to this committee for consideration.

6. Link to Strategic Risk Register

Consideration of the outstanding actions is intended to provide Members with reassurance that actions for improvement are being progressed and addressed.

Progressing these Internal Audit outstanding actions will support the mitigation of a range of risks identified within the Strategic Risk Register namely;

- 2.2 – failure to achieve institutional sustainability
- 2.4 – financial fraud
- 3.1 – failure to reach aspirational standards in learning, teaching and service delivery
- 3.2 – failure to achieve/maintain compliance arrangements
- 3.3 – serious accident, incident or civil/criminal breach, legal action
- 3.4 – loss of reputation with key stakeholders
- 3.7 – breach of data security/data protection
- 3.8 – failure to meet Prevent and related obligations
- 3.8 – arrangements do not minimise risk associated with Modern Slavery
- 4.4 – failure to support effective data security/data protection

Author & Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

Outstanding Action Update

Appendix

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at November 2019)
2017/07	R2 – Business Development	3	Satisfactory	The College should ensure that a CRM system is implemented for use by staff across both support and academic areas as soon as practicable. Prior to implementing a new CRM system, the existing processes used within the Customer Engagement Team relating to contacting clients (and recording information about client contact) should be reviewed and revised, so that the new CRM system is customised to the College's needs based on what are considered effective and efficient processes.	Director External Relations / Head of ICT	Mar-20	<u>Behind Schedule</u> Two CRM systems have been presented and a third is scheduled next week. So far it appears unlikely that a system can accommodate managing student work placements as well as stakeholder engagement. Based on budget available under the Good to Great Project, current college priorities, alongside proper procurement, it is unlikely that a cost effective CRM system is achievable in the short term. The use of "Sales Force" will continue.
2018/02	R3 - Student Fees and Contracts / Registry	3	Satisfactory	Amounts transferred between UnitE and SUN should be reconciled periodically and explanations for any variances documented and corrections made if necessary. Such reconciliations should be reviewed by a senior member of staff.	Head of Administration Operations & Head of Finance	Jul-20	<u>Complete</u> (and ongoing) The next reconciliation is due in January 2020.

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at November 2019)
2018/04	R1 - Data Protection	3	Satisfactory	Consider discussing with key partners and stakeholders with whom the College shares personal and sensitive data via email, for example local authorities, and determine what safe systems they have adopted for secure document exchange and request sign up to those systems.	Head of ICT / Data Protection Officer	Jul-20	<u>On Track</u> The Head of ICT and Data Protection Officer are on schedule to consider encryption as an option.
2018/05	R5 – Cash and Bank	3	Satisfactory	Ensure that the procedure referred to in R4 incorporates a requirement to carry out a reconciliation between the Capita receipt send back to the Sports Centre and the value of the cash collected and banked as recorded on the cash-up sheet, with any variances being appropriately investigated.	Head of Learning, Sport & Fitness	Jul-20	<u>Complete</u> (and ongoing) The Head of Sector, Care, Social Science & Sport signs off reconciliations from the “Club Manager's” system and daily cash receipted and the Finance Processing Team Leader ensures reconciliation to the Finance system.
2019/06	R1 - Risk Management & Business Continuity	3	Satisfactory	The Strategic Risk Register should be accompanied by a standard supporting report which summarises for each of the relevant Committees a) any new or amended risks b) any changes required to the risk scores for existing risks c) any changes required to mitigating actions and	VP People & Performance	Sep-19	<u>Complete</u> Revised arrangements introduced from September 2019 meeting.

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at November 2019)
				d) any risks which are above the risk appetite level set and setting to bring the risk within tolerable levels			
2019/06	R2 - Risk Management & Business Continuity	3	Satisfactory	The Strategic Risk Register should be amended to make explicit reference to the relevant section of the ROA / Corporate Plan and to align responsibility of individual risks to one single risk owner who in turn is responsible for assigning each of the mitigating actions to a single owner and monitoring completion / maintenance.	VP People & Performance	Sep-19	<u>Complete</u> Revised arrangements introduced from September 2019 to identify lead responsibility for each risk. Review undertaken to link strategic risks to ROA. Links considered but not progressed due to new 'streamlined' ROA guidance excluding key risk areas such as finance, governance, H&S etc.
2019/06	R3 - Risk Management & Business Continuity	3	Satisfactory	Consideration should be given to the development of a more detailed working document which sits below the Strategic Risk Register and aligns mitigating actions and controls to individual members of staff who will report on the status of these mitigating actions and controls to the identified risk owner prior to presentation of the Strategic Risk Register to	VP People & Performance	Sep-19	<u>Complete</u> Revised arrangements introduced to identify lead responsibility for each risk.

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at November 2019)
				ELT in advanced of the Audit & Risk Committee			
2019/06	R4 - Risk Management & Business Continuity	3	Satisfactory	A review should be conducted to ensure that the new requirements contained within Clause 9 of ISO 22301 are reflected in the next iteration of the Business Continuity Plan	VP Corporate Services	Mar-20	<u>On Track</u> Following the scenario planning desktop exercise the Business Continuity Plan and Policy are being updated to reflect the outcome of the exercise and good practice.
2019/05	R1 - Duty of Care	3	Satisfactory	Compile and publish a policy / procedure and guidance to all staff involved in event planning on how to risk assess and manage any planned events, meetings and guest speakers to mitigate the risk of attempts to radicalise students or draw them into terrorism	VP People & Performance	Aug-19	<u>In Progress</u> Guidance developed and shared with relevant staff. Consultation on final document for publication taking place with trade unions.
2019/05	R2 - Duty of Care	2	Satisfactory	Include mandatory training on Safeguarding, Corporate Parenting and Prevent for all new members of staff as part of their induction. In addition, steps should be taken to ensure that all members of staff receive refresher training in Safeguarding, Corporate Parenting and Prevent at least once every three years.	Head of OD	Dec-19	<u>Complete</u> Training incorporated as element of mandatory induction training. Refresher training built into three year mandatory training rolling programme

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at November 2019)
2019/05	R3 - Duty of Care	3	Satisfactory	A report should be submitted to the Board of Management (via the Human Resource & Development Committee) on an annual basis which provides an update on any changes to Safeguarding, Corporate Parenting and Prevent legislation / guidance and the College's response(s) to these changes. The report should also provide updates on the staff training and ongoing initiatives in these areas together with the progress being made since the last Corporate Parenting Plan was published.	VP People & Performance	Dec-19	<u>Reviewed and not progressed</u> Consideration given to report and advice sought from approach taken across the college sector. No other college undertaking reporting of this type and main requirements covered elsewhere within corporate parent planning.
2019/07	R1 - Student Engagement / Students' Association	3	Satisfactory	A formal Learner Engagement Strategy should be developed which contains aims and objectives which are clearly linked to the College's Regional Outcome Agreement and to the College's partnership agreement with the Students' Association; identifies and priorities learner engagement activity; and identifies actions which focus specifically on how the Strategy will be implemented in practice.	Learner Engagement Manager	Jun-20	<u>On Track</u> Strategy work scheduled as part of the new structure developments.

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

Tuesday 26 November 2019



PAPER I

Financial Statement for the Year Ended 31 July 2019

EMBARGOED

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

Tuesday 26 November 2019



PAPER J

Audit Scotland Covering Letter

Audit and Risk Committee
Dundee and Angus College
Kingsway Campus
Old Glamis Road
Dundee
DD3 8LE

26 November 2019

Dundee and Angus College

Audit of the 2018/19 Annual Report and Financial Statements

Independent auditor's report

1. Our audit work on the 2018/19 annual report and accounts is now substantially complete. Subject to receipt of a revised set of annual report and financial statements for final review we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 11 December 2019 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit and Risk Committee's consideration our proposed annual report on the 2018/19 audit. *Exhibit 3 - Significant findings from the audit of the annual report and financial statements* sets out the issues identified in respect of the annual report and financial statements.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. This report is proposed but will be issued in final form after the annual report and financial statements have been certified.

Unadjusted misstatements

5. We are required to report to those charged with governance, all unadjusted misstatements, other than those of a trivial nature, and request that they be corrected. One monetary error has not been processed through the accounts by management. If adjusted this would have increased expenditure in the Statement of Comprehensive Income by £0.099 million and reduced net assets in the Balance Sheet by the same amount. As the value of the unadjusted misstatement does not exceed our overall materiality level of £0.690 million it has not impacted upon our audit opinions on the annual report and financial statements.

Fraud, subsequent events and compliance with laws and regulations

6. In presenting this report to the Audit and Risk Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any

subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Accountable Officer

7. As part of the completion of our audit we seek written assurances from the Board of Management on aspects of the financial statements and judgements and estimates made.
8. A template letter of representation under ISA580 is attached at [Appendix B](#). This should be reproduced on headed paper, signed and returned by the Principal on behalf of the Board of Management with the signed annual report and financial statements prior to the independent auditor's opinion being certified.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of the Board of Management of Dundee and Angus College, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and financial statements of Dundee and Angus College and its group for the year ended 31 July 2019 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Consolidated and College Statement of Comprehensive Income, Consolidated and College Statement of Changes in Reserves, Consolidated and College Balance Sheet, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the affairs of the college and its group as at 31 July 2019 and of the deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 17 June 2019. This is the first year of my appointment. I am independent of the college and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Board of Management for the financial statements

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual report and financial statements

The Board of Management is responsible for the other information in the annual report and financial statements. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my independent auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and financial statements and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on regularity of expenditure and income

Responsibilities for regularity

The Board of Management is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and financial statements, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Richard Smith CPFA
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Richard Smith is eligible to act as an auditor in terms of section 21 of the Public Finance and Accountability (Scotland) Act 2000.

APPENDIX B: Letter of Representation (ISA 580)

Richard Smith, Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Richard

Dundee and Angus College Annual Report and Financial Statements 2018/19

1. This representation letter is provided in connection with your audit of the financial statements of Dundee and Angus College and its group for the year ended 31 July 2019 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Dundee and Angus College and its group, as at 31 July 2019 and its total comprehensive surplus for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Audit and Risk Committee, the following representations given to you in connection with your audit of Dundee and Angus College and its group for the year ended 31 July 2019.

General

3. I acknowledge my responsibility and that of Dundee and Angus College for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Dundee and Angus College and its group have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the Report to the financial statements, including the Performance Report, Governance Statement and Remuneration and Staff Report, presents a balanced picture of Dundee and Angus College and its group and is consistent with the financial statements.
5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements.

Regularity of Financial Transactions

6. The financial transactions of Dundee and Angus College and its group are in accordance with the relevant legislation and regulations governing its activities, and expenditure and income were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Funding Council.

Financial Reporting Framework

7. The financial statements have been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council

including all relevant presentation and disclosure requirements, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

8. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of Dundee and Angus College and its group for the year ended 31 July 2019.

Accounting Policies and Estimates

9. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Statement of Recommended Practice on Accounting for Further and Higher Education.
10. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

11. The Board of Management has assessed the college's ability to carry on as a going concern, as identified in the Statement of Principal Accounting Policies, and has disclosed, in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

12. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Statement of Recommended Practice on Accounting for Further and Higher Education.

Events Subsequent to the Date of the Consolidated and College Balance Sheet

13. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto.
14. Since the date of the Balance Sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice other than those already advised.

Corporate Governance

15. I acknowledge as Principal on behalf of the Board of Management my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
16. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education. There have been no changes in the corporate governance arrangements or issues identified, since 31 July 2019, which require disclosure.

Fraud

17. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

18. The assets shown in the balance sheet at 31 July 2019 were owned by Dundee and Angus College and its group, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

19. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 July 2019.
20. The disclosure of the College's bank term loan in the Balance Sheet within Creditors: amounts falling due after 1 year is appropriate as I have no reason to believe that the lender will require settlement of the loan despite the covenants of the loan being breached.

Carrying Value of Assets and Liabilities

21. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

Annual Leave Accrual

22. The holiday pay accrual included in the financial statements excludes any flexi time balance due at the year end as this is not considered material.

Group Accounts

23. The results of Gardyne Theatre Limited have been accurately consolidated within the group financial statements.

Yours sincerely

Grant Ritchie
Principal

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

Tuesday 26 November 2019



PAPER K

Audit Scotland Annual Report

Dundee and Angus College

Proposed 2018/19 Annual Audit Report



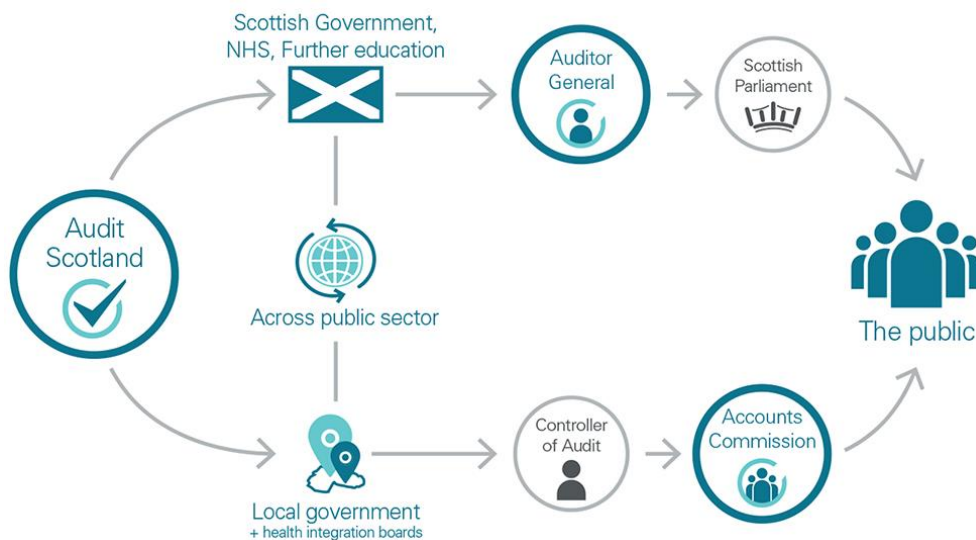
To the Board of Management and the Auditor General for Scotland

11 December 2019

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Key messages

2018/19 annual report and financial statements

- 1 The financial statements of Dundee and Angus College give a true and fair view of the state of affairs of the College and its group as at 31 July 2019 and of the deficit for the year then ended.
- 2 Expenditure and income were incurred or applied in accordance with any applicable enactments and guidance.
- 3 The audited part of the Performance Report, Governance Statement and the Remuneration and Staff Report were all consistent with the financial statements and properly prepared in accordance with applicable legislation and directions made by the Scottish Funding Council.

Financial management

- 4 The College has well developed budget monitoring and control arrangements.
- 5 The College managed its budget effectively and reported an underlying operating surplus of £2.249 million for the year to 31 July 2019.

Financial sustainability

- 6 The College's five-year Financial Forecast Return projects a negative cash position by 31 July 2024. To address this the College has identified mitigating actions to maximise income generation and deliver operational efficiencies.
- 7 The Board has approved a five-year estates strategy to improve the physical condition of its estate. Alongside this, the College is developing a proposal to build a new Science, Technology, Engineering and Maths (STEM) centre funded by the Scottish Government through a Mutual Investment Model.

Governance and transparency

- 8 The College has effective governance and decision-making arrangements and the Audit and Risk Committee provide a good level of scrutiny and challenge.
- 9 The College conducts its business in an open and transparent manner.

Value for money

- 10 The College has proper arrangements in place to promote and secure value for money.
- 11 The College reported good attainment and retention rates for 2017/18.
- 12 Arrangements are in place to ensure the College meets its responsibilities under the Equality Act 2010. There is also evidence that the principles of fairness and equality are embedded within the organisation.
- 13 The College has addressed the recommendations in the [Scotland's colleges 2019](#) report published by Audit Scotland in June 2019.

Introduction

1. This report summarises the findings arising from our 2018/19 audit of Dundee and Angus College (the College).

2. We aim to add value to the College through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
- reporting our findings and conclusions in public
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides, and
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Scope of our audit

3. The scope of our audit was set out in our [Annual Audit Plan](#) presented to the 14 May 2019 meeting of the Audit and Risk Committee. This report comprises the findings from:

- the audit of Dundee and Angus College's annual report and financial statements, including the issue of an independent auditor's report setting out our opinions
- a review of the College's key financial systems
- our consideration of the wider audit dimensions of public sector audit, [exhibit 1](#), as set out in the [Code of Audit Practice 2016](#).

Exhibit 1

Audit dimensions



Ethical considerations

4. We can confirm that we comply with the Financial Reporting Council's Ethical Standards. We can also confirm that we have not undertaken any non-audit related services and the 2018/19 audit fee of £23,950, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

Responsibilities and reporting

5. Dundee and Angus College is responsible for preparing an annual report and financial statements in accordance with the accounts direction issued by the Scottish Funding Council (SFC) and for establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

6. Our responsibilities as independent auditors are outlined in the Public Finance and Accountability (Scotland) Act 2000 and the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK.

7. As public sector auditors we give independent opinions on the annual report and financial statements. We also review and provide conclusions on the effectiveness of the College's performance management arrangements, suitability and effectiveness of corporate governance arrangements, and financial position and arrangements for securing financial sustainability, and best value arrangements.

8. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).

9. This report raises matters from the audit of the annual report and financial statements and consideration of the audit dimensions. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

10. An agreed action plan is included at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes any outstanding actions from last year and progress against these.

11. This report is addressed to both the Board of Management and the Auditor General for Scotland and will be published on Audit Scotland's website: www.audit-scotland.gov.uk

Acknowledgement

12. We would like to thank all management and staff for their cooperation and assistance during the audit.

Part 1

Audit of 2018/19 annual report and financial statements



Main judgements

The financial statements of Dundee and Angus College give a true and fair view of the state of affairs of the College and its group as at 31 July 2019 and of the deficit for the year then ended.

Expenditure and income were incurred or applied in accordance with any applicable enactments and guidance.

The audited part of the Performance Report, Governance Statement and the Remuneration and Staff Report were all consistent with the financial statements and properly prepared in accordance with applicable legislation and directions made by the Scottish Funding Council.

The annual report and financial statements received unqualified audit opinions

13. The annual report and financial statements for the year ended 31 July 2019 were approved by the Board of Management on 11 December 2019. We reported, within our independent auditor's report:

- the financial statements give a true and fair view and were properly prepared
- expenditure and income were incurred or applied in accordance with applicable enactments and guidance issued by Scottish Ministers
- the audited part of the Performance Report, Governance Statement and the Remuneration and Staff Report were all consistent with the financial statements and properly prepared in accordance with applicable legislation and directions made by the Scottish Funding Council.

14. Additionally, we have nothing to report in respect of misstatements in the information accompanying the financial statements, the adequacy of accounting records, or the information and explanations we received during the audit.

Finance staff provided good support to the audit team

15. We received the unaudited annual report and financial statements on 23 September 2019 in line with our agreed audit timetable.

16. The unaudited annual report and financial statements provided for audit were complete and finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

We identified and addressed the risks of material misstatement

17. [Appendix 2](#) provides a description of those assessed risks of material misstatement in the financial statements and any wider audit dimension risks that were identified during the audit planning process. It also summarises the work we have done to gain assurance over the outcome of these risks.

The College's annual report and financial statements are the principal means by which it accounts for the stewardship of resources and its performance in the use of those resources.

18. We have no issues to report from our work on the risks of material misstatement highlighted in our 2018/19 Annual Audit Plan.

Our audit testing reflected the calculated materiality levels

19. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the perceptions and decisions of users of the financial statements. The assessment of what is material is a matter of professional judgement. A misstatement or omission, which would not normally be regarded as material by value, may be important for other reasons (for example, an item contrary to law). In forming our opinion on the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

20. Our initial assessment of materiality for the financial statements was undertaken during the planning phase of the audit and was based on the gross expenditure reported in the 2017/18 audited annual report and financial statements. These levels were reported in our Annual Audit Plan presented to the Audit and Risk Committee on 14 May 2019.

21. On receipt of the unaudited annual report and financial statements we recalculated our materiality levels based on the actual gross expenditure for the year ended 31 July 2019. Our final materiality levels are summarised [exhibit 2](#).

Exhibit 2 Materiality levels

Materiality level	Amount
Overall materiality – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1.5% of gross expenditure for the year ended 31 July 2019.	£0.690 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 65% of overall materiality.	£0.450 million
Reporting threshold – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 5% of overall materiality.	£0.035 million

Source: Audit Scotland

We reported the significant findings from the audit to those charged with governance

22. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. The significant findings are summarised in [exhibit 3](#). Our audit also identified some presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual report and financial statements but none were significant enough to require to be reported under ISA 260.

Exhibit 3

Significant findings from the audit of the annual report and financial statements

Issue	Resolution
<p>1. Depreciation adjustment</p> <p>Following the submission of the annual report and financial statements for audit, finance staff drew our attention to an input error on the calculation of the annual depreciation charge on land and buildings that was detected during their final control checking. The correction had the effect of increasing the depreciation charge for the year by £0.277 million.</p>	<p>Management made the appropriate adjustment in the audited financial statements.</p> <p>As part of our testing of fixed assets we reviewed a sample of depreciation calculations and did not identify any errors with the annual depreciation charges. We have therefore accepted that the issue highlighted by finance staff was an isolated input error.</p>
<p>2. Dundee and Angus Foundation</p> <p>The College is required to consolidate the financial results of any organisation's that fall within its group boundary, or that it is able to exert significant control or influence over. As part of the audit we considered whether the Dundee and Angus Foundation met the criteria for consolidation within the College's annual report and financial statements.</p>	<p>We concluded that the College is not in a position to exert significant influence over the Dundee and Angus Foundation and therefore its financial results do not require to be consolidated within the College's 2018/19 annual report and financial statements. Further details of the basis for this judgement is provided at paragraphs 25-29 below.</p>
<p>3. Clawback of European Social Fund payments</p> <p>The College received notification from the Scottish Funding Council (SFC) on 8 November 2019 that they had identified expenditure of £0.099 million claimed under the ESF Developing Scotland's Workforce programme during the year ended 31 July 2016 that has now been deemed ineligible. This amount will be recovered from the College unless mitigating circumstances can be demonstrated.</p> <p>As the current position meets the criteria of a provision set out in <i>FRS12 – Provisions, Contingent Liabilities and Contingent Assets</i> (i.e. a present obligation resulting from a past event) we requested that the College recognise a provision of £0.099 million and disclose a post balance sheet event explaining the circumstances around this, in the audited financial statements.</p>	<p>Management agreed to disclose this as a post balance sheet event in the audited financial statements but advised that no provision has been made for this amount as the College is in discussion with the SFC and is confident that this can be substantially reduced.</p> <p>As this amount exceeds our reporting threshold it has been reported as an unadjusted error as detailed at paragraphs 23 and 24 below.</p>

Source: Audit Scotland

We have no material unadjusted errors to report

23. The £0.277 million depreciation adjustment highlighted by finance staff (issue 1 in [exhibit 3](#)) and the £0.099 million clawback of ESF payments (issue 3 in [exhibit 3](#)) were the only errors that exceeded our reporting threshold of £0.035 million. It is our responsibility to request that all misstatements above the reporting threshold are corrected. Management corrected the error in the depreciation calculation but decided not to recognise a provision for the clawback of ESF payments as the College is in discussion with the SFC and is confident that this can be substantially reduced.

24. If a provision had been recognised for the clawback of ESF payments this would have increased expenditure in the Statement of Comprehensive Income by

£0.099 million and reduced net assets in the Balance Sheet by the same amount. As the value of the unadjusted error does not exceed our overall materiality level of £0.690 million it has not impacted upon our audit opinions on the annual report and financial statements set out at paragraph [13](#).

The financial results of the Dundee and Angus Foundation do not require to be consolidated within the College's annual report and financial statements

25. In March 2014, the College donated cash-backed reserves of £8 million to the Dundee and Angus Foundation (the Foundation). This approach was consistent with that adopted across the sector following the Office for National Statistics (ONS) reclassification of Scottish colleges as central government bodies.

26. The Foundation is registered with the Scottish Charity Regulator with the charitable purpose of the advancement of further and higher education in Dundee and Angus.

27. As part of the audit we considered the relationship between the College and the Foundation to assess whether this indicated that the College could exercise significant control or influence over the Foundation, as defined by the *Statement of Recommended Practice: Accounting for Further and Higher Education (SORP)* and *Financial Reporting Standard 102*. We concluded that the College was not in a position to exert significant influence over the Foundation.

28. We also assessed the group boundary of the College and obtained evidence from management that demonstrates the College does not have significant influence in the Foundation. This is supported by the College only having one out of six Foundation trustees.

29. Based on the above we concluded that the financial results of the Foundation do not require to be consolidated within the College's annual report and financial statements.

Year-on-year movements in the pension liabilities have a significant impact on the College's reported net asset position

30. This section is included for information as we consider that the large year-on-year movements in the funded and unfunded pension liabilities figures requires explanation and comment. We are satisfied that the College's disclosure of its pension liabilities complies with accounting practice.

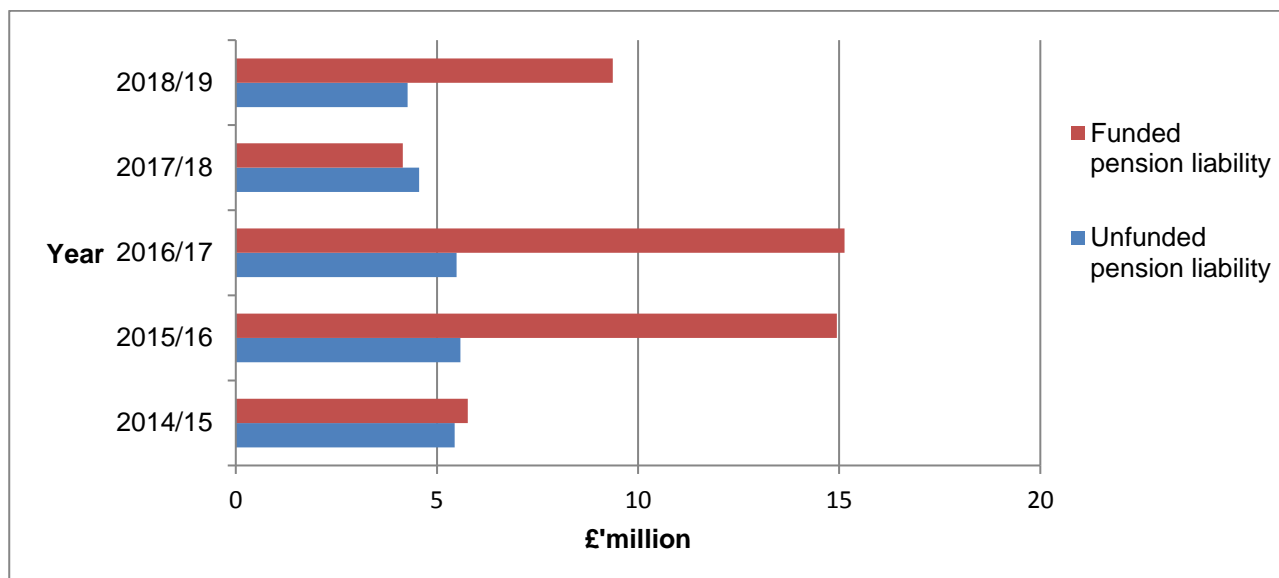
31. As required by Financial Reporting Standard 102 the College has recognised pension liabilities on the balance sheet in respect of its membership of Tayside Pension Fund which is a defined benefit Local Government Pension Scheme.

32. The valuation of Tayside Pension Fund's assets and liabilities is assessed by professional actuaries (Barnett Waddingham) each year and is dependent on a range of external variables, including projected rates of return on assets, interest rates and mortality estimates.

33. The funded pension liability in the Balance Sheet represents the difference between the College's liabilities (i.e. expected future payments to pensioners) and its share of the underlying value of the pension fund assets available to meet these costs. The unfunded pension liability in the Balance Sheet represents the additional future pension liability arising from staff who have taken early retirement.

Exhibit 4

Movement in funded and unfunded pension liability 2014/15-2018/19



Source: Dundee and Angus College Annual Report and Financial Statements 2014/15 to 2018/19

34. As at 31 July 2019, the College's funded pension liability stood at £9.370 million and the unfunded liability stood at £4.271 million. These balances compare to a funded pension liability of £4.151 million and an unfunded pension liability of £4.556 million at 31 July 2018. This is also reflected in the Consolidated Balance Sheet position. The decrease in the funded pension liability is mainly attributable to the increase in the actuarial valuation of the pension fund assets since last year.

35. [Exhibit 4](#) sets out the movement in the College's funded and unfunded pension liabilities over the last five years. Historically there has been considerable volatility year-on-year in the valuation of pension fund assets and liabilities across the public sector. Small changes in actuarial assumptions can have a significant impact on the calculation of the closing position and this is reflected in the movements in the College's funded pension liability over the last five years.

Prior year recommendations have been addressed

36. As part of our 2017/18 audit, we recommended that for 2018/19 management should review all sections of the annual report and financial statements, in particular the performance report and governance statement, to ensure that appropriate disclosures were made. Both prior year recommendations have been addressed during 2018/19 as detailed at paragraphs [37-41](#) below.

Improvements have been made to the structure and content of the 2018/19 performance report

37. The Government Financial Reporting Manual (FReM) requires colleges to include a performance report in their annual report and financial statements. In addition to the opinion covered in paragraph [13](#) of this report, we also consider the qualitative aspects of the performance report. The purpose of a performance report is to provide information on the College, its main objectives and strategies, and the principal risks that it faces. It is required to provide a fair, balanced and reasonable analysis of a body's performance and is essential in helping stakeholders understand the financial statements.

38. We concluded that the 2018/19 performance report presents a reasonable picture of the College's performance and noted that the structure and content have improved from that of previous years. We believe the report could be further

developed by greater use of infographics and information being included on actual performance levels against targets, including trend analysis over time. Management were receptive to our views and advised that they intend to make further improvements to the content of the performance report in future years.

The College's governance statement reflects current good practice

39. The FReM, specifies the preparation of a governance statement as part of the annual report and financial statements. The Scottish Public Finance Manual (SPFM) sets out guidance on the content and minimum requirements of the statement but does not prescribe a format.

40. In May 2019 Audit Scotland published a [*'Good practice note on improving the quality of college annual reports and accounts - governance statements'*](#). This shared the findings from a review of the governance statements in the 2017/18 annual report and financial statements of colleges. Colleges were encouraged to use the findings in this good practice note to assess and enhance their own 2018/19 governance statements.

41. There is evidence that the College considered the good practice note when preparing the 2018/19 governance statement and we concluded that the statement complies with the guidance issued by the Scottish Ministers and presents a satisfactory explanation and assessment of the College's governance arrangements for the year under review.

Part 2

Financial management



Main judgements

The College has well developed budget monitoring and control arrangements.

The College managed its budget effectively during the year and reported an underlying operating surplus of £2.249 million for the year to 31 July 2019.

The College has well developed budget monitoring and control arrangements

42. The tight cash balances held, and projected to be held, by the College means there is a greater need to ensure budgets are effectively managed and monitored.

43. Control over income and expenditure is closely monitored by the Senior Leadership Team. Some of the control measures include:

- The production of monthly management accounts that compare actual to budgeted income and expenditure for the period to date and an updated year end forecast.
- Expenditure controls to ensure non-pay spend is only incurred where there is budget cover.

44. The College monitors its budget position through the budget monitoring reports presented to each meeting of the Finance and Property Committee. The budget monitoring reports provide an overall picture of spend against budget and include a good level of detail in the narrative to explain the main budget variances.

45. From our review of budget monitoring reports, review of committee papers and attendance at committees, we confirmed that members and senior management receive regular, timely and up-to-date information on the College's financial position. This allows both members and senior management to carry out effective scrutiny of the College's finances.

The College managed its budget effectively during 2018/19

46. At its June 2018 meeting the Board of Management approved a budget for 2018/19 to achieve a cash-backed surplus of £0.570 million, based on total income of £38.035 million and total expenditure of £37.465 million (including £29.120 million for total pay costs).

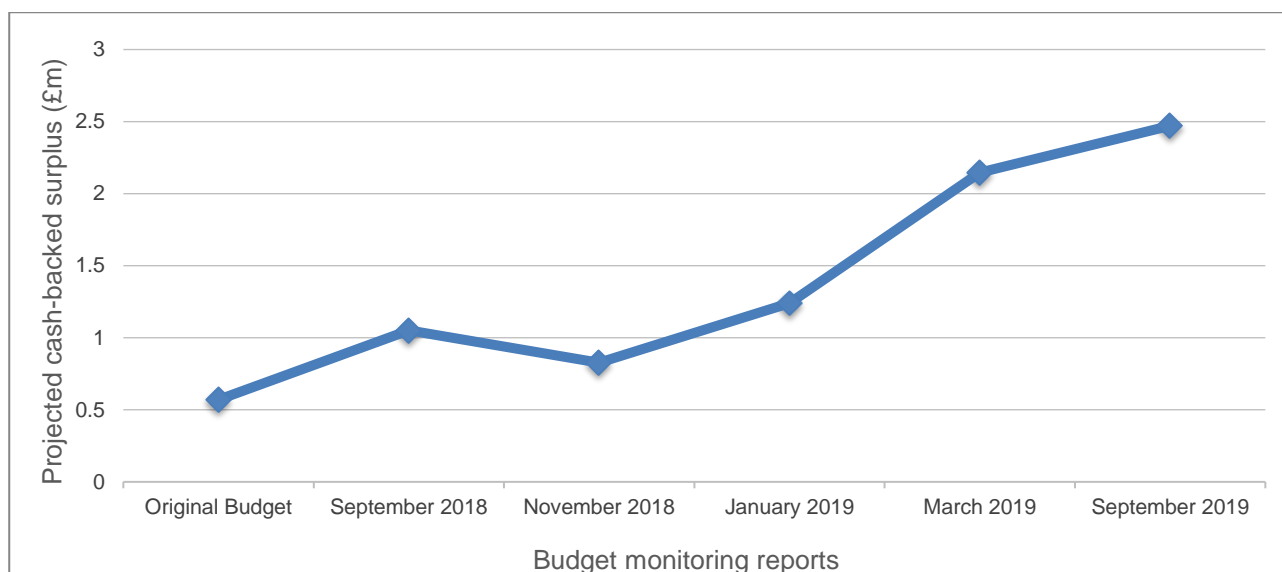
47. The draft year end outturn was presented to the Finance and Property Committee in September 2019. This identified an anticipated cash-backed surplus for 2018/19 of £2.471 million which is in line with the underlying operating surplus of £2.249 million reported in the annual report and financial statements.

48. The final outturn position was significantly healthier than the expected surplus of £0.570 million in the approved 2018/19 budget. How the year end surplus developed throughout 2018/19 is shown in [exhibit 5](#).

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively

Exhibit 5

Summary of reporting of the projected cash-backed surplus during 2018/19



Source: Budget monitoring reports 2018/19

49. The main factors contributing to the favourable year-end outturn position were higher than budgeted income due to additional income from SFC grants (both credits related income and other grants) and non-core income, combined with lower than anticipated pay costs.

Good Practice – The College brought forward expenditure to reduce future costs

Due to the improved budget position reported during 2018/19 the Finance and Property Committee identified that there was an opportunity to bring forward expenditure from future years by making an additional repayment of the Gardyne Campus long-term loan. Management calculated that making an additional repayment of £1 million during 2018/19 would reduce annual capital repayments by £0.111 million per year, and deliver savings in annual interest payments of around £0.013 million per annum, over the remaining five years of the loan term. The Board approved the additional loan repayment at its June meeting and this payment is reflected in the 2018/19 audited accounts.

50. We are satisfied that the College managed its budget effectively during 2018/19.

The College reported an operating deficit of £2.344 million and an underlying operating surplus of £2.249 million for the year to 31 July 2019

51. The College reported an operating deficit for the year to 31 July 2019 of £2.344 million (£1.976 million in 2017/18) in the Statement of Comprehensive Income (SOCl).

52. The position reported in the SOCI includes the impact of non-cash charges such as depreciation and pension adjustments, and capital grants recognised as income. It also excludes other commitments funded from revenue including the allocation of revenue funding for loan repayments. To enable an assessment of the underlying financial strength of an institution, and allow comparison across institutions, the Scottish Funding Council requires colleges to also report the

underlying operating surplus for the year by adjusting for these items and any one-off exceptional items impacting on the annual position reported in the SOCI.

53. The underlying operating position of the College reported within the Performance Report shows an underlying operating surplus of £2.249 million for the year to 31 July 2019 (£0.127 million in 2017/18). The significant increase in the underlying operating surplus from the prior year was attributable to a range of factors including:

- voluntary severance and other staff costs savings, and
- the receipt of additional funding for academic harmonisation costs, foundation and modern apprenticeships, child poverty initiatives, and the College's teaching credits performance during the year.

The Dundee and Angus Foundation is providing funding of £0.705 million to support the College's "Good to Great" transformation project

54. In March 2014, the College donated cash-backed reserves of £8 million to the Dundee and Angus Foundation (the Foundation). At 31 July 2018 the Foundation held free reserves of £5.076 million.

55. As part of the College's "Good to Great" transformation project, discussed at paragraphs [136-141](#), the Foundation provided £0.454 million of funding in 2018/19. A further £0.251 million has been committed to the College in 2019/20, with the transformation project due to be completed by the end of 2019.

High level systems of internal control operated effectively during 2018/19

56. As part of our interim audit work, we reviewed the high-level controls in a number of systems fundamental to the preparation of the financial statements. Our objective was to obtain assurance over these controls to support our opinion on the College's financial statements. Our testing did not identify any internal control weaknesses that could affect the College's ability to record, process, summarise and report financial and other relevant data to the extent that it would result in a material misstatement in the financial statements.

The College has strengthened its controls to minimise the risk of further bank mandate frauds

57. During 2018/19 the College were the victim of three bank mandate frauds, two relating to fraudulent changes to employees' bank details and one relating to a fraudulent change to a supplier's bank details.

58. In each case the College received a request from a valid staff e-mail address asking for the existing bank account payment details to be changed to a new account. However, these requests had originated from individuals who had hacked the College e-mail system in order to attempt to re-direct payments intended for legitimate employees / suppliers.

59. The total value of these frauds was less than £10,000 (£2,600 of which has been recovered as the bank had identified suspicious activity and frozen the recipient's bank account) and on discovery of the frauds the College took appropriate action in line with the response plan contained within its Fraud Prevention Policy.

60. Prior to these incidents the College's internal controls did not require staff to undertake any additional checks when such a request had come from a valid employee e-mail address. In response to these frauds the College introduced a new control whereby all bank detail change requests require to be confirmed via a

phone call with the employee / supplier who are first asked to confirm existing standing data on the system to verify their identity.

61. As part of our audit testing we reviewed the new control in place and tested the only bank detail change processed since the new control was introduced in April 2019. This confirmed that staff had adhered to the new requirements and adequately documented the checks undertaken.

62. Based on our review of the new control introduced we are satisfied that this should minimise the risk of future bank mandate frauds. It should also be noted that due to the nature of these frauds there is no significant risk that further unidentified bank mandate frauds have taken place as any other employees or suppliers who had not received a payment when due would have contacted the College to query the delay in the payment.

63. Management also confirmed that action has been taken to increase the security of the College's e-mail system by introducing a new password policy and procedure. Alongside this the College ran an awareness campaign to ensure staff remain vigilant at all times when handling requests that appear to come from a valid e-mail address. These measures should reduce the risk of further unauthorised access to the employee e-mail system but we accept that this risk can never be fully mitigated.

Risk management and business continuity arrangements are in place to respond to issues with key suppliers

64. The collapse of Carillion has had a significant impact across the public sector. This has brought into focus the risk of key supplier failure and underperformance of suppliers that are experiencing difficult trading conditions. As part of our 2018/19 audit we undertook a high-level review of the arrangements in place at the College to mitigate the financial and operational risks of the collapse of a key supplier.

65. Management advised that:

- The majority of contracts are tendered through a national procurement service such as Advanced Procurement for Universities and Colleges (APUC), with supplier due diligence factored into this service.
- Procedures are in place for the College to review performance of key supplier contracts. A contract management route is in place for every regulated contract, analysing both the value of the contract along with the risk to the College if the contract was to fail. For strategically important contracts, contract reviews are undertaken, as a minimum, annually, and Key Performance Indicators are set, with performance reviewed against these.
- Any significant issues with contracts or suppliers would be highlighted to members of the Finance and Property Committee and the Audit and Risk Committee.

66. Based on our discussions with management and our understanding of the key suppliers of the College, we are satisfied that risk management and business continuity arrangements are in place to respond to the failure or underperformance of a key supplier.

Part 3

Financial sustainability



Main judgements

The College's five-year Financial Forecast Return projects a negative cash position by 31 July 2024. To address this the College has identified mitigating actions to maximise income generation and deliver operational efficiencies.

The Board has approved a five-year asset management and estates strategy to improve the physical condition of its estate. Alongside this, the College has developed a proposal to build a new Science, Technology, Engineering and Maths (STEM) centre funded by the Scottish Government through a Mutual Investment Model.

The College's five-year financial strategy 2019/20-2023/24 was approved by the Board in March 2019

67. In June 2019, Audit Scotland published the [Scotland's colleges 2019](#) report. This report provided an overview of the college sector and, amongst other things, gave an update on college finances. The report highlighted that while the college sector's underlying financial position improved in 2017/18, factors such as reduced capital funding and additional employer pension contributions are likely to pose a risk to colleges' financial sustainability.

68. Dundee and Angus College's five-year financial strategy covering 2019/20-2023/24 was approved by the Board in March 2019. This included income and expenditure projections for the next five years based on anticipated increases in income and the delivery of planned non-pay savings.

69. The College's updated five-year financial strategy covering 2020/21-2024/25 is due to be taken to the Board in March 2020 and will reflect the developments in the College's financial position highlighted in the 2018/19 Financial Forecast Return, discussed at paragraphs [71-76](#).

Financial sustainability looks forward to the medium and long term to consider whether a body is planning effectively to continue to deliver its services or the way in which they should be delivered.

The College has budgeted to achieve a cash-backed surplus of £0.637 million for 2019/20

70. The Board of Management approved the College's 2019/20 budget in June 2019. The budget projected a cash-backed surplus of £0.637 million for the year to 31 July 2020, based on total income of £39.224 million and total expenditure of £38.587 million (including £30.012 million for total pay costs). The key assumptions were clearly outlined in the report and were subject to scrutiny and challenge by members.

The College's five-year Financial Forecast Return projects a negative cash position by 31 July 2024

71. The SFC requires colleges to submit five-year financial forecast returns (FFR) every year. The returns require standard information from all colleges and contribute to the SFC financial health monitoring framework. The SFC provide colleges with common financial planning assumptions to use when preparing their forecasts.

72. At the end of June 2019, Colleges were advised of the format for the 2018/19 Financial Forecast Return (FFR) and the deadline for submission to the SFC of 27 September 2019. The 2018/19 FFR forecasts income and expenditure for the five-year period to 2023/24.

73. The College prepared its five-year financial forecasts through to 2024 as required and submitted these to the SFC. We confirmed that the forecast was based on the standard assumptions provided by the SFC.

74. The FFR shows a projected underlying surplus for 2019/20 of £0.723 million. The underlying operating and closing cash positions for 2019/20-2023/24 are shown in [exhibit 6](#). This shows that the College are anticipating an underlying operating deficit for the years from 2021/22 onwards resulting in a negative cash position by 31 July 2024.

Exhibit 6

Projected underlying operating and closing cash balance positions

Year	2019/20 £million	2020/21 £million	2021/22 £million	2022/23 £million	2023/24 £million
Underlying operating position	0.723	0.291	(0.134)	(0.380)	(0.724)
Closing cash position	1.887	1.814	1.316	0.572	(0.516)

Source: Dundee and Angus College 2018/19 Financial Forecast Return

75. The College presented the FFR to the September meeting of the Board. The accompanying paper outlined the mitigating actions planned to address the projected operating deficits in future years. These include plans to maximise future income (e.g. Tay Cities Deal funding, income from new Michelin Innovation Park) alongside existing income streams (e.g. additional credits funding where available, modern apprenticeship funding) and the delivery of continued operational efficiencies.

76. Progress against the above actions will be reported to meetings of the Finance and Property Committee as part of the budget monitoring reports in 2019/20 and we will monitor this as part of our audit.

The successful delivery of the College's medium-term financial plan is susceptible to future reductions in funding and fee income

77. In common with other Scottish Colleges, the vast majority of Dundee and Angus College's annual income comes via Scottish Funding Council grants. In 2018/19 this accounted for 79 per cent of total income, with tuition fees and education contracts accounting for a further 13 per cent.

78. The College's five-year financial strategy 2019/20-2023/24 assumes there will be no cash reduction in funding for 2020/21 and 2021/22 but anticipates a reduction of £0.8 million from 2022/23 onwards due to the European Support Funding programme ending. An increase in tuition fee and other commercial income has been predicted but it is also assumed that staff and other costs will increase at around the same rate.

79. Given that over 90 per cent of the College's annual income comes from SFC funding, and tuition fees and education contracts income, it is clear that the successful delivery of the medium-term financial plan is susceptible to future reductions in these income streams.

The current level of Scottish Government capital funding is insufficient to address Scottish colleges' maintenance requirements

80. Gardiner & Theobald (GT) were appointed by the SFC in 2017/18 to provide a summary of the conditions of the estates within the Scottish Further Education sector. The purpose of this review was to identify the total cost of the works required to bring the estate up to a minimum of condition B (sound, operationally safe, exhibiting only minor deterioration).

81. GT's [College Estate Condition Survey](#) report, issued in December 2017, estimated a total backlog of repairs and maintenance of £363 million. Of this, £31 million was identified as very high priority work needing to be addressed within one year, and a further £77 million as high priority within two years. The SFC allocated £27 million to the sector in 2018/19 to allow it to address those very high needs.

82. At the time that the estates condition survey was conducted, GT estimated the total value of Dundee and Angus College's backlog maintenance was £19.718 million and the College received £1.236 million of the SFC allocation to address its high priority backlog maintenance.

83. While the additional capital funding provided by the SFC has enabled the College to address some of its high priority backlog maintenance issues, it has not provided a solution to the shortfall of the College's annual capital budget to address existing and emerging repairs and maintenance work to improve the overall quality of the College's estate. This is discussed in more detail at paragraphs [85-89](#) below.

84. The issues with capital funding across the sector were highlighted in the [Scotland's colleges 2019](#) report. It stated that the Scottish Government (SG) capital funding is insufficient to address colleges' maintenance requirements. The report recommended that the SFC and the SG agree and publish a medium-term capital investment strategy that sets out sector-wide priorities.

The Board has approved a five-year estates strategy to improve the physical condition of its estate

85. In March 2019, the Board approved the College's five-year estates strategy covering 2019/20 to 2023/24. The strategy describes the existing estate in detail, providing a clear assessment of its current physical condition. It also sets out a plan to be followed during the five-year period and how this will be implemented.

86. The College operates 28 buildings across three main campuses, one in Arbroath and two in Dundee (Kingsway and Gardyne). The College currently has 10 buildings graded below the minimum threshold, with 8 of these being at its Kingsway campus. As part of the College's estates strategy, it has established that it would require £26.273 million of funding in order to bring all building elements to a minimum of condition B. In particular, the learning spaces at the Kingsway campus require significant redevelopment and investment in order to provide acceptable accommodation and continue to meet the needs of the curriculum.

87. In December 2016 the College submitted an Outline Business Case (OBC) to the SFC for the redevelopment of the Kingsway campus. Following a request from the SFC to provide clarifications on a number of points, the College submitted a revised OBC in September 2017, with a complete new build as the preferred option. At the time it was noted that there was neither the capital funding available to support major projects like the Kingsway redevelopment, nor a revenue funding model to provide alternative finance.

88. In August 2019, the College held further discussion with the SFC. The SFC indicated that it would look to support the implementation of the College estates strategy, which amongst other things would include:

- A new build STEM (Science, Technology, Engineering and Maths) centre on the Kingsway campus – discussed at paragraphs [90-93](#).
- Kingsway tower refurbishment works – discussed at paragraphs [94](#) and [95](#).

89. It is clear, that if the condition of the estate deteriorates to the extent that students experience is affected, there is likely to be a reduction in student numbers. This would in turn reduce the income received by the College. However, the development of the five-year estates strategy, together with the College's proactive approach to engaging with the SFC to identify funding solutions, should help to support its commitment of delivering a quality learning environment for future students.

The College is developing a proposal to build a new Science, Technology, Engineering and Maths (STEM) centre funded by the Scottish Government through a Mutual Investment Model

90. In May 2019, the Scottish Government announced that the Mutual Investment Model (MIM) would replace NPD as a means of delivering revenue-funded projects in Scotland.

91. The main benefit of the MIM model from an accounting perspective is that the structure of these schemes is designed to meet the requirements for classification as private-sector controlled projects. This would mean that the Scottish Government would be able to continue to fund large projects under revenue funded contracts without a charge against its capital budget. It should be noted though that the Office of National Statistics (ONS) has still to confirm that the Scottish MIM model satisfies the requirements for classification as a private-sector controlled scheme.

92. The SFC advised the College that they should consider the development of its STEM centre as a MIM funded project. As any annual revenue costs associated with the contract would be paid directly by the Scottish Government the cost of this project would not impact directly on the College's finances,

93. For a project to qualify for MIM funding it must be a new build and the contract must be worth at least £20 million. For the purposes of the development of the Kingsway campus, the SFC were supportive of the Outline Business Case that was presented to the Board and the SFC in 2016. The estimated timeframe for the development of the MIM project could see construction start at the College as soon as 2022.

The College will be seeking funding from the Dundee and Angus Foundation to progress the first phase of the Kingsway tower refurbishment works

94. Whilst accepting that the Kingsway campus is no longer a fit for purpose learning environment, the SFC advised that there are no funding models currently available that would enable them to support phase 1 of the development of the Kingsway tower. The SFC therefore supported that the College approach the Dundee and Angus Foundation to seek funding for phase 1 of these works. However, the SFC recognised that there are two distinct phases of the Kingsway tower development and have intimated that they would seek to identify future financing options to support the College to undertake phase 2 of the project.

95. The total cost of phase 1 of the refurbishment is estimated to range from £6.5-£7 million. If funding is secured from the Foundation for this, summer 2020 has been identified as a viable start date for construction works.

The wider implications of EU withdrawal for the college sector remain unclear

96. There remains significant uncertainty surrounding the terms of the UK's withdrawal from the European Union (EU). EU withdrawal will inevitably have implications for devolved government in Scotland and for audited bodies. In October 2018, Audit Scotland published the briefing paper: [Withdrawal from the European Union](#). The paper emphasised the importance of public sector bodies working to understand, assess and prepare for the impact on their business in three broad areas:

- Workforce – the extent to which potential changes to migration are likely to affect the availability of the people and skills needed to deliver services
- Funding – the extent to which potential changes to existing EU funding programmes are likely to affect the finances of public bodies and the activity that such funding supports
- Regulation – the extent to which potential changes to EU regulations are likely to affect the activities of some public bodies.

97. During 2018/19 we performed a high-level review of the College's preparedness for EU withdrawal focussing on each of these three key themes.

98. While the College only employs a relatively small number (50) of non-UK EU nationals, it has offered a good range of support to these staff. As well as providing them with details of the official government guidance, the College's People Team have also provided staff with further information and support, including free group and one-to-one advice through Thorntons Solicitors, the College's immigration partner. Information on the UK government registration team has also been shared with staff. Management advised that there has been a high uptake of the support offered to staff and they will continue to provide assistance as required.

99. The College has identified the level of funding that it receives from the EU and has also completed work to understand the level of EU funding that partner organisations receive that could also impact on its current services. Taking account of this, the long-term financial strategy has been adjusted to take account of the potential worst-case scenario (potential loss of all ESF funding from 2022/23 onwards). The College has also identified the number of non-UK EU nationals that are current students and the number that will not automatically receive settled status. It is taking forward actions to increase recruitment of students in key areas.

100. There are no products or services procured from the EU that are likely to have a significant impact on the operation of the College. As a member of Advance Procurement for Universities and College's, the College is remaining alert to any impacts and changes in guidance.

101. As noted in the [Scotland's colleges 2019](#) report, the wider implications of EU withdrawal for the college sector remain unclear. While the direct impact on colleges is likely to be relatively small compared to some other parts of the public sector, colleges anticipate that the indirect effects could be much more significant. This includes potential reductions in EU funding that colleges receive through students funded by other organisations.

102. There clearly remains uncertainty as to the detail behind the UK's withdrawal from the EU. However, in our view, the College has taken reasonable action to prepare for the potential impacts. As part of our 2019/20 audit, we will continue to monitor the College's preparations for, and response to, EU withdrawal.

Part 4

Governance and transparency



Main judgements

The College has effective governance and decision-making arrangements and the Audit and Risk Committee provide a good level of scrutiny and challenge.

The College conducts its business in an open and transparent manner.

The College has effective governance and decision-making arrangements

103. The Board of Management is responsible for establishing the strategic processes within the College and arrangements for ensuring the proper conduct of the affairs of the College. The corporate governance framework within the College is centred around the Board, supported in its role by the following five committees:

- Audit and Risk Committee
- Finance and Property Committee
- Human Resources and Development Committee
- Learning, Teaching and Quality committee, and
- Chairs Committee (comprising the Chair and Vice-Chair of the Board and the Chairs of the other four committees).

104. Each committee is chaired by a member of the Board of Management and comprise of other Board members. The Principal of the College is also a member of all committees other than the Audit and Risk Committee. This is in line with the Code of Good Governance for Scotland's Colleges guidance which also prevents the Chair of the Board being a member of the Audit and Risk Committee.

105. All Board members regularly participate in development sessions to ensure they have the skills and knowledge to undertake their role effectively.

The Audit and Risk Committee provide a good level of scrutiny and challenge

106. The Board of Management delegates responsibility for scrutiny to the Audit and Risk Committee which meets quarterly. We have noted from our attendance at the committee that members demonstrate a clear understanding of their responsibilities, and of the respective roles of management, internal audit and external audit. We have also observed a good level of scrutiny and challenge by members over policy decisions and performance.

The next external evaluation of the effectiveness of the Board of Management is scheduled for 2020

107. The Code of Good Governance for Scotland's Colleges prescribes that the College Board must keep its effectiveness under annual review and have in place a robust self-evaluation process.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

108. A full Board self-evaluation was undertaken during 2018 and the report and development plan was approved at the June 2018 Board meeting. An update on the progress in delivering this plan was then reported to the June 2019 Board meeting.

109. The Board are also expected to facilitate an external evaluation of its effectiveness at least every three years. The last external evaluation was undertaken in September 2016 and a further review was therefore due during 2019. However, management has advised that the next review has been rescheduled until 2020 to coincide with the planned changes to the Code of Good Governance for Scotland's Colleges that are anticipated to be implemented in early 2019/20.

110. The College should ensure that the planned external evaluation of the Board's effectiveness is undertaken during 2020 and reported to the Board prior to the end of the financial year (i.e. 31 July 2020). We will consider the outcome of this review as part of our 2019/20 audit.



[Recommendation 1 \(Appendix 1 - Action Plan\)](#)

The current Board of Management has an equal gender split

111. During 2018/19, the Board consisted of 18 members, comprising of the Principal, 14 non-executive members, and one teaching, one non-teaching, and one student member. We are pleased to note that the current membership of the Board meets the objective of the Gender Representation on Public Boards (Scotland) Act 2018 which was introduced by the Scottish Parliament in June 2017 with an implementation date of 2022. The Act sets an objective for public boards that 50 per cent of their non-executive members are women.

The College conducts its business in an open and transparent manner

112. There is an increasing focus on how public money is used and what is achieved. Transparency means that the public have access to understandable, relevant and timely information about how the Board is taking decisions and how it is using resources such as money, people and assets.

113. There is evidence from several sources which demonstrate the College's commitment to openness and transparency:

- The agendas, papers and minutes of the Board of Management and other committees are published on the College's website on a timely basis.
- The College makes its annual report and financial statements available on its website. These include a performance report which adequately explains the College's financial performance for the year.
- The website also provides the public with access to a wide range of corporate information including details of the College's strategy, performance information, and equality and diversity reporting.

Internal audit concluded that the College had adequate risk management, control and governance arrangements in place during 2018/19

114. The College's internal audit function is carried out by Henderson Loggie. The internal audit service, in any organisation, is an important element of internal control. It provides members and management with independent assurance on risk management, internal control and corporate governance processes as well as providing a deterrent effect to potential fraud.

115. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our 2018/19 audit we carried out an assessment of the internal audit function. This confirmed that the internal auditors have adequate documentation standards and reporting procedures in place and comply with the requirements of the Public Sector Internal Audit Standards (PSIAS).

116. During 2018/19 we placed reliance on aspects of internal audit's reviews of risk management / business continuity and cyber security, as detailed at paragraphs [118-122](#), as part of our wider dimension work.

117. We also considered internal audit's Annual Report as part of our review of the Governance Statement included within the Accountability Report in the 2018/19 report and financial statements. This provided internal audit's opinion that the College had adequate risk management, control and governance arrangements in place during 2018/19.

Internal audit reported that the College has satisfactory risk management and business continuity arrangements

118. Internal audit's risk management review found that the College has identified the key risks affecting it, with these being appropriately controlled, mitigated, reported and discussed at appropriate levels of management and the Board of Management. Internal audit also found that the processes in place reflect good practice in risk management.

119. Internal audit's review of business continuity established that Business Continuity Plans (BCPs) are in place covering all of the College's key activities. The BCPs are workable, properly communicated to members of staff, and have been adequately tested, with the processes and procedures in place following recommended good practice.

Good Practice – The College has tested its business continuity plans for responding to a critical incident

In September 2019 the College engaged its insurers Zurich to facilitate a Disaster Recovery development session. This was designed to test the ability of the Senior Leadership Team, and other staff, to use the BCPs to respond to a critical incident scenario. This confirmed that the existing BCPs are fit for purpose but also identified further improvements that could be made to strengthen the business continuity arrangements. Further development sessions focussing on other potential scenarios are planned in the future.

The College has cyber essentials basic accreditation and is working towards achieving the cyber essentials plus accreditation

120. The Scottish Government issued a [Public Sector Action Plan on Cyber Resilience](#) in November 2017 which required all public sector bodies to carry out a review to ensure their cyber security arrangements are appropriate.

121. As part of our work in 2017/18, we concluded that the College was actively strengthening its cyber resilience arrangements, had completed its Cyber Essentials pre-assessment by the required date (31 March 2018) and obtained the Basic Accreditation by the end of 2018.

122. In 2018/19 internal audit undertook a review of the College's current position with the Scottish Government Public Sector Action Plan (PSAP) which forms part of the cyber resilience strategy for Scotland. They provided a satisfactory level of assurance and concluded that the College is making good progress in implementing the key actions set out in the PSAP, including independent assurance of critical cyber security controls, incident response plans, along with

training and awareness-raising. The College is currently working towards Cyber Essentials Plus certification.

There was a significant delay in the College submitting some of the data reports for the National Fraud Initiative exercise

123. The National Fraud Initiative (NFI) is a counter-fraud exercise coordinated by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity. The NFI takes place over two years and the results of the last exercise were contained in the [National Fraud Initiative in Scotland](#) report published in July 2019. The current exercise (running over 2018/19 and 2019/20) is the first time that the College has actively participated in the NFI.

124. The first stage of the NFI exercise requires participating bodies to submit a range of data reports that are used as part of the data matching process. Colleges are required to submit both creditor and payroll data. The deadline for submission of these reports was the end of October 2018. However, due to staffing pressures the College did not submit its NFI payroll data reports until March 2019.

125. We also noted during the year that the College's initial progress in updating the online NFI system with the progress in investigating its matches was also slow with only 3 cases shown as processed or in-progress at the end of July 2019. These were the matches flagged as high priority for investigation. Management advised that the information recorded on the system did not reflect the actual progress made with these investigations and confirmed that the system would be brought up to date.

126. We reviewed the online NFI system again at the end of October 2019 and are pleased to report that this now shows good progress with the investigation of all matches now complete as detailed in [exhibit 7](#). We will continue to monitor the College's participation in the NFI exercise as part of our 2019/20 audit.

Exhibit 7 NFI activity



199

Matches



3

High priority for investigation



199

Processed / In progress

Source: NFI secure website

The College should review its internal controls following the conclusion of the investigation of the NFI matches

127. Investigation of the College's NFI matches identified two instances of duplicate payment of invoices (i.e. the same invoice being paid twice). The value of the duplicate payments was less than £2,000 and these amounts have now been recovered from the relevant suppliers. However, the College should review the controls in place to prevent future duplicate payments occurring. It should also consider the outcome of the investigation of the remaining matches to identify whether other improvements can be made to the internal control environment to further reduce the risk of fraud and misappropriation.



[Recommendation 2 \(Appendix 1 - Action Plan\)](#)

Responsibility for the oversight of the College's progress with the NFI exercise has been assigned to the Audit and Risk Committee

128. At its September 2019 meeting the Audit and Risk committee considered the [National Fraud Initiative in Scotland](#) report on the last NFI exercise. The committee also noted that the College's Fraud Prevention Policy will be revised to incorporate NFI and formally approved NFI progress and outcomes being reported through this committee.

The College has adequate arrangements for the prevention and detection of fraud and other regularities

129. Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and ensuring that their affairs are managed in accordance with proper standards of conduct.

130. The Board has a range of activities in place designed to prevent and detect fraud, error and irregularities, bribery and corruption. These include:

- a fraud prevention policy and response plan
- an anti-bribery policy
- a public interest disclosure policy (this includes details of the College's whistleblowing arrangements), and
- the College's code of conduct for members of the Board of Management.

131. As detailed at paragraphs [57-62](#) , the College were the victim of three bank mandate frauds during 2018/19. On discovery of the frauds, the College took appropriate actions in line with the response plan contained within its Fraud Prevention Policy.

Part 5

Value for money



Main judgements

The College has proper arrangements in place to promote and secure value for money.

The College reported good attainment and retention rates for 2017/18.

Arrangements are in place to ensure the College meets its responsibilities under the Equality Act 2010. There is also evidence that the principles of fairness and equality are embedded within the organisation.

The College has made good progress against the recommendations in the Scotland's colleges 2019 report published by Audit Scotland in June 2019.

The College has proper arrangements in place to promote and secure value for money

132. The Financial Memorandum between SFC and fundable bodies in the college sector requires the College to:

- Have a strategy for reviewing systematically management's arrangements for securing value for money
- As part of internal audit arrangements, obtain a comprehensive appraisal of management's arrangements for achieving value for money.

133. Securing the economical and effective management of the College's resources and expenditure is the responsibility of the Board of Management.

134. Our review of expenditure during the audit did not highlight any issues with the regularity of the College's expenditure or any instances of non-compliance with SFC terms and conditions.

135. Internal audit does not consider value for money as a standalone review, however, they consider this within all audits. Internal audit did not raise any concerns over value for money in 2018/19 and their Annual Report for 2018/19 provided their opinion that '*...proper arrangements are in place to promote and secure Value for Money*'. This opinion was arrived at taking into consideration the work they had undertaken during 2018/19 and in each of the previous years since they were first appointed by the College in 2013/14.

The College reports that its Good to Great strategy has had a significant impact on the overall experience of students

136. Key to delivering Value for Money is a clear focus on driving continuous improvement across all areas of the College's activities.

137. The College's Good to Great strategy is a two-year transformation project that was launched in 2017/18 with the aim of ensuring that "From 2020 onwards,

Value for money is concerned with using resources effectively and continually improving services.

Dundee and Angus College will be the outstanding model of how regional colleges in Scotland operate and how they impact on their local economy”.

138. The programme is being taken forward under five key themes, with a number of projects under each theme. These are:

- Recruitment
- Retention
- Customer Experiencing
- Learning and Teaching
- Digital

139. Each of these overarching themes encompassed a range of projects and related activities that included both centrally managed developments and staff initiated and led projects, [Exhibit 8](#).

Exhibit 8

Good to Great projects and activities

Recruitment	Retention	Digital	Learning & Teaching	Customer Experience
<ul style="list-style-type: none"> • Funding Focus • Recruitment Days • Help Points • Learn 2 Learn • Onboarding • You Tube Channel 	<ul style="list-style-type: none"> • Escape Room • Wellbeing • Government Retention Project • Curriculum Area Pilots 	<ul style="list-style-type: none"> • Digital Community • Digital Curriculum • Digital Environment • D&A Baseline • Data Project • MyLearning Changes 	<ul style="list-style-type: none"> • Gateway Programmes • IIIR Curriculum Portfolio Review • Curriculum Resources • Future Talent • Career Coach • CommuniTay STEM Bus 	<ul style="list-style-type: none"> • Customer Charter • College Website • SA / SU Website • Good to Great Student Ambassadors • Stakeholder Advisory Boards

Source: Good to Great Transformation Project progress report to Board of Management (September 2019)

140. The Good to Great project is now nearing its conclusion and the latest project update to the Board of Management in September 2019 stated that the College are seeing a significant impact of the project on the overall experience of our students. It also highlighted the following key outcomes and developments that have been delivered through the project:

- Improved recruitment and on-boarding approaches have led to many students receiving travel support and funding earlier than in previous years
- A drop in the number of applicants that did not receive an offer to study at the College
- The College’s highest ever level of Schools Engagement
- The provision of a fully functioning Escape Room, with a second due to open before the end of 2019
- A new and unique Cyber Security Lab, launched in June 2019
- The purchase of state-of-the-art equipment to further support new curriculum delivery

- The launch of a new Gateway into Care course (building on the success of new Gateway provision in 2018/19), and
- The #DAWellbeing Project continuing to support both students and staff wellbeing.

141. Following the conclusion of the project the College plan to conduct a full post-project review to evaluate the extent of the success of the transformation programme in delivering its intended outcomes. The results of the evaluation will be reported to the Board of Management and we will consider this as part of our 2019/20 audit.

Performance against the National Measurement Framework is regularly reported to the Board of Management

142. The Regional Outcome is a formal signed agreement between the Dundee and Angus College Board of Management and the Scottish Funding Council which commits the College to deliver a number of outcomes and outputs as a condition of the funding received.

143. The agreement also sets a number of targets which the College has agreed to achieve in relation to the National Measurement Framework. This is a set of measures for the College that are monitored and reported on by the Scottish Funding Council. The College's funding is closely linked to its performance against the Framework and therefore these measures are a key area of focus for the Board of Management.

144. To ensure that there is clear visibility of data and progress at each Board meeting, a series of standard metrics is presented to members for their consideration and review. These metrics link together a number of data sources into a single high-level Board report to provide high level indications of the College's performance and include details of performance against the National Measurement Framework. The College's committees are responsible for more detailed consideration of these performance measures.

The College exceeded its student activity credits target for 2018/19

145. One of the priority measures contained within the National Measurement Framework is the student activity credits target. The SFC set an individual credits target for each college every year and where these are not achieved the SFC can decide to recover funding.

146. For 2018/19 the College's student activity credits target was set at 107,808 credits (inclusive of 4,494 European Social Fund (ESF) credits). The College exceeded this target by delivering 109,345 credits. The College also successfully delivered an additional 1,500 credits that SFC transferred to it during the year. The College's above target performance, and additional transfer of credits, resulted in the receipt of additional funding of around of £0.230m.

Exhibit 9

Dundee and Angus College learning activity compared to the core target set by the SFC

Year	Core activity target	Activity delivered	Difference
2018/19	109,308*	109,345	+ 37 credits
2017/18	108,962	109,360	+ 398 credits
2016/17	108,333	108,501	+ 168 credits
2015/16	105,225	108,350	+ 3,125 credits

* The 2018/19 credit target shown includes the additional 1,500 credits that SFC transferred during the year.

Source: SFC Infact database and Dundee and Angus College Regional Agreements

147. The College has a good track record of meeting and exceeding its credits targets, [Exhibit 9](#). The student activity credit target set by the SFC for 2019/20 of 107,735 is almost unchanged from last year, with a reduction of only 73 credits.

The College's validated self-evaluation of performance graded the leadership and quality culture as excellent

148. The SFC and Education Scotland, the national body for supporting quality and improvement in learning and teaching, introduced a new quality assessment evaluation framework for colleges, *How good is our college?* in 2016. The new quality framework is based on a validated self-evaluation and is intended to enable colleges to assess progress and develop an improvement plan.

149. In February 2019, individual college results were published for the first time with grades in three categories: Outcomes and impact, Delivery of learning and services to support learning, and Leadership and quality culture. The College was graded as 'Very Good' for the first two categories and "Excellent" for the third.

150. The College also developed an enhancement plan to further improve and enhance the quality of leadership, learning, teaching, and services.

The College reported good attainment and retention rates for 2017/18

151. The [Scotland's colleges 2019](#) report included a nationwide comparison of the performance of Scotland's 26 colleges during 2017/18 against the following four key performance indicators that provide a broad indication of a college's performance:

- Attainment rates
- Retention rates
- Positive destinations (based on 2016/17 leaver's destination data), and
- Student satisfaction levels (based on data for the 15 colleges with a survey response rate of 50% or more).

152. This highlighted that Dundee and Angus College had improved against all four indicators during the year and were in the top quartile of performance for attainment and retention rates, and the second top quartile for student satisfaction levels. The College's performance was in the bottom quartile for students entering positive destinations based on 2016/17 data but management has advised that the 2017/18 data shows performance has significantly improved against this measure. The SFC has not yet published comparative performance data for 2018/19.

Good Practice – The College has well developed student engagement arrangements

During the year internal audit carried out a review of the College's framework of student engagement structures and activities. This concluded that the College has a good student engagement framework in place which includes an established mechanism for engaging with students and gathering students' views. The impact of these strong student engagement arrangements was reflected in the results of the 2017/18 Student Satisfaction and Engagement Survey (SSES) with 95.4 per cent of students saying they were satisfied with their overall college experience.

Our audit testing in 2018/19 did not identify any instances of non-compliance with the financial regulations for procurement

153. The College has a procurement strategy covering 2016-20 which supports the College's vision of "Leading Learning, Inspiring Success" through its commitment to obtaining value for money through its procurement practice.

154. The strategy together with the procurement policy sets out the operational framework of how the College conducts procurement. The policy is focussed on maintaining the integrity of process and, combined with this, the strategy sets out the College's strategic approach to procurement.

155. The processes in the strategy and policy adhere to best practice procurement principles and are compliant with the requirements of the Procurement (Scotland) Regulations 2016, Public Contracts (Scotland) Regulations 2015 and the Procurement Reform Act 2014 following the Scottish Government Procurement Journey.

156. In 2017/18 we identified an ICT maintenance contract and two leases that were entered into without first being approved by the relevant delegated authority. At the time management confirmed that the scope of the financial regulations would be reaffirmed.

157. Our audit testing in 2018/19 did not identify any instances of non-compliance with the financial regulations and delegated levels of authority. We also confirmed that expected and recurring contract renewals for the upcoming calendar year, that exceed the delegated authority limit of £50,000, are now presented to the Finance and Property Committee for members to consider and approve.

158. Based on the scope of our work, we have concluded that there are appropriate financial regulations, and processes, in place in relation to procurement. Internal audit will be undertaking a review of the College's procurement as part of their 2019/20 audit plan. We will consider their findings as part of our 2019/20 audit.

There is evidence that the principles of fairness and equality are embedded within the organisation

159. As part of our 2018/19 audit we conducted a high-level review of the College's arrangements for ensuring that they meet their responsibilities under the Equality Act 2010 and considered the extent to which the principles of fairness and equality are embedded within the organisation.

160. The Equality Act 2010 requires public bodies to consider all individuals when carrying out their day-to-day work: in shaping policy, in delivering services and in relation to their own employees. The public sector equality duty, also known as the general equality duty, covers the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. This duty requires public bodies to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act
- advance equality of opportunity among all people, and
- foster good relations between different people when carrying out their activities.

161. The Scottish Specific Duties (introduced in May 2012) requires listed authorities to carry out the following activities:

- report on mainstreaming the equality duty
- publish equality outcomes and report progress
- assess and review policies and practices
- gather and use employee information
- publish gender pay gap information

- publish statements on equal pay, and
- consider award criteria and conditions in relation to public procurement.

162. Further education colleges are listed authorities for both the Equality Act and the Specific Duties in Scotland. Consequently, they are required to report progress on mainstreaming the public sector equality duty and to report progress on their published equality outcomes.

163. Dundee and Angus College published its most recent Equality Mainstreaming Report in April 2019 and made this available to the public via the College's website. The report details of the range of activity taking place across the organisation and within the wider community to support the delivery of each of the College's Equality Objectives that support the overall equality vision: "To be recognised as a completely inclusive organisation, in which all people can participate fully as equal citizens". The report also contains the required information on employment equalities and the gender pay gap, and also includes the College's equal pay statement.

164. Our work also identified a range of other activities across the College that address the other requirements of the Equality Act and ensure that fairness and equality is embedded within the organisation. These include:

- Completion of equality impact assessments for all relevant policies and procedures – These consider how a policy or function will affect the wellbeing of different groups of people, with particular needs, or who are disadvantaged in some way, and provide an opportunity to drive fairness and good business practice.
- Publication of a British Sign Language (BSL) Action Plan 2018-2024 – The College has developed a BSL Action Plan to enable BSL users (those individuals whose first or preferred language is BSL) to be fully involved in daily and public life as active, healthy citizens able to make informed choices about all aspects of life.
- Preparation of a range of other reports and policies to support the College in delivering its equality duties – These include the publication of a Gender Pay Analysis Report and Action Plan (April 2019), a Carers' Policy (March 2018) and a Corporate Parenting Plan (March 2018).
- Staff absence support – The College offers a range of support through Occupational Health including access to counselling for mental health related conditions and physiotherapy appointments, to help speed recovery and return to work.

165. Overall, we have concluded that the College has arrangements in place to ensure it meets its responsibilities under the Equality Act 2010. There is also evidence that the principles of fairness and equality are embedded within the organisation.

Appropriate arrangements are in place for consideration of Audit Scotland national reports

166. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2018/19, we published several reports which may be of interest to the College. These are outlined in [appendix 3](#).

167. Appropriate arrangements are in place for the College to consider relevant national reports. For example, the [National Fraud Initiative in Scotland](#) report was considered by the Audit and Risk Committee in September 2019.

The College has addressed the recommendations in the Scotland's colleges 2019 report

168. The [Scotland's colleges 2019](#) report included specific recommendations for all colleges. The College provided all Board members with a copy of the report and have taken action to address the relevant recommendations within the report, [exhibit 10](#).

Exhibit 10

Progress against the recommendations in the Scotland's colleges 2019 report




Recommendation	College progress to date
College's should agree their underlying financial position with the SFC prior to finalising their accounts.	Complete As detailed at paragraphs 51-53 , the College has reported an underlying operating surplus of £2.249 million for the year to 31 July 2019 within the Performance Report. This figure has been calculated in accordance with the Adjusted Operating Position Calculation guidance issued by the SFC on 24 September 2019.
College's should improve data collection and response rates for student satisfaction and publish results.	Complete The College has adequate arrangements in place for conducting the annual Student Satisfaction and Engagement Survey (SSES) and was one of the 15 colleges with a student survey response rate of over 50% during 2017/18. The College advised that the SFC do not currently permit colleges to publish the results of the survey as the data is only provided for the purposes of internal benchmarking and evaluation. In addition to the SSES, the College also conduct its own student satisfaction surveys and report the results to the Learning and Teaching Committee. The College should consider making the results of these surveys available on the student pages of the website where appropriate.
Colleges should use <i>How good is our college?</i> effectively to drive improved performance and enhance the quality of service provision.	Complete As detailed at paragraphs 148-150 , the College completed the <i>How good is our college?</i> self-evaluation has developed an enhancement plan to further improve and enhance the quality of leadership, learning, teaching, and services.
College boards should agree medium-term financial plans that set out the mitigating actions to ensure their college's financial sustainability.	Complete As detailed at paragraph 68 , the College's five-year financial strategy 2019/20-2023/24 was approved by the Board in March 2019.
College boards should submit agreed medium-term financial plans to the SFC along with financial forecast returns (FFRs).	Complete As detailed at paragraphs 71-76 , the College submitted its medium-term financial plans and FFR to the SFC by the 27 September 2019 submission deadline.

Source: Audit Scotland

Appendix 1

Action plan 2018/19

2018/19 recommendations for improvement

<div><div></div><div></div><div></div></div>			
No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>External evaluation of the effectiveness of the Board</p> <p>A three-yearly external evaluation of the effectiveness of the Board was due to be undertaken during 2019 but has been deferred to 2020.</p> <p><i>There is a risk that the Board is not operating effectively</i></p>	<p>The College should ensure that the planned external evaluation of the Board's effectiveness is undertaken during 2020 and reported to the Board of Management prior to the end of the financial year (i.e. 31 July 2020).</p> <p>Paragraphs 107-110</p>	<p>An external evaluation of the effectiveness of the Board will be facilitated following the issue of the revised Code of Good Governance for Scotland's Colleges.</p> <p>Responsible officer: Vice Principal – People and Performance</p> <p>Agreed date: July 2020</p>
2	<p>NFI</p> <p>Investigation of the College's NFI matches identified two instances of duplicate payment of invoices.</p> <p><i>There is a risk of further duplicate payments in the future</i></p>	<p>The College should review the controls in place to prevent future duplicate payments occurring. It should also consider the outcome of the investigation of the remaining matches to identify whether other improvements can be made to the internal control environment to further reduce the risk of fraud and misappropriation.</p> <p>Paragraph 127</p>	<p>Operator error was responsible on both occasions when incorrect numbers were keyed in. Due diligence has however generally been very effective given that 42,000 records were reviewed. The finance system will only accept unique numbers, preventing duplicate entry. The risk of repetition is low but the requirement for Purchase Orders is continually being emphasised, thereby further reducing this risk. Additional routine scrutiny of data will be undertaken in response to issues arising, however from a total 199 matches, only 26 are classified as 'errors', of which the 24 not highlighted were duplicate supplier accounts now closed. The majority of matches did not produce issues of concern.</p> <p>Responsible officer: Head of Finance</p> <p>Agreed date: Immediate</p>



No. Issue/risk

Recommendation

Agreed management
action/timing

Follow up of prior year recommendations

PY1 Performance report

The audit team identified several areas for improvement in the performance analysis section of the unaudited accounts.

There is a risk of a lack of transparency in the annual report.

Management should review all section of the accounts to ensure that appropriate disclosures are made.

Action complete

PY2 Governance statement

The governance statement did not comply with guidance in a number of areas.

There is a risk of inappropriate levels of disclosures in the financial statements.

Management should review all section of the accounts to ensure that appropriate disclosures are made

Action complete

PY3 Compliance with financial regulations

An ICT maintenance contract and two leases were entered into without first being approved by the relevant delegated authority.

There is a risk that contracts entered into do not comply with the College's best value principles.

The College should comply with their financial regulations.

Action complete

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual report and financial statements and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit Risk	Assurance Procedure	Results and Conclusions
Risks of material misstatement in the financial statements		
<p>1 Risk of Management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements</p>	<ul style="list-style-type: none"> Detailed testing of journal entries. Review of accounting estimates. Focused testing of accruals and prepayments. Evaluation of significant transactions that are outside the normal course of business. 	<ul style="list-style-type: none"> Journal adjustments were tested, and no indications of management override of controls were found. Judgements and estimations applied were tested to confirm they were appropriate and reasonable. No issues were highlighted with the judgements and estimates applied. We tested accruals and prepayments and confirmed that income and expenditure was properly accounted for in the financial year. We reviewed transactions during the year. No significant transactions outside the normal course of business were identified.
<p>2 Risk of fraud over income</p> <p>ISA 240 requires auditors to presume a risk of fraud where income streams are significant.</p> <p>The College recorded income of £41million in 2017/18, of which £32million was provided by the Scottish Funding Council (SFC) and £9million was received from other sources.</p> <p>SFC funding is reliant on accurate recording of student numbers and courses provided. In addition, the level of income received from other sources is material.</p> <p>The extent and complexity of income means that, in accordance with ISA 240,</p>	<ul style="list-style-type: none"> Analytical procedures on income streams. Detailed testing of revenue transactions focusing on the areas of greatest risk. 	<ul style="list-style-type: none"> We obtained satisfactory explanations for any significant increases or decreases in income. Satisfactory results were obtained from our testing of revenue transactions.

Audit Risk	Assurance Procedure	Results and Conclusions
<p>there is an inherent risk of fraud.</p>		
<p>3 Risk of fraud over expenditure</p> <p>The Code of Audit Practice expands the consideration of fraud under ISA 240 to include the risk of fraud over expenditure. This applies to the College due to the variety and extent of expenditure incurred.</p>	<ul style="list-style-type: none"> • Audit work on the National Fraud Initiative matches • Analytical procedures on expenditure streams. • Detailed testing of expenditure transactions, including cut-off testing, focusing on the areas of greatest risk. 	<ul style="list-style-type: none"> • The College's initial progress in updating the online NFI system with the progress in investigating matches was slow. However, we have concluded that adequate arrangements were in place to follow up NFI matches during the year. • We obtained satisfactory explanations for any significant increases or decreases in expenditure. • Satisfactory results were obtained from our testing of expenditure transactions.
<p>4 Estimations and judgments</p> <p>There is a significant degree of subjectivity in the measurement and valuation of the following material account areas:</p> <ul style="list-style-type: none"> • pension liabilities • provisions <p>This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<ul style="list-style-type: none"> • Review appropriateness of actuarial assumptions. • Confirm pension valuations in actuarial report are correctly reflected within the 2018/19 accounts. • Review of accounting estimates and disclosures. • Additional assurances obtained from legal and HR officers in relation to provisions. 	<ul style="list-style-type: none"> • We assessed the reliability of the actuary and reviewed their work. No issues were noted. • Pension disclosures agreed in full to information from actuaries, or to financial records where applicable. This included verification of pension entries in audited financial statements to the IAS19 report reflecting the impact of McCloud ruling and the guaranteed minimum pensions issue. • Judgements and estimations applied were tested to confirm they were appropriate and reasonable. No issues were highlighted with the judgements and estimates applied. • An unadjusted error has been reported in relation to the requirement to provide for the clawback of ESF funding (issue 3 in exhibit 3). However, this is an isolated error that does not have a pervasive effect on the recognition of provisions in the audited financial statements. • We obtained assurances from HR in relation to provisions. This supported the information included in the financial statements.
<p>5 Performance report and governance statement</p>	<ul style="list-style-type: none"> • Review of the performance report and governance statement 	<ul style="list-style-type: none"> • The 2018/19 performance report presents a reasonable picture of the College's performance.

Audit Risk	Assurance Procedure	Results and Conclusions
<p>As part of our 2017/18 review of the performance report and governance statement, we identified several areas for improvement to ensure disclosures complied with relevant guidance.</p> <p>There is a risk of inappropriate levels of disclosures in the report and financial statements.</p>	<p>against relevant guidance to ensure compliance</p>	<ul style="list-style-type: none"> The College's governance statement reflects current good practice.

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

<p>6 Financial sustainability</p> <p>The further education sector continues to face significant funding reductions alongside emerging cost pressures such as the costs of national bargaining, estate maintenance and the potential loss of EU funding.</p> <p>The College has a financial strategy covering 2019/20-2023/24. This identifies that savings of £2.75 million are required over the next five years. However, the savings required may be significantly greater should any of the College's assumptions not be realised. For example, zero growth in non-core income would reduce income and increase the requirement for savings by £3.2m by 2024. With additional income generation and non-pay savings already factored into the projections, the College is expecting much of the savings required to come from reduced head count achieved through voluntary severance.</p> <p>There is a risk that the College fails to achieve the planned savings, including voluntary severance projections, and this negatively impacts on their cash balances over the next five years.</p>	<ul style="list-style-type: none"> Monitor progress on achievement of financial targets. Ongoing assessment of the College's five-year financial strategy, including the assumptions used. Monitor achievement of financial targets, including student credits targets. 	<ul style="list-style-type: none"> The College managed its budget effectively during 2018/19. The College's five-year Financial Forecast Return projects a negative cash position by 31 July 2024. The College requires to deliver savings totalling £2.750 million over the next five years. The successful delivery of the College's medium-term financial plan is susceptible to future reductions in funding and fee income. The College exceeded its student activity credits target for 2018/19.
<p>7 Estates investment</p> <p>In December 2017, the Scottish Funding Council (SFC) published its college sector estates condition</p>	<ul style="list-style-type: none"> Ongoing assessment of the College's five-year estates strategy. 	<ul style="list-style-type: none"> The Board has approved a five-year asset management and estates strategy to improve the physical condition of its estate.

Audit Risk	Assurance Procedure	Results and Conclusions
<p>survey. This identified a backlog of repairs and maintenance of £360 million, £31 million was identified as very high priority work needing to be addressed within one year, and a further £77 million as high priority within two years. The SFC has allocated £27 million to the sector in 2018/19 to allow it to address those very high needs. Dundee and Angus College received £1.236 million for their high priority backlog maintenance.</p> <p>The College's estimated value of backlog maintenance is £19.718 million, as determined through the campus condition survey conducted by the SFC.</p> <p>The College has in place a detailed five-year estate strategy 2019/20 -2023/24 to address backlog maintenance. However, the College acknowledges that significant capital funding will need to be obtained to progress with the necessary works.</p> <p>There is a risk that the College estate requirements cannot be met through the SFC core funding. If the condition of the estate deteriorates to the extent that students cannot be attracted, there is likely to be a reduction in student numbers, which will in turn reduce the funding received by the College</p>		<ul style="list-style-type: none"> • The College has developed a proposal to build a new Science, Technology, Engineering and Maths (STEM) centre funded by the Scottish Government through a Mutual Investment Model. • The College are seeking funding from the Dundee and Angus Foundation to progress the first phase of the Kingsway tower refurbishment works.
<p>8 National fraud initiative</p> <p>The National Fraud Initiative (NFI) is a data-matching exercise led by Audit Scotland to aid the detection of fraudulent payments. NFI allows public bodies to investigate matches and, if fraud or error has taken place, to stop payments and attempt to recover the amounts involved. It also allows auditors to assess the arrangements that bodies have put in place to prevent and detect fraud, including</p>	<ul style="list-style-type: none"> • Monitor the College's participation and progress with NFI. 	<ul style="list-style-type: none"> • Responsibility for the oversight of the College's progress with the NFI exercise has been assigned to the Audit and Risk Committee. • The College's initial progress in updating the online NFI system with the progress in investigating matches was slow. However, we have concluded that adequate arrangements were in place to follow up NFI matches during the year.

Audit Risk	Assurance Procedure	Results and Conclusions
<p>how they approach the NFI exercise itself.</p> <p>Whilst trade creditor data was uploaded, the College was late in submitting its NFI payroll data. The current data matching exercise was due to collect data from the College in October 2018. Due to staffing pressures, the College only submitted this data in early March 2019. Match investigation work will commence in due course.</p> <p>There is a risk that fraud and error may not be detected timeously.</p>		
<p>9 Plans and policies</p> <p>A number of corporate plans and policies require to be reviewed and updated, including:</p> <ul style="list-style-type: none"> standing orders board of management code of conduct ICT strategy risk management policy <p>There is a risk that these plans and policies are not relevant and appropriate to the needs of the College.</p>	<ul style="list-style-type: none"> Monitor progress of implementation. Consider the adequacy and appropriateness of the revised documents. 	<ul style="list-style-type: none"> The standing orders and board of management code of conduct available remain the most recent and reflect the most recent Code of Good Governance. The Code of Good Governance is to be updated with the revised guidance likely to be implemented in early 2019/20. The College will update the key governance documents as required to incorporate any changes. In 2018/19, the College introduced a Digital Strategy which supersedes its previous ICT Strategy. This is the document which will be used for its ICT strategic direction going forward. Internal Audit undertook a review of the College's risk management in 2018/19. They found that the College has identified the key risks affecting it, with these being appropriately controlled, mitigated, reported and discussed at appropriate levels of management and the Board of Management. Internal audit found that the processes in place reflect good practice in risk management. We have placed reliance on Internal Audit's work in this area.

Appendix 3

Summary of national performance reports 2018/19

2018/19 Reports

Forth Replacement Crossing		Aug		Major project and procurement lessons
Children and young people's mental health		Sept		Superfast broadband for Scotland: further progress update
NHS in Scotland 2018		Oct		
Health and social care integration: update on progress		Nov		Local government in Scotland: Financial overview 2017/18
		Dec		
		Jan		
		Feb		
		Mar		Local government in Scotland: Challenges and performance 2019
		Apr		
Social security: Implementing the devolved powers		May		
		Jun		Scotland's colleges 2019
		Jul		

Further Education relevant reports

[*Scotland's colleges 2019*](#) - June 2019

Dundee and Angus College

2018/19 Annual Audit Report

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

Tuesday 26 November 2019



PAPER L

Internal Audit Annual Report

Dundee and Angus College

**Annual Report to the Board of Management and
the Principal on the Provision of Internal Audit
Services for 2018/19**

Internal Audit Report No: 2019/12

Draft issued: 15 October 2019

2nd Draft issued: 6 November 2019

Final issued: 8 November 2019



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5. Operational Plan for 2019/20	20

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, which was subsequently extended for a further one-year period in line with the terms of the contract. This report summarises the internal audit work performed during 2018/19.
- 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 2018/19 (internal audit report 2019/01, prepared in May 2018). The ANA was developed through discussion with the Vice Principal (Corporate Services) and review of previous internal and external audit reports and covered the three-year internal audit cycle from 2018/19 to 2020/21. 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 and Risk Committee, together with the ANA, at its meeting on 15 May 2018.
- 1.3 The internal audit work undertaken in the year followed the agreed outputs set out in the Strategic Plan for 2018/19.
- 1.4 The reports submitted during 2018/19 are listed in Section 2 of this report and a summary of results and conclusions from each finalised assignment is given at Section 3.
- 1.5 An analysis of time spent against budget is included 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.

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

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 to confirm our PSIAS compliance. This is undertaken annually.

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. MHA Henderson Loggie is a member of MHA, a national association of independent accountancy firms. Continued membership of MHA is dependent on maintaining a high 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 independent MHA review conducted in March 2019 included our internal audit service. This was a comprehensive independent review of our internal audit function as required every five years by PSIAS. Overall the review confirmed that the firm's policies and procedures relating to internal audit were compliant with the PSIAS in all material respects.

Significant Issues

1.10 There were no issues identifying major internal control weaknesses noted from the internal audit work carried out during the year. In general, procedures were operating well in the areas selected, but a few areas for further strengthening were identified and action plans have been agreed to address these issues. The agreed actions will be followed-up as part of our planned activity in 2019/20.

Opinion

1.11 In our opinion, 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 2018/19 and in previous years since our first appointment in 2013/14.

2. Reports Submitted

Number	Title	Overall Grade	Recommendations	Priority 1	Priority 2	Priority 3
2019/01	Audit Needs Assessment and Strategic Plan 2018 to 2021	N/A	N/A	N/A	N/A	N/A
2019/02	Annual Plan	N/A	N/A	N/A	N/A	N/A
2019/03	Cyber Security	Satisfactory	-	-	-	-
2019/04	Equality & Diversity	Good	-	-	-	-
2019/05	Duty of Care	Satisfactory	3	-	1	2
2019/06	Risk Management and Business Continuity Planning	Satisfactory	4	-	-	4
2019/07	Student Engagement / Students' Association	Good	1	-	-	1
2019/08	Catering (Business Process Review)	N/A	The report contained 19 recommended improvement actions for management to consider.	-	-	-
2019/09	Follow Up Reviews	N/A	5 of the 19 recommendations considered require further action.	-	-	-
2019/10	2018/19 Student Activity Data	Audit opinion unqualified	2	-	-	2
2019/11	Student Support Funds	Audit opinion unqualified	-	-	-	-

Internal Audit Annual Report 2018/19

Overall gradings are defined as follows:

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

Action Grades

Recommendation grades are defined as follows:

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



3. Summary of Results and Conclusions

2019/01 – Audit Needs Assessment (ANA) and Strategic Plan 2018 to 2021

Final Issued – May 2018

A comprehensive ANA, based on the areas of risk that the College is exposed to, was prepared in May 2018. A Strategic Plan to cover the normal three-year internal audit cycle was then formulated (refer to paragraph 1.2 above).

2019/02 – Annual Plan

Final Issued – September 2018

The purpose of this document was to present for consideration by the Audit and Risk Committee the annual operating plan for the year ended 31 July 2019. The plan was based on the proposed allocation of audit days for 2018/19 set out in the Audit Needs Assessment (ANA) and Strategic Plan 2018 to 2021.

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.

Internal Audit Annual Report 2018/19

2019/03 – Cyber Security

Final Issued – February 2019

The scope of the audit was to undertake a high-level review of the College's current position with regard to the Scottish Government Public Sector Action Plan (PSAP) which forms part of the cyber resilience strategy for Scotland.

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

Our review noted that whilst the College had made good progress in fully implementing three of the six key actions, which are relevant to the College, within the PSAP the three remaining key actions still required to be addressed before the College could achieve a basic level of cyber resilience that extends beyond the aspects of the IT control environment covered by Cyber Essentials.

The College acknowledged where improvements were still required and continued to leverage the input provided by the Regional CISO to address these. The Regional CISO was working with the College to progress a number of key pieces of work, including developing more formal information governance arrangements; developing cyber and information risk management processes; and developing cyber and information security incident response plans.

Objective	Findings				
The main objective of the audit was to obtain reasonable assurance that:		1	2	3	Actions already in progress
		No. of Agreed Actions			
1. The College is making good progress in implementing the key actions set out in the PSAP, including independent assurance of critical cyber security controls, incident response plans, along with training and awareness-raising. We also considered governance arrangements and whether staff and other resources are sufficient to meet the required level of resilience.	Satisfactory	0	0	0	✓
Overall Level of Assurance	Satisfactory	0	0	0	
		System meets control objectives with some weaknesses present.			

Internal Audit Annual Report 2018/19

2019/04 – Equality & Diversity

Final Issued – May 2019

The scope of this audit was to review the action taken by the College, and the systems and procedures put in place, to integrate equality into its day-to-day working.

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

Strengths

- From our review of documentation, we consider that the College complies with equalities legislation and regulations as well as the Equality and Human Rights Commission guidance;
- The College has appropriate equality and diversity policies / strategies in place and provides relevant induction and refresher training to its staff in this area;
- The College has a dedicated Student Services Team, which works closely with students to ensure that any equality and diversity concerns they may have are being addressed appropriately;
- The College has an excellent and well-developed process for engaging with students to identify any specific needs or additional support they may need during their College life. This process begins at the application stage and continues throughout the students' time at the College. This process appears to be successful as a result of a very engaging and dedicated Student Services Team;
- The College leads and collaborates on a number of local and national equality and diversity initiatives which allows it to provide up-to-date information and support to students;
- The College publishes all the relevant equality and diversity data and information on its website;
- During our review, we established that the College is working on a number of very relevant and current equality and diversity initiatives such as Modern Slavery and Gender Based Violence; and
- Our review has established that the College not only complies with its legal obligations but actively embraces the core concepts of equality and diversity in its working practices.

Weaknesses

- No significant weaknesses were identified during our review.

Objective	Findings		
	1	2	3
The objective of this audit was to obtain reasonable assurance that the College is complying with its legal duties under:	No. of Agreed Actions		
<ol style="list-style-type: none"> 1. Section 149 of the Equality Act 2010; 2. The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 as amended; and 3. Other equalities duties as specified by the Scottish Government and Scottish Funding Council (SFC). 	Good	0	0
Overall Level of Assurance	Good	0	0
		System meets control objectives	

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2019/05 – Duty of Care

Final Issued – May 2019

The scope of this audit was to review the action taken by the College to meet its specific statutory duties related to the care of students (covering the College: Prevent Duty; Safeguarding Duty and Corporate Parenting Duty).

The table opposite notes the objectives for this review and records the results.

Strengths

- The College has established and published a detailed Corporate Parenting Plan, as required by The Children and Young People (Scotland) Act 2014, and appropriate supporting procedures. This Plan is reviewed every three years. This Plan clearly sets out the College's strategic and operational objectives.
- Throughout the College, staff have been assigned specific responsibilities to assist the College in meeting its statutory duties in this area. These members of staff have the relevant experience, knowledge and skills to provide a high-quality service to students.
- During our audit we identified several examples of good practice in relation to how the College's Student Services Team engages with students who are currently in care or exiting care. This engagement starts at the pre-application stage and continues throughout the students' time at the College.
- Observations during the audit showed a very open and honest style of communication between the Student Services Team and the students.

Objective	Findings			
		1	2	3
The main objective of the audit was to obtain reasonable assurance that the College has:		No. of Agreed Actions		
1. Duty of Care policies and documented procedures in place which are communicated to all staff	Satisfactory	0	0	1
2. Appointed staff or groups with specific responsibilities to assist the College in meeting its statutory duties related to the care of students	Good	0	0	0
3. A formal risk identification and assessment process	Satisfactory*	0	0	0
4. A Duty of Care training programme for staff which includes induction training and regular refresher training	Requires Improvement	0	1	0
5. Engaged with Prevent partners and collaborated with other Corporate Parents	Good	0	0	0
6. Regular reporting of Duty of Care matters to senior management and the Board of Management	Satisfactory	0	0	1
Overall Level of Assurance	Satisfactory	0	1	2
		System meets control objectives with some weaknesses present.		

* Graded as 'Satisfactory' due to the linked recommendation from Objective 1 requiring guidance for all staff on how to risk assess events, meetings and guest speakers on College campuses.

2019/05 – Duty of Care (continued)

Strengths (continued)

- The College has a clear and robust process for performing risk assessments on potential students with criminal convictions.
- The College has established links with various Prevent partners and other Corporate Parents, which enables it to more effectively carry out its responsibilities in these areas.

Weaknesses

- The College currently has no formal policies and procedures in place for the management of events and guest speaking on College campuses. In addition, no guidance has been issued to direct staff on how to risk assess Prevent risks that could be posed for such events.
- While the College does offer Safeguarding training (which incorporates Prevent training) during staff induction this is not mandatory. No training in Corporate Parenting is currently provided to new staff members. Further, while the Safeguarding and Prevent training is refreshed on a periodic basis, this is not the case for Corporate Parenting training.
- At present, the College's Board of Management does not receive periodic updates on Duty of Care matters and how the work the College performs in this area.

Internal Audit Annual Report 2018/19

2019/06 – Risk Management and Business Continuity Planning

Final Issued – May 2019

Risk Management

The scope of this aspect of the audit was to consider whether there were corporate procedures in place to adequately assess risk and minimise the possibility of unexpected and unplanned situations developing, which are in line with good practice.

Business Continuity

We also undertook a high-level review of business continuity planning to consider whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment, or a major cyber-attack.

The table opposite notes the objectives for this review and records the results.

Strengths

- a Risk Management Policy is in place which is revisited on a rolling three year basis as an integral part of the Quality Management review, which links into How Good is Our College (HGIOC) and considers all policies, procedures and equality impact assessments;
- there is robust discussion at the Audit & Risk Committee around the risks captured on the Strategic Risk Register; the risk scores applied to each risk; and the mitigating actions.;
- the College has adopted a simplified operational planning model for 2018/19 and this incorporated coverage of key risks within major support functions;

Objective	Findings				
The main objective of the audit was to obtain reasonable assurance that:		1	2	3	Actions already in progress
		No. of Agreed Actions			
Risk Management					
1. Key risks have been identified and are being appropriately controlled, mitigated, reported and discussed at appropriate levels of management and the Board of Management.	Satisfactory	0	0	1	✓
2. the processes in place reflect good practice in risk management.	Satisfactory	0	0	2	✓
Business Continuity Planning					
3. Business Continuity Plans (BCPs) are in place covering all of the College's key activities;	Good	0	0	0	✓
4. the BCPs are workable, properly communicated to members of staff, and have been adequately tested.	Satisfactory	0	0	0	✓
5. the processes and procedures in place follow recommended good practice.	Satisfactory	0	0	1	✓
Overall Level of Assurance	Satisfactory	0	0	4	System meets control objectives with some weaknesses present.

2019/06 – Risk Management and Business Continuity Planning (continued)

Strengths (continued)

- an updated Business Continuity Policy was considered and approved by the Audit & Risk Committee in March 2019;
- a second level (operation) Business Continuity Plan has also been developed, which was approved the Executive Leadership Team in March 2019. This cross refers to the Business Continuity Policy and provides further detail on definitions; incident notification and incident management.;
- specific arrangements around data protection breaches are in place and work is ongoing, in conjunction with an external consultant, to complete penetration testing to evaluate cyber vulnerabilities;

Weaknesses

- The Strategic Risk Register is currently presented for discussion at each meeting of the Audit & Risk Committee but is not accompanied by an explanatory covering report which explicitly sets out a) any new or amended risks b) any changes required to the risk scores for existing risks or c) any changes required to mitigating actions;
- the Strategic Risk Register is not currently cross referenced to the College's Regional Outcome Agreement/Corporate Plan.
- responsibility for some of the risks on the Strategic Risk Register are aligned to multiple owners (or to the Executive Leadership Team collectively);
- the last tabletop exercise to test the business continuity arrangements was conducted in 2016;
- further work is required to develop guidance on the development of Disaster Recovery Plans for those business critical elements of the College which do not have disaster recovery plans in place; and
- the Business Continuity Plan has been developed in line with the principles set out in BS 25999 - Business Continuity but these standards have been replaced by ISO 22301 and ISO 22313 which introduce some new duties.

Internal Audit Annual Report 2018/19

2019/07 – Student Engagement / Students' Association

Final Issued – September 2019

The scope of this audit was to review the College's student engagement activities including the link with the Students' Association.

The table opposite notes the objectives for this review and records the results.

Strengths

- The College has a good student engagement framework in place which includes: an established mechanism for gathering general student views and providing responses to those who provide their views; a range of ways for students to provide feedback on their courses and for this to be followed up; a Students' Association which is supported by College staff and provided with a suitable budget; and a Student Partnership Agreement and supporting processes which set out how the College and Students' Association will work together;
- There is a network of Class Reps, including campus lead reps, who receive appropriate training and support and undertake a range of activities throughout the year;
- The Students' Association provides a voice for College students. It has a Student President, three Vice Presidents and student volunteers. Students' Association office bearers receive an induction and training and support is provided by College staff. Furthermore, office space is made available for them to work from and dedicated areas are provided for students to socialise and relax in;
- The College and Students' Association use a wide range of mechanisms to communicate with students, including: the College Virtual Learning Environment (VLE); social media platforms (such as Facebook, Twitter and Instagram); the Students' Association website; emails; and through on campus activities; and
- Student engagement activities are monitored and evaluated using a variety of techniques.

Objective	Findings			
The main objective of the audit was to obtain reasonable assurance that:		1	2	3
		No. of Agreed Actions		
1. A comprehensive and robust Student Engagement Strategy is in place which is reviewed on a regular basis.	Satisfactory	0	0	1
2. Student engagement is monitored and evaluated on a regular basis.	Good	0	0	0
3. There is evidence of student engagement outcomes influencing planning and decision making.	Good	0	0	0
4. Adequate resources are allocated to student engagement activities, including the Students’ Association.	Good	0	0	0
5. Training and support is provided to staff and students where necessary.	Good	0	0	0
6. Students’ Association arrangements reflect the good practice of the SFC / National Union of Students (NUS) framework.	Good			
Overall Level of Assurance	Good	0	0	1
		System meets control objectives		

Internal Audit Annual Report 2018/19

2019/07 – Student Engagement / Students' Association (continued)

Weaknesses

- We noted that there is currently no formal Learner Engagement Strategy in place and that there is scope for developing a Learner Engagement Strategy to ensure that learner engagement initiatives and planned activities are aligned to the College's strategic outcomes and priorities and to those of academic departments, the Students' Association and the Sports Union. This will provide greater clarity about what learner engagement activities the College should focus on and this will help target activity undertaken.

Internal Audit Annual Report 2018/19

2019/09 – Follow-Up Reviews

Final Issued – September 2019

We carried out a follow-up review of recommendations made in Internal Audit reports issued during 2017/18. 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 very good progress in implementing the recommendations followed-up as part of this review, with 13 of the 19 actions being assessed as 'fully implemented'. Of the remaining six recommendations, five were categorised as 'partially implemented' and one was considered by management but was not implemented.

Our findings from each of the follow-up reviews has been summarised below:

From Original Reports			From Follow-Up Work Performed			
Area	Rec'n Grades	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	Considered But Not Implemented
Student Fees and Contracts / Registry	1	-	-	-	-	-
	2	-	-	-	-	-
	3	3	1	1	-	1
Total		3	1	1	-	1
Asset / Fleet Management	1	-	-	-	-	-
	2	3	3	-	-	-
	3	2	2	-	-	-
Total		5	5	-	-	-
Data Protection	1	-	-	-	-	-
	2	-	-	-	-	-
	3	1	-	1	-	-
Total		1	-	1	-	-
Cash and Bank	1	-	-	-	-	-
	2	-	-	-	-	-
	3	6	4	2	-	-
Total		6	4	2	-	-
Follow-Up Reviews	1	-	-	-	-	-
	2	1	1	-	-	-
	3	3	2	1	-	-
Total		4	3	1	-	-
Overall Total 2018/19		19	13	5	-	1

Internal Audit Annual Report 2018/19

2019/08 – Catering (Business Process Review)

Final Issued – September 2019

The scope of this review was to gather information to assist management in its own strategic review of the College catering service.

The objectives of the review, as set out in the original scope contained in Internal Audit Report 2019/02 - Internal Audit Annual Plan 2018/19 were as follows:

- there are opportunities for growing income, considering demand from a range of customers (students, staff, the public); customer experience (service, quality, layout, choice); and pricing, in comparison with similar catering outlets; and
- there are opportunities for reducing costs through efficiencies, considering staffing levels and deployment, procurement and food wastage.

Separate site visits were conducted to see the catering outlets in operation at the Kingsway, Gardyne and Arbroath campuses. This allowed the opportunity to discuss the issues facing each of the outlets in more detail. It also provided the opportunity to explore the challenges/opportunities of enhanced integration between the commercial catering operation and the curriculum areas.

Following the site visits to each of the campuses it was agreed with the Head of Estates and the Head of Catering and Hospitality that the issues highlighted during each of these visits were so site specific that three distinct focus groups would require to be run at the Kingsway, Gardyne and Arbroath campuses. These focus groups were attended by staff from the catering outlets, curriculum staff and also representatives from the Students' Association. The Head of Estates also attended all three focus groups. These focus groups identified a number of strengths in the current operations but also a number of opportunities for improvement for management to consider. These are summarised below:

Strengths

- All of the managers and staff interviewed demonstrated a positive attitude towards future enhanced integration between the catering functions and the curriculum offering;
- A commitment to maintaining a good customer experience was evident for the catering outlets and the curriculum/training outlets; irrespective of whether the customer was a student, a member or staff or a member of the public;
- The budgetary pressures placed on the catering outlets in recent years has resulted in significant cost control measures to improve efficiency and to reduce the overall cost of providing catering services across the College;
- The Students' Association have recognised the impact of food poverty on the student population and (through Learning and Development) have taken positive steps to address this through the provision of free breakfasts on specific days; and
- The catering outlets and training restaurants have explored various mechanisms to raise awareness of the service offering and to increase revenue.

2019/08 – Catering (Business Process Review) (continued)

Opportunities for Improvement

- The current configuration of the catering offering at each campus has created a scenario whereby the commercial catering outlets are competing directly with the curriculum/training outlets at specific times of the day;
- There are opportunities to improve pre-ordering arrangements, improve online ordering and payment facilities and to introduce a fast track queue for hot food to cut waiting times.
- Although there are standard operating procedures in place for ensuring food safety, maintaining hygiene and recording food waste the documentation varies between the catering outlets at Kingsway/Gardyne and Arbroath. There are also separate standard operating procedures in use within the curriculum areas;
- The marketing of both catering outlets and curriculum/training outlets could be improved through the use of social media and increased use of screens in public areas to increase the footfall of students, staff and the public in order to generate additional revenue;
- The outcome of the focus groups highlighted the fact that choice and speed of service were important factors for students and staff in their decision to access inhouse catering facilities or to travel outwith the College to purchase food or drink;
- The removal of advertising for external food suppliers will reduce exposure to promotional material from direct competition;
- There is a need for consistent application of the induction checklist to ensure that the catering facilities are properly showcased to both staff and students;
- There are variations in the pricing structures operated between catering and curriculum outlets. These variations are as result of the different budgetary pressures placed on catering (as a service department) and curriculum areas. There are also historic differences in the prices charged at each of the campuses with the pricing at the Arbroath campus broadly lower than the equivalent pricing at the Gardyne or Kingsway campus. We were advised that this situation arose due to legacy pricing structures adopted from Angus College and Dundee College on merger;
- There have been previous attempts to place students in the commercial kitchens in order to broaden their experience but there are important lessons which can be learned from these previous pilot exercises which can help improve the outcomes for both students and catering outlets going forward;
- As part of the annual budget setting process there is an opportunity for enhanced professional dialogue between catering managers and curriculum managers in order to identify shared opportunities for the delivery of savings and to align shared assumptions;
- There is an opportunity to review staffing structures within the catering function to ensure that the staffing complement is fit for purpose and sufficiently flexible to meet current and future needs;
- The current cleaning arrangements for the kitchens vary considerably between the catering outlets and the curriculum areas;
- The processes in place for ordering, receipting and storing dry and fresh ingredients are not co-ordinated between catering outlets and between curriculum areas, with separate procurement arrangements and processes for the receipting and storing goods in place at each location;
- There are variations in the contractual arrangements for vending machines across each of the campuses which impacts on the staff resource required to restock the machines and the choice available;
- There is an opportunity to introduce a deposit scheme for booking for the training restaurant to discourage the cancellations of booking and reduce the resultant food waste; and
- The development of partnerships with local charitable bodies would deliver community benefit and reduce food waste by directing surplus food of sufficient quality to these organisations rather than being disposed of.

Internal Audit Annual Report 2018/19

2019/09 – Student Activity Data (Credits) 2018/19

Final Issued – October 2019

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.

Our report was submitted to the SFC on 9 October 2019. 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.

Two minor recommendations were made in our report.

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2019/10 – Student Support Funds 2018/19

Final Issued – November 2019

We carried out an audit on the following fund statements for the 2018/19 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 2019 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.

EMA

Our audit testing identified one student where their household income was considerably over the EMA income threshold. However, the student was awarded EMA of £1,050 in academic year 2018/19 when they were not eligible for an award. We established that this had been a keying error but from the audit work conducted we are satisfied that overall the systems and controls for the administration and disbursement of the EMA funds were adequate. We also identified a difference between the total EMA payments made by the College during the year ended 31 July 2019 and the total amount included in the monthly returns and year-end statement. We identified that this variance of £360 related to an underclaim for July 2019 which was noted by the College in the August 2019 return.

HE Discretionary Fund

Our audit testing highlighted that the College does not operate a separate interest bearing bank account for the HE Discretionary Fund.

4. Time Spent – Actual v Budget

	Report number	Planned days	Actual days fee'd	Days to fee at November 2019	Days to spend / WIP	Variance
Reputation						
Equality and diversity	2019/04	3	3	-	-	-
Student Experience						
Duty of Care	2019/05	3	3	-	-	-
Student engagement / Students' Association	2019/07	3	3	-	-	-
Estates and Facilities						
Catering (Business Process Review)	2019/08	5	5	-	-	-
Organisational Issues						
Risk Management / Business Continuity	2019/06	3	3	-	-	-
Information and IT						
Cyber Security	2019/03	2	2	-	-	-
Other Audit Activities						
Credits Audit	2019/09	8	-	8	-	-
Bursary, Childcare and Discretionary Funds Audit	2019/10	6	-	6	-	-
EMA Audit	2019/10	2	-	2	-	-
Management and Planning	2019/02	3	2	1	-	-
Follow-up reviews	2019/08	2	2	-	-	-
ANA	2019/01	2	2	-	-	-
		_____	_____	_____	_____	_____
Total		42	25	17	-	-
		=====	=====	=====	=====	=====

5. Operational Plan for 2019/20

- 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). In March 2019 our contract was extended for a further 12 months until September 2020.
- 5.2 A draft Annual Plan for 2019/20, based on Year 2 of the three year Strategic Plan, was issued in September 2019. Following discussion with management a number of changes were made to the allocation of days and these changes were subsequently considered and approved by the Audit & Risk Committee meeting on 17 September 2019. The revised allocation of audit days is shown below.

	Category	Priority	Planned 19/20 Days
Staffing Issues			
<i>Staff recruitment and retention</i>	Perf	M	4
<i>HR/Payroll</i>	Fin	M	5
Financial Issues			
<i>Procurement and creditors / purchasing</i>	Fin	M	4
<i>National Fraud Initiative (NFI)</i>	Fin	M	2
Information and IT			
<i>IT network arrangements*</i>	Perf	M	4
<i>IT strategy*</i>	Perf	M	1
Other Audit Activities			
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 & Risk Committee)			
Follow-up reviews		Various	2
Total			41
			=====

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

Tuesday 26 November 2019



PAPER M

Minute of Finance & Property Committee – 10 September 2019

BOARD OF MANAGEMENT

Finance and Property Committee Tuesday 10 September 2019



Minute of the Finance and Property Committee meeting held on Tuesday 10 September 2019 at 5.00 pm in Y150, Gardyne Campus.

PRESENT:

S Mill (Chair)	A McCusker
G Bisset	G Ritchie
B Carmichael	D Mackenzie
D Fordyce	

IN ATTENDANCE:

J Carnegie (Vice Principal)	S Hewitt (Vice Principal)
S Taylor (Vice Principal and Secretary to the Board)	
W Grace (Head of Estates)	A Ross (Head of ICT)
M Sanderson (Executive Secretary)	

1. WELCOME

S Mill welcomed members to the meeting along with Donald Mackenzie, new Board of Management member to his first Finance and Property Committee meeting.

2. APOLOGIES

Apologies were received from N Lowden.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. ESRC RESEARCH PROJECT – INFORMED CONSENT

S Mill noted that this was for information.

5. MINUTES OF FINANCE AND PROPERTY COMMITTEE MEETING 21 May 2019

The Minute of the Finance and Property Committee meeting held on 21 May 2019 was approved as an accurate record with a slight change to Item 7 with the figures should be shown as £2,146K.

6. MATTERS ARISING

6.1 End of Year Cash Holding

J Carnegie noted that there was £2.1 million cash held at the end of July and that the College, following repayment of part of the Gardyne loan and bringing forward some expenditures.

6.2 WiFi Upgrade

J Carnegie noted that arrangements had been confirmed and implemented for the purchase of improved WiFi systems.

A Ross summarised work completed in phase 1 and plans to implement phase 2. A McCusker asked if the College investment in WiFi at Kingsway campus could be lost given there are redevelopment plans for the campus in place. A Ross noted that this was not the case and stated that Kingsway was a priority for WiFi upgrade due to current poor coverage and student complaints.

6.3 D&A Strategy for Foundation

G Ritchie summarised the approach that the College wished to develop in working with the D&A Foundation, but highlighted that the foundation was wholly independent from the College. It was noted that this included ensuring that Trustees were fully briefed on College plans and aspirations, and a desire for the College to focus any future bids on major capital developments.

G Ritchie stated that the Foundation Trustees were keen to look at supporting students via scholarships or other support and summarised ideas being developed to take this forward.

G Ritchie noted that the College plan to run engagement opportunities with the Trust and to hold a possible strategy day in January, especially with the close of Good to Great project. G Ritchie highlighted the College were looking at inviting members of the Trust to events such as the Graduation ceremony.

J Carnegie summarised recent discussions with the Foundation's legal advisors and their desire to consider bigger projects.

G Ritchie would provide a further update at the next meeting.

7. BUDGET MONITORING REPORT AND UPDATE

S Mill introduced the budget monitoring paper, highlighting that the forecast had improved to a £2,471K cash backed surplus. This represents a net increase of £325K since the last report to the Committee.

J Carnegie noted that the cash backed position was an early indication and that this would be kept under review. This was discussed and it was agreed that further plans and options to utilise cash in-year (including further loan repayment) if required would be developed for January 2020. **J Carnegie to progress.**

A McCusker asked if SFC could seek money back given the level of surplus arising. J Carnegie explained this was very unlikely, and noted that other colleges were in a similar position.

J Carnegie summarised the main changes in income and expenditure arising since the last meeting as detailed in the report, and noted that these were mainly positive.

J Carnegie noted that a re-budgeting exercise would be undertaken for November 2019, and highlighted what were expected to be the key movement in income and expenditures influencing the revised budget.

Possible impacts on the budget for 2019/20 were noted, including a reduction in HE recruitment.

The report and positive movement was welcomed.

8. GOOD TO GREAT MONITORING SCHEDULE

S Mill summarised the Good to Great schedule brought to the Finance and Property Committee. J Carnegie noted that the quarter 8 claim will be made soon, with this lower compared to other quarter claims.

Expenditures in respect of Good to Great were discussed and it was noted that overall all expenditures were committed or planned through to December 2019, with a small contingency remaining.

9. FINANCIAL FORECAST RETURN

S Mill noted to the Finance and Property Committee that the Financial Forecast Return (FFR) is due to be submitted by Friday 27 September 2019. J Carnegie noted this would be a challenging timescale as the auditors will be on site at the same time as the FFR is due.

J Carnegie noted that herself and B Ferguson had met with the Scottish Funding Council to discuss the College's FFR and had had very positive discussions. J Carnegie stated that SFC were keen that all colleges had plans in place for their FFR.

J Carnegie noted that the flat lining of the teaching grant followed by a cut in 2022 would be a major part in the FFR planning and exercise and noted that it was important that the Board were aware of this and were aware of potential steps needed should this situation arise.

Arrangements and approaches to the development of the FFR were discussed, alongside the implications of the possible reduction of c 3,500 credits and the College's ability to react to this.

A McCusker asked if the 3% in efficiency savings is built into the budget. J Carnegie confirmed this would be included in the budget.

The FFR paper was welcomed and discussions held would inform the final detail of the FFR for approval at the Full Board on 24th September. **J Carnegie to progress.**

10. PROCUREMENT UPDATE

S Mill noted that the Finance and Property Committee were asked to consider the report and the range of contracts covered that required approval by the Committee. These were all those in excess of £50,000 that required to be progressed over the forthcoming year.

J Carnegie noted that she had provided a more detailed report to the Committee, compared to previous reports and the report highlighted the range of contracts expected to be procured. J Carnegie also highlighted that a further Procurement and Commercial Improvement Programme (PCIP) audit was planned for 2019/20.

S Mill highlighted that there were 38 proposed procurements in the paper. Thirty two were to be undertaken through national contracts, frameworks, etc., two were open tender, two were direct award and two had yet to be determined. With regard to the two contracts still to be determined (graduation services / personal protection equipment) it was agreed that further detail on these be provided to the Committee as tender exercises progressed. **J Carnegie to progress.**

S Mill asked if the information outlined in respect of the student transportation contract was an extension under the terms of the current contract. J Carnegie noted that she would check this and confirm within the minute (see below).

A McCusker noted that the report contained good information and detail and praised the presentation of the report.

S Mill confirmed that the Finance and Property Committee were happy to approve the report and progression of the procurement exercises.

11. ESTATES DEVELOPMENT UPDATE

S Mill introduced the paper summarising plans for the development of the Kingsway estate.

J Carnegie summarised the papers and noted the anticipated position that the proposed STEM Centre would be eligible for funding through the new Scottish Government Mutual Investment Model. It was noted that the Scottish Government had confirmed the funding model and SFC have highlighted this as the likely way to invest in public infrastructure developments going forward.

The arrangements underpinning the MIM model were discussed.

J Carnegie summarised the proposed approach, with a bid for funding to be made for a new STEM centre combined with renovation of the Kingsway tower through use of other funds.

The possible links between the STEM development and the proposed development of the Michelin site were discussed and G Ritchie noted that the SFC could be potential co – funders in the Michelin site project from separate funds.

B Grace noted that backlog funding might be available from SFC to support refurbishment of the infrastructure in the tower building at Kingsway Campus.

J Carnegie noted that the College was seeking approval from the Committee to spend up to £100K on plans and designs for the Kingsway Tower building refurbishment. These plans, and a business case, would be brought to the Committee and the full Board of Management meeting in March 2020 for final consideration and approval.

S Mill noted that he was keen to understand the detail of the MIM funding model proposed for the STEM centre in order that there was clarity on the financial / contractual commitments the college was entering into well before any formal commitment was necessary. This was discussed and it was agreed that further information on the model and the likely lease and financing arrangements around this would be sought. **J Carnegie to progress.**

The curricular needs and requirements underpinning the proposals were discussed and S Hewitt confirmed that the curriculum was at the heart of developments and ensuring future developments were digitally and industry ready.

The risks associated with only being able to fund part of the planned development was discussed, and it was noted that other funding sources would be sought where possible relative to the planned work phases.

The Committee agreed the proposed approach and timeline and confirmed approval for up to £100K expenditure on designs. **B Grace to progress.**

12. ESTATES UPDATE

B Grace summarised the paper and noted a cause for concern around the cladding in the CALC building at Arbroath Campus. It was noted that the problem was on a bigger scale than had originally been thought. B Grace noted the cost was estimated to be around 380K as a maximum.

B Grace noted that this was essential maintenance work and proposed to the Committee that the College go ahead with this on the basis that other planned works be pushed back into future years.

D Fordyce and G Bisset asked if there would be any comeback from the company who carried out the initial building work. B Grace noted that the companies involved were no longer in business however he would investigate and progress with a claim if possible. This would be reviewed and reported back to the next meeting. **B Grace to progress.**

It was agreed that the remedial work be undertaken. **B Grace to progress.**

B Grace highlighted the work carried out to promote the Reverse Vending scheme at each campus. B Grace noted the Students Association currently have two interns from Dundee University in the team, who are creating videos about the scheme and promoting to students.

B Grace noted the team have been shortlisted for two Green Gown awards, and also shortlisted for two awards at the upcoming CDN awards.

13. STRATEGIC RISK REGISTER & RISK DELEGATION TO COMMITTEES

S Mill summarised the proposal that the Committee accept responsibility for designated strategic risks and noted that he was comfortable with these but did have a question around 4.2 in the Risk Register and the split ICT of risks between the Finance and Property Committee and Audit and Risk Committee. This has been highlighted to the Audit and Risk Chair and would be raised with the Audit and Risk Committee for consideration. **S Taylor to progress.**

S Mill stated that in accepting the changes members should note that there would be discussions around the Risk Register at each Committee.

Options discussed at the Learning, Teaching and Quality Committee were noted and it was advised that these would go forward to the full Board for consideration.

J Carnegie noted that each Board paper could link to the relevant risk. This was welcomed and would also go forward to the full Board.

The Committee approved the Risk Register paper.

14. VP CORPORATE SERVICES REPORT

J Carnegie summarised the report for noting and highlighted the huge amount of work that the Administration Teams have carried out over the summer, and resulting improvements in service for students at the start of session.

J Carnegie noted the plan to review the financial regulations, noting her wish to look at increasing the various delegated thresholds to align with the roles/responsibilities and the size and complexity of the College.

J Carnegie also summarised actions from the handover to her and confirmed that the Committee were happy with the changes proposed.

15. DATE OF NEXT MEETING

Tuesday 26 November at 5.15pm, room Y150, Gardyne Campus. Joint meeting with Audit and Risk Committee.

Action Point Summary

Action	Responsibility	Date
Arrangements to manage in-year cash (including potential further loan repayment) to be developed	J Carnegie	21 January 2020
Final draft FFR paper to be presented for Board approval	J Carnegie	24 September 2019
Details arising through new procurement of graduation services and PPE contracts to be shared with Committee	J Carnegie	As outcomes arise
Information on MIM financing and related arrangements to be sought	J Carnegie	21 January 2020
Kingsway Tower design work to be progressed	B Grace	10 March 2020
Remedial cladding work to be progressed (with insurance claim as appropriate)	B Grace	26 November 2019
Ownership of risk 4.2 to be discussed with Audit & Risk Committee	S Taylor	17 September 2019

Update

The Committee sought clarification on the “contract period” that was reported in the Procurement update. The contract awarded was for an initial 3 years with an option to extend for a further 2 years, which would end in August 2022, assuming that the contract is performing well and there are no issues that would prevent us from extending.

Contract name	Student Transport
Incumbent Supplier	Stagecoach / Xplore Dundee
Annual Value (2018/19)	£400K
Estimated Contract Value	£800K
Owner	Dundee & Angus College
Original Start Date	07/08/2017
Route to Market	Direct award with publication of VEAT notice
Contract Start Date	07/08/2020
Contract Period	24 month extension within existing contract
Rationale	Extension of existing contract.
Risks	None identified.

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

Tuesday 26 November 2019



PAPER N

Minute of Finance & Property Committee – 10 September 2019

Matters Arising

BOARD OF MANAGEMENT

Finance & Property Committee Tuesday 26 November 2019



Matters Arising

Paper for information

The following actions were noted from the Tuesday 10 September 2019 Finance & Property Committee Meeting.

Agenda Item No	Action	Current status	Open / Closed
7.0	Budget Monitoring Report and Update Arrangements to manage in-year cash (including potential further loan repayment) to be developed - J Carnegie (January 2020)	This will be explored in early 2020	Open
9.0	Financial Forecast Return Final draft FFR paper to be presented for Board approval - J Carnegie	The FFR was presented to the Board for discussion and approval in September 2019	Closed
10.0	Procurement Update Details arising through new procurement of graduation services and PPE contracts to be shared with Committee - J Carnegie	Each Finance & Property Committee receives updates on recently awarded the contracts. <ul style="list-style-type: none">• Graduation Services is due to be contracted by September 2020• PPE is due to be contracted by May 2020	Open
11.0	Estates Development Update Information on MIM financing and related arrangements to be sought - J Carnegie (January 2020)	This will be explored in early 2020	Open
	Kingsway Tower design work to be progressed - B Grace (March 2020)	Design consultants have been commissioned and their design work has commenced.	Open
12.0	Estates Update Remedial cladding work to be progressed (with insurance claim as appropriate) – B Grace Investigate possible potential insurance claim in relation to Cladding at the CALC Building – B Grace	The CALC building was built in 2004 by Dickie Construction. That same year Dickie Construction were purchased by ROK Construction, who collapsed in 2010. The issues around the CALC would be classed as a latent defect - https://www.designingbuildings.co.uk/wiki/Latent_defects	Closed

Agenda Item No	Action	Current status	Open / Closed
		<p>Following a review we are satisfied that we have no way of recouping our losses as we have expired all of the timelines associated with latent defects. This is further compounded by the fact the Construction companies – Dickies and ROK are no longer operating. Our insurers Zurich advised they felt that the timeline was too long to expect to be successful with any claim.</p> <p>There is a latent defects insurance policy that could have been purchased at the time of construction, but even if it was (unlikely because of the excessive cost), a claim would have to have been made within an 8-12 year period from completion of the project.</p>	
13.0	<p>Strategic Risk Register & Risk Delegation to Committees</p> <p>Ownership of risk 4.2 (failure to achieve ambitions of ICT strategy) to be discussed with Audit & Risk Committee - S Taylor (September 2019)</p>	<p>Discussed at A&R Meeting and risk assigned to F&P, but all risks are considered by A&R at each meeting.</p>	Closed

Author & Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

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

Tuesday 26 November 2019



PAPER O

Budget Monitoring –

2019/20 Management Accounts / Revised Budget



Management Accounts

Actual for the period to Month 3, October 2019
and
Revised Budget for the year to 31 July 2020

Registered Charity No: SC021188

Income and Expenditure Report

	2018/19	Month 3, October 2019			Full Year 2019/20		
	Actual	Budget	Actual	Variance	Budget	Revised Budget	Variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
SFC Credit income	26,768	6,778	6,778	-	27,112	27,112	-
SFC ESF Credits	1,250	290	290	-	1,162	1,158	(4)
Other SFC grants	2,351	632	913	281	2,669	3,541	872
SFC Total	30,369	7,700	7,981	281	30,943	31,811	868
Tuition Fees	3,658	2,150	2,605	455	3,791	3,749	(42)
Non-Core income	3,199	526	558	32	2,795	3,295	500
Catering & other income	1,707	435	389	(46)	1,604	1,615	11
Foundation donations	454	77	82	5	91	248	157
Total Income	39,387	10,888	11,615	727	39,224	40,718	1,494
Teaching Pay - established	12,596	3,459	3,475	(16)	14,058	14,661	(603)
Teaching Pay - variable	2,833	592	632	(40)	3,015	2,873	142
Invoiced Staff Costs	221	31	65	(34)	217	249	(32)
Teaching Support Pay	1,971	514	517	(3)	2,086	2,125	(39)
Support pay	9,962	2,514	2,560	(46)	10,132	10,644	(512)
Apprenticeship Levy	90	24	24	-	100	100	-
VS Scheme	219	-	32	(32)	-	135	(135)
Unfunded pension payments	398	101	101	-	404	404	-
Total Pay Costs	28,290	7,235	7,406	(171)	30,012	31,191	(1,179)
Staff related costs	476	158	68	90	485	477	8
Consumables & Equipment	1,450	411	444	(33)	1,392	1,483	(91)
Exam fees	818	114	113	1	835	851	(16)
Student related costs	356	41	73	(32)	345	388	(43)
Property cost	2,574	657	708	(51)	2,739	2,898	(159)
ICT & Telephony	1,372	281	262	19	1,085	1,045	40
Insurance	111	30	29	1	119	117	2
Marketing	62	16	10	6	65	65	-
Professional fees	134	62	21	41	179	255	(76)
General Overheads	319	92	99	(7)	320	325	(5)
Interest & Charges	184	39	58	(19)	173	155	18
VAT	799	211	243	(32)	838	864	(26)
Total non-pay costs	8,655	2,112	2,128	(16)	8,575	8,923	(348)
Cash-backed surplus/(deficit)	2,442	1,541	2,081	540	637	604	(33)
Add: subsidiary profit/(loss)	4	-	(2)	(2)	-	-	-
Consolidated Cash-backed surplus/(deficit)	2,446	1,541	2,079	538	637	604	(33)

Memo - SFC Student Support funds

Core allocation, inc. in-year distribution	8,258
ESF allocation	
Total income	8,258
Expenditure	(7,955)
Excess/(shortfall)	303

8,957	8,957	-
-	-	-
8,957	8,957	-
(8,657)	(8,957)	(300)
300	-	(300)

Cash Flow Forecast

	2018/19	2019/20		
	Actual	Actual, M3	Budget	Revision
	£000's	£000's	£000's	£000's
Cash backed surplus/(deficit)	2,446	2,079	637	604
Loan repayment	(1,571)	(486)	(571)	(486)
Capital Expenditure	-	-	-	(92)
Capital funding	-	-	-	92
Working capital movements	103	(1,677)	-	(600)
Net Movement in cash balances	978	(84)	66	(482)
Opening cash balances	1,172	2,150	2,147	2,150
Closing cash balances	2,150	2,066	2,213	1,668

Dundee and Angus College
Revised Budget for the year to 31 July 2020
Risk Assessment of key volatile areas

Income/Expenditure Category	Revised Budget £000's	Possible Cash Deviations		Adverse Risk Assessment			Comments and mitigation
		Favourable £000's	Adverse £000's	Likelihood	Impact	Overall	
SFC Credit income	27,112	-	-	Low	Low	Low	Continued management of in-year credit forecasts should neutralise significant risk. Current projections provide reassurance.
SFC ESF Credits	1,158	-	99	High	Low	Low	SFC are seeking recovery of expenditure claimed in 2015/16 deemed ineligible. College contests that adequate evidence exists to support legitimacy.
Other SFC grants	3,541	100	400	Low	Mid	Mid	Adverse risk principally reflects continuation of full funding of additional STSS pension costs beyond March 2020. Others partially or fully off-set by expenditure.
Tuition Fees	3,749	100	200	Mid	Low	Low	1st December is critical qualifying date for SAAS payment of full-time HN and focus upon retention remains paramount. Achievement of budget is also dependant upon growth in non-SFC income carrying greater uncertainty.
Non-Core income	3,295	200	300	Low	Mid	Low	Swings each way possible across an extensive range of disparate income streams of substantial values. Adverse risk presents particularly from output related payments for modern and foundation apprentice programmes.
Catering & other income	1,615	100	100	Low	Low	Low	Most sources of income are established and stable.
Total Pay (excludes Voluntary Severance & unfunded pensions)	30,652	100	200	Mid	Mid	Mid	Established pay now stabilised although transfer to permanency has introduced greater risk to matching/managing staffing in line with changes in the curriculum delivery. Achievement of revised PTV budget relies upon careful monitoring and increases should be off-set by increased income from enhanced January portfolio or further growth in other non-core income streams.
Voluntary Severance Scheme	135	-	-	Low	Low	Low	No further departures are anticipated.
Property costs	2,898	100	200	Low	Low	Low	Timing of works cannot be precise but is matched by funding. Risks continue to reactive activity and utility prices. Potentially the College could be liable for dilapidation costs of recently vacated leased premises.
Student Support Funds subsidy	-	-	-	Low	Low	Low	Adverse risk is notional. Subsidy unlikely following higher initial allocation and potential from in-year distribution.

Finance & Property Committee

Tuesday 26 November 2019



Management Accounts and Revised Budget

Paper for discussion and approval

1. Introduction

This report brings to the Committee's attention the management accounts for Month 3 (August – October 2019) and the proposed revised budget for 2019/20.

2. Recommendation

Members are asked to note the Month 3 position and approve the revised budget.

3. Context

The Board approved the 2019/20 Budget in June 2019, which projected a cash-backed surplus of £637K.

As members will recall, the budget was prepared within the context of some key components being very uncertain. For example;

- National bargaining negotiations were ongoing.
- Funding for the increased teachers' pension contributions was not assured.
- The academic restructure was progressing and the final cost of pay conservation was not definitive as recruitment and final appointment were still in progress.
- We made assumptions around Flexible Workforce Development Funds, the Child Poverty Funds and other significant income streams such as the Modern and Foundation Apprenticeships, CITB and SDS contracts.
- Until the point at which the new academic year commences there is always uncertainty around student recruitment, particularly where there is an increasing trend towards school pupils continuing into S6 and where there are reducing entry requirements into University programmes.

Members will also be aware that the first few months of the 2019/20 academic session were anticipated to be demanding on our new promoted academic managers and the support managers in terms of:

- induction and knowledge development of the new promoted academic postholders
- student recruitment and retention within these newly reorganised academic teams
- the preparation of the statutory year end accounts alongside this revised budget exercise

Taking everything into account it is a reassuring that, despite the challenges and relative unknowns, the revised budget is forecast to deliver a cash-backed surplus of £604K.

4. Summary of results

The results of the first three months of the year are presented together with a revised budget for the year to 31 July 2020.

The revised cash-backed surplus is £604K. As indicated above there are both positive and negative fluctuations with net explicable increases in pay costs off-set by the anticipated increases in funding from Scottish Funding Council (SFC).

The main movements within income and expenditure are identified below:

	£000's
Original cash backed surplus	637
SFC teachers' pension funding	380
Reducing Child Poverty academic year shortfall	(38)
Reduction in HE Tuition fees	(162)
Modern & Foundation apprentices	188
Public sector contracts	161
Additional costs of Academic pay award	(92)
Final stage of Academic pay harmonisation (PTV)	(70)
Finalised academic conservation costs	(50)
Head of Sector contact hours removed	(55)
Sector Development Leads net increase	(21)
Transfer to permanency variable teaching conversions	(72)
Other academic pay costs	(91)
Voluntary Severance savings not realised	(156)
Net cost of current year Voluntary Severance	(73)
Student Support	(99)
Savings from accelerated spend last year	264
Professional Fees of Kingsway OBC	(100)
Other miscellaneous net movements	53
Revised cash backed surplus	604

5. Income

Income is increased by £1.5m in the revised budget.

Other SFC grants have risen by almost £900K. The most significant contributory factor is the current assumption of 100% funding for increased teachers' pension costs implemented in September.

The balance of additional SFC grant income comes from Capital & Maintenance grant deferred from last year and other sources chiefly matched by expenditure. The increased income also reflects increased allocation from Flexible Workforce Development Fund for 2019/20 and adopts a prudent position on activity delivered within the year in view of the carry forward from last year.

Reducing Child Poverty funding is introduced at £116K, down from £185K recognised in 2018/19, representing the residual value of the College's revised fiscal year

allocation in addition to a proportion of anticipated funding receivable for the remaining period to July 2020.

Tuition Fees are reduced by a net £42K. As projected in September full-time and part-time Higher Education saw a drop in recruitment. Additional associate student numbers, including a new arrangement with Robert Gordon University, has reduced the impact of this reduction.

An increased target has been established for the commercial fees generated by the Service Design Academy, reflecting the additional consultant capacity created since the budget was first established.

Positive variances in non-core income resulted from a significant increase in CITB income of £171K, following agreement of a new contract with the sector. Public sector income of £161K has also been proposed with Skills for Work contracts awarded by Skills Development Scotland within the Hospitality and Construction curriculum teams.

The increases in donations receivable from the Dundee and Angus Foundation represent the balance still available to be claimed from the 'Good to Great' transformation project, to be fully matched by cost in the current year.

6. Pay Costs

Total pay costs have risen by almost £1.2m. An element of this is directly funded by new income streams although a reasonable element of this relates to net additional cost.

There are known movements from assumptions where estimates had been required, most notably in respect of academic pay award and related conditions where the final negotiated settlement resulted in a greater ongoing cost being borne from 2019/20 onwards.

The academic pay budget is traditionally presented as established (permanent) and part time variable (temporary). Due to the uncertainty around the outcome of the appointments to the promoted academic restructure, costs associated with any conservation and transfer to permanency arrangements it is more helpful to consider the academic salaries as a whole.

The actual cost of teaching pay is higher than originally forecast due to a variety of reasons and including additional conservation and marginal cost of external appointments understandably not originally included in the budget assumptions. Recognition of national pay bargaining permanency arrangements has also added cost and managing the variable resource is more challenging. Variable teaching hours at this stage are higher than predicted after allowing for the shift towards established and is being actively managed to ensure that the efficiency of this resource is maximised.

Voluntary severance savings assumptions made last year have not been realised due to lower than anticipated requests. The savings from the small number of approved Voluntary Severances this year will be achieved in 2020/21.

Student guidance costs have also risen as resource has been enhanced to meet demand. Partial funding is recognised in the current year but net cost to the College adds to support pay in this budget revision.

As indicated above, staffing capacity within the Service Design Academy has increased and is matched by increased commercial income.

7. Non Pay Costs

Costs associated with delivering the Good to Great project alongside delivery of other SFC funded projects has increased non-pay costs by £348K.

On account of carrying forward SFC backlog maintenance monies into this financial year, property costs have increased by a net £159K. This has been partially offset by spend accelerated last year on specific items, along with Staff Organisational Development and ICT equipment and infrastructure.

As approved by the Finance & Property Committee in September provision of £100K has been made for Kingsway Tower Redevelopment Outline Business Case, which is shown under Professional fees. As previously advised it is hoped that a bid to the Foundation will be successful and this investment in the capital redevelopment costs will be recovered.

Members will recall that planned expenditure from 2019/20 was brought forward to 2018/19. As a consequence of this decision the revised budget benefits by reductions in expenditure of £264K spread across Staff costs, Property and, in particular, ICT.

8. Student Support Funding

The College is presently finalising its bid to SFC for additional funds as part of the annual in-year distribution exercise. Together with this year's enhanced initial allocation, the College is confident that there should be no funding deficit.

9. Cash Flow Forecast

It remains challenging to predict movement in working capital debtors and creditors, however a net negative movement is predicted for SFC funding drawn down in advance and deferred from last year. Cash balance at the end of the year is predicted to remain healthy at £1.7m.

10. Conclusion

The revised budget presents a positive and realistic cash-backed surplus of £604K for 2019/20.

The cash-backed surplus of £604K includes the £100K investment in the capital redevelopment of the Kingsway Tower, which will form part of an overall funding package bid to the Dundee and Angus Foundation.

As the new academic structure, and other changes continue to embed, maximising the benefits from the Good to Great transformation project alongside the planned

curriculum initiatives there will be further opportunities to enhance efficiencies and take advantage of new markets and funding streams which will influence the 2020/21 budget and beyond.

Authors: Brian Ferguson, Head of Finance
Rhonda Bissett, Senior Management Accountant
Academic & Support Managers
Senior Leadership Team

Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

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

Tuesday 26 November 2019



PAPER P

Budget Monitoring –

Good to Great Monitoring Schedule

Finance and Property Committee

Tuesday 26 September 2019



Good to Great Monitoring Schedule

Paper for noting

1. Introduction

This report includes information on the Quarter 9 claim that will be made to the Dundee and Angus Foundation against the Good to Great Project.

2. Recommendations

Members are asked to note the claim.

3. Drawdown

The Quarter 9 claim of £82K has been prepared, as per the attached monitoring schedule. The next Trustee meeting is taking place on 6 December 2019.

4. Forecast

The Good to Great project is due to complete at the end of the calendar year. As previously intimated the full balance of the remaining funding available will be spent in accordance with the agreed themes, with £166K of the balance remaining being committed and £2K being ring-fenced for the formal evaluation.

Author: Atif Ashraf, Project Accountant

Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

Project	Original Budget	Quarters 1-8 Claimed	Quarter 9 Claim	Balance
Funding Focus	1	1		
Help Points	100	75	37	-12
Learn 2 Learn (Prepare Me)	12	13		-1
Schools Engagement	37	22		15
Recruitment	150	111	37	2
Escape Room	9	11	3	-5
Wellbeing	62	38	4	20
Government Retention Project	50	44	4	2
Retention	121	93	11	17
Digital Community	40	40		
Digital Curriculum	40	27	1	12
Digital Environment	75	16	1	58
Data project	15			15
Digital	170	83	2	85
Gateway programmes	10	4	2	4
IIIR Curriculum Portfolio Review	67	61	3	3
Curriculum Resources	40	56	20	-36
Career Coach	37	37		
CommuniTAY STEM bus	25	2		23
Learning & Teaching	179	160	25	-6
Customer Charter	15			15
College Website	65	69		-4
SA/SU Website	1	1		
Customer Experience	81	70	0	11
Service Design Training	30	22		8
Support review	25			25
Project Manager	67	56	7	4
Project Administration and material	22			22
General	144	78	7	59
Total	845	595	82	168

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

Tuesday 26 November 2019



PAPER Q

Estates Update

Finance & Property Committee

Tuesday 26 November 2019



Estates Update

Paper for information

1. Introduction

This paper provides an update on estates related activity since the last report to the committee.

2. Recommendation

Members are asked to note the report.

3. Capital Backlog Maintenance Projects

We continue to tackle the backlog maintenance across our three campuses and we are on target to spend our allocated budget before the end of March 2020. We have a few projects still to be started, but to date we have committed approx. £900k of our £1.109m budget. The Summary below identifies the main projects that have been tackled – with some projects being reprioritised/deferred following more detailed condition inspections.

High Priority Capital Backlog Maintenance Projects 2019/20 (£000s)

Project	Campus	Indicative Cost	Revised Budget	Month 3 Actual
External Cladding – CALC Building	Arbroath	125	497	-
External Stonework Repairs – Isla Building	Arbroath	50	-	-
External Stonework Repairs – Esk Building	Arbroath	50	-	-
Upgrade Mechanical Infrastructure – Clova Building	Arbroath	120	53	27
Upgrade Electrical Infrastructure – Clova Building	Arbroath	120	79	53
Internal Fabric – Decoration and Flooring – All buildings	Arbroath	50	15	15
External Paving and Road Repairs	Gardyne	30	-	-
Internal Fabric – Decoration and Flooring – All buildings	Gardyne	50	109	109
External Tarmac Repairs	Kingsway	80	96	96

Project	Campus	Indicative Cost	Revised Budget	Month 3 Actual
Upgrade Passenger Lifts – Tower Block	Kingsway	125	-	-
Upgrade Electrical Infrastructure – Tower Block	Kingsway	75	76	7
Upgrade Mechanical Infrastructure – Tower Block	Kingsway	75	78	26
Internal Fabric – Decoration and Flooring – All buildings	Kingsway	50	18	18
Upgrade mechanical infrastructure	Gardyne		35	35
Walkway Stairs	Kingsway		21	
Various small scale backlog maintenance projects	All	109	32	18
TOTAL		1,109	1,109	404

There are a couple of significant projects that have started or about to start that are worthy of highlighting -

Kingsway

The concrete stairway leading up to the main entrance to the tower will shortly be replaced. The existing stairway is in a poor condition and has been surveyed by our appointed Structural Engineer who has recommended replacement.

Arbroath - Replacement Cladding on the CALC Building

Work has begun on addressing the significant frailties of the existing cladding on the CALC building.

As previously reported, there have been significant problems with the integrity of the cladding on the CALC building since it was built in 2004. The main focus of the project will involve the removal of all cladding panels and the installation/replacement of all insulation, seals, fire barriers, along with other elements that have been found to be missing from the original installation.

4. Kingsway Tower Project Update

Following the approval from the Finance & Property Committee to allocate £100K to progressing the Kingsway Tower redevelopment to full design stage the College have appointed Robertson Construction.

The estates project team are working very closely with Robertson and the immediate priority is to appoint a design team – Architect, Mechanical and Electrical Consultant and Structural Engineer. Following appointment of the design team a consultation process

will begin with students, staff, employers from industry along other stakeholders to develop the Kingsway Tower vision.

5. STEM Centre Outline Business Case

The College are awaiting confirmation from SFC for funding to engage BDP Architects to assist with the Outline Business Case for the creation of a new STEM Centre at Kingsway.

BDP Architects previously assisted the College with the creation of their Outline Business Case for a new campus build on Kingsway back in 2016. This was ultimately put on hold due to a lack of appropriate funding.

The Scottish Government have recently introduced a new funding model – Mutual Investment Model – first introduced by the Welsh Government. The Mutual Investment Model is an innovative way to invest in public infrastructure. MIM has been designed to finance major capital projects due to a scarcity of capital funding and will support additional investment in social and economic infrastructure projects and help to improve public services in Scotland.

Mutual Investment Model schemes will see private partners build and maintain public assets. In return, the Scottish Government will pay a fee to the private partner, which will cover the cost of construction, maintenance and financing the project.

Mutual Investment Model can only be used to fund new builds and is only for projects in excess of £25m.

On this basis, the College has been invited by SFC to submit an Outline Business Case for a new STEM Centre at Kingsway.

The Outline Business Case is required by the SFC by the end of February 2020 for consideration, and the sector list of priorities will be sent to the Scottish Government in June 2020 and in turn will hopefully be considered as part of the Government spending review in early Autumn 2020.

Timelines for the Outline Business Case are tight, but we are in the very fortunate position of being able to revisit our previous Outline Business Case, which included the creation of a STEM Centre. We have already had an early meeting with BDP Architects and they have already developed an Outline Business Case Project Plan.

6. Sustainability Award Success

The College was successful recently when winning the Carbon Neutral category at the Herald Pioneer Awards held at the Crowne Plaza Hotel in Glasgow.

The College are also shortlisted for the sustainability category at the upcoming College Development Network Awards and also in 2 categories at the prestigious Green Gown

Awards which take place on the same night as the Finance and Property Committee meeting, so apologies for not being there!

7. Link to Strategic Risk Register

Progressing these Estates projects and initiatives will support the mitigation of a range of risks identified within the Strategic Risk Register namely;

- 3.1 – failure to reach aspirational standards in learning, teaching and service delivery
- 3.2 – failure to achieve/maintain compliance arrangements
- 3.3 – serious accident, incident or civil/criminal breach, legal action

Author: Billy Grace, Head of Estates

Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

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

Tuesday 26 November 2019



PAPER R

200/21 Fees Policy

BOARD OF MANAGEMENT

Finance and Property Committee Tuesday 26 November 2019



Fees 2019/20

Paper for discussion/agreement

1. Introduction

This paper outlines the rationale for the recommended programme fees for academic year 2020/21. The Appendix shows the proposed fee levels for 2020/21.

2. Recommendation

It is recommended that the Finance & Property Committee approve the fee changes for 2020/21.

3. EU and Rest Of UK Fees

Full time fees

These fees are set nationally.

The proposed revised fee budget for 2019/20 for full-time (including associate and collaborative programmes) is £2,800K.

Part Time fees

Aligned with the curriculum review and enhanced part-time portfolio for session 2020/21, it is recommended that the prices for Higher National, Higher and a single credit increase by c5% in line with the Financial Forecast Return.

It is recommended that we offer a scalable pricing structure for our Professional Development Award (PDA) provision based on the type of delivery for each PDA. This also provides the opportunity for pricing to be more in line with our competitors and offers the facility for learners to seek 3rd party financial support for some of these programmes.

The proposed budget for 2019/20 for all part time fees, including SFC credit generated and non-credit generated fees, including commercial fees is £1,018K.

4. Commercial Programme

It is recommended that no specific blanket increase be made for session 2020/21 to the commercial rates until the programmes and markets are reviewed as part of the remit of the Commercial Forum.

The recently appointed Sector Development Leads alongside the Heads of Sector and Heads of Curriculum and Quality are reviewing the portfolio opportunities for non-credit

funded delivery and as part of this, there will be consideration of the factors that influence any pricing strategy:

- level of competition
- perceived value of the product
- product development cost
- economic trend
- level of market demand
- demographics
- Socio-economics of targeted customers

5. International Fees

Most of our international students select Dundee and Angus College because of the provision we offer and whom are already living in the region, therefore not requiring a Tier 4 visa. Learner feedback suggests the cost of the programme is not critical in their decision to study with us therefore it is recommended to increase the fee by £500 to £7,500, which remains as a lower rate than our local competitors.

The proposed revised budget for 2019/20 is £120K.

6. Review

As well as the review of the curriculum and the commercial forum, a short-life working group is conducting an analysis of our fees policy, to ensure learners understand the policy/process - how this is communicated to students, embrace the enforcement of payments, cancellations, refunds and debt recovery.

Author: Leann Crichton, Head of Administrative Operations
Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services

Appendix

	<u>2019/20</u>	<u>2020/21</u>	<u>NOTES</u>
1 EU & Rest of UK (RUK) Students			
1.1 Full-time (including ESOL)			
Advanced (Degree Equivalent)	£1,820	£1,820	Eligible students will be entitled to have tuition fees paid by SAAS.
Advanced (Higher National or Equivalent)	£1,285	£1,285	
Non-Advanced (inclusive of Assessment/Examination Fees)	£1,008	£1,008	Eligibility for full-time Fee Waiver will be routinely determined via the Application and Registration process.
1.2 Part-time – Traditional (Core)			
HNC/D programmes	£700	£740	This charge will be per academic session for programmes studied over 2 years.
PDA Programmes Up to 3 credits	£420	£250 - £420	Each programme costed individually, variances are on teaching materials required.
4 – 6 credits	£560- £840	£450 - £700	
Over 6 credits	£140 per single credit	£750 - £1,200	
Higher & National 4/5 programmes	£480	£480	Fee per course inclusive of SQA costs.
All other core part-time programmes – Single credit model.	£140	£140	Students charged for the number of credits they are undertaking.
Per student hour	£3.50	£3.50	Inclusive of assessment but subject to examination/presentation costs.
1.3 Part-time – Commercial			
Commercial PDA – fee per unit.	£600	£600	Per costing policy. Additional assessment may incur charges.
Commercial Training Hourly Rate (including VQs, MAs & Lets)	£75	£75	
1.4 Re-Assessment Charges			
Fee per Single Credit	£50 £3.50 p/h	£50 £3.50 p/h	Appropriate external charges/fees including Additional Assessment (AAA) may be added if applicable

	<u>2019/20</u>	<u>2020/21</u>	<u>NOTES</u>
1.5 No Recognised Qualification Programmes			
SFC credit funded courses to be costed at hourly rate <u>plus</u> the full cost of any course materials.	£3.50 p/h	£3.50 p/h	
Non SFC credit funded courses to be costed at hourly rate plus the full cost of any course materials.	£7.00 p/h	£7.00 p/h	
1.6 Overseas Students (Non EU)			
Full-time programmes	£7,000	£7,500	
All other programmes – per single credit	£700	£700	

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

Tuesday 26 November 2019



PAPER S

Procurement Annual Report

Finance & Property Committee

Tuesday 26 November 2019

Annual Procurement Report – Cover Paper



Paper for information

1. Introduction

The Procurement Reform (Scotland) Act 2014 requires any public organisation that has an estimated annual regulated spend of £5 million or more to develop a Procurement Strategy and then review it annually. Organisations required to publish a procurement strategy are also required to publish an Annual Procurement Report. Attached is the proposed Annual Procurement Report covering the period August 2018 to July 2019.

2. Recommendation

Members are asked to approve the report for publication by the end of the calendar year.

3. Link to Strategic Risk Register

Producing a procurement strategy alongside evidencing progress within this annual report supports the mitigation of a range of risks identified within the Strategic Risk Register namely;

- 1.1 – failure of College strategy to meet the needs of the D&A Region and/or national priorities
- 1.3 – College disadvantaged by changes arising from UK leaving European Union
- 2.2 – failure to achieve institutional sustainability
- 3.2 – failure to achieve/maintain compliance arrangements
- 3.4 – reputational risk
- 3.9 – College [procurement] arrangements do not minimise risk associated with modern slavery

Author: Rhona Munro, Procurement Manager

Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services



Annual Procurement Report

Dundee & Angus College – Annual Procurement Report (APR)

Executive Summary

The Procurement Reform (Scotland) Act 2014 (PRA) requires any public organisation which has an estimated annual regulated¹ spend of £5 million or more to develop a Procurement Strategy and then review it annually. Organisations required to publish a procurement strategy are also required to publish an Annual Procurement Report (APR).

This report covers the period of August 2018 to July 2019 and addresses performance and achievements in delivering the objectives laid out in the organisational [Procurement Strategy](#) for Dundee & Angus College.

The development of the procurement strategy was the outcome of consultation and discussion with internal and external stakeholders who have an interest in the College's approach to procurement and its impact. Stakeholder engagement also features in the annual assessments of the achievement of regulatory compliance, strategic objectives, value for money and delivery against the College's broader aims and objectives, in line with Scotland's National Outcomes. This process of review and reporting informs 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 College may need to adjust.

Dundee & Angus College has analysed its expenditure with third parties and has identified that over the year the following expenditure has occurred:

- EU regulated procurements² amounted to £1.5 million. There was one such procurement completed for the supply of electricity.
- Lower value, PRA-regulated procurements³ amounted to £1.2 million. There were 13 such procurements completed.

More detailed information on the regulated procurements is provided in Appendix 1 of this report.

Dundee & Angus College has 807 active suppliers with whom the College did business in the reporting period and the total procurement expenditure was £7.4m: £4m of regulated expenditure (recorded on the Contracts Register) and £3.4m of non-regulated. This figure consists of low value, low risk purchases (including one-offs) which do not reach the regulated contract threshold.

The College has been optimising its use of national, sectoral, local or regional 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. 52% of the College spend went through collaborative agreements.

66% of the College spend was with SMEs who constitute 89% of the total number of active suppliers. 10 SMEs featured in the award of PRA regulated procurements. This demonstrates the College's commitment to supporting SME's in its procurement activity and maximising social benefit.

This report comprises six sections which address mandatory reporting requirements.

- Section 1: Summary of Regulated Procurements Completed

¹'Regulated' procurements are those with an estimated value equal to or greater than £50k (≥ £12,500 per annum over a four-year contract period excluding VAT) for goods & services (or £2,000,000 excluding VAT for a public works contract).

² Goods and services worth more than £181,302; works worth more than £4,551,413. Public contracts (EU) thresholds are revised every 2 years – next due on 1 /1/2020

³ Goods and services worth more than £50,000, works worth more than £2 million

- Section 2: Review of Regulated Procurement Compliance
- Section 3: Community Benefit Summary
- Section 4: Supported Businesses Summary
- Section 5: Future Regulated Procurements Summary
- Section 6: Sustainability

Date Report Approved: _____

By name of authorising body: Finance and Property Committee

Signed responsible officer: _____

Position: Vice Principal, Corporate Services

Section 1: Summary of Regulated Procurements Completed

Dundee & 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 details of regulated procurements completed are set out in a list at the end of this report with details summarised in Appendix 1. That information, coupled with the publication of the institutional [Contracts Register](#) and the systematic use of Public Contracts Scotland and Quick Quotes, provides complete visibility of the College's procurement activity over the reporting period.

Section 2: Review of Regulated Procurement Compliance

Where appropriate, Dundee & 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.

The College's continual improvement process is linked to the Scottish Government's Procurement and Commercial Improvement Programme (PCIP), through which the College is periodically assessed. It provides valuable benchmarking information from which necessary improvements can be identified, consulted upon, planned and implemented.

The most recent PCIP assessment was undertaken in January 2018 when the College scored in the Bronze band. Work has been undertaken during the reporting period to target a Silver grading at the next PCIP assessment, which will take place in November 2019.

The following table identifies the procurement aims, which were established within the procurement strategy in 2016 and progress towards achievement of those aims.

Procurement Aims and Focus	Annual Report Commentary on strategy delivery/compliance
<p>To sustain and further develop partnerships within the sector, with other publicly funded bodies, with professional bodies and appropriately with supply markets that will yield intelligence, innovation and deliver value to users of procurement services.</p>	<p>The engagement with internal and external stakeholders and suppliers provides valuable feedback which informs the College of possible necessary adjustments and improvements to strategy and process. Bi-annual internal stakeholder surveys have provided the opportunity to review engagement and focus on areas where impact is greatest.</p> <p>For each procurement, the College considers the community affected by the resultant contract and ensures that any affected organisations/persons are consulted (e.g. impact on service for students, or a local contract that could be combined with other similar institutions' needs). Such consultation will always be on a scale and approach relevant to the procurement in question.</p> <p>Dundee & Angus College contributes to sector contracting plans and has coordinated procurement efforts on a regional basis with Dundee City Council, Angus Council, Perth & Kinross Council, Tayside Contracts, Tayside Procurement Consortium and Abertay University to deliver local collaborative contracts.</p> <p>In addition, staff from the College attended the Tay Cities Meet the Buyer Event in February 2019 with a view to developing relationships with other public sector bodies.</p> <p>The Tayside Regional Procurement team, comprising Dundee & Angus College and Abertay University, whilst in relative infancy, is using a collaborative approach and identifying opportunities for joint tendering activity.</p> <p>The College actively engages with other bodies through HE and FE specific events and Scottish public-sector events.</p>
<p>To work with internal academic budget holders, professional support service colleagues and suppliers to deliver innovation and best value to the learning and service support communities through the development of an effective and co-ordinated purchasing effort within the College.</p>	<p>Optimal procurement/contract strategies are developed and agreed through consultation with key stakeholders, end users and suppliers. This intelligence gathering approach is also used to improve skills and competencies in securing the most appropriate procurement routes to market that yield best value outcomes consistent with the guidelines set out in the Scottish Procurement Journey. Any contract with an anticipated value in excess of £25,000 will have a specific contract strategy covering spend analysis, market research, available</p>

Procurement Aims and Focus	Annual Report Commentary on strategy delivery/compliance
	<p>frameworks as well as a recommendation on route to market, proposed evaluation criteria, expected outcomes and benefits and the identification of risk and actions to be taken in mitigation.</p> <p>Procurement activities follow the guidelines set out in the Procurement Journey. This helps to manage the expectations of stakeholders, customers and suppliers alike and facilitates best practice and consistency with what other organisations do across the Scottish public sector.</p> <p>For every procurement over £4m, the College will consider how it can improve the economic social or environmental wellbeing of its area through inclusion of community benefit clauses. Where possible and proportionate, such clauses may be included in procurements below £4m</p> <p>Care is taken to ensure that procurement operations support the strategic objectives detailed in the College's Regional Outcome Agreement.</p>
<p>To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities.</p>	<p>The best balance of cost, quality and sustainability is consistently used to assess value for money delivered and to identify sensible aggregation opportunities through collaborative contracting.</p> <p>How goods, services and works are bought - joint purchasing, use of local, regional and national framework agreements, consolidated contracting – is subject to regular review with APUC and, through user consultation, sensible aggregation opportunities are exploited, category and commodity strategies are developed, recorded, signed off and processed.</p>
<p>To seek out professional development opportunities to enrich and enhance experience and capability of procurement practitioners and to work with the supply chains to ensure continued value, managed performance and minimal risk throughout the life of contracts for the benefit of customers and students.</p>	<p>The defined procurement process is managed through a professional procurement team with access to competency-based training, skills development programmes and career development opportunities.</p> <p>Devolved procurement competencies are assessed across the College to secure optimum value delivery while managing supply side risks and opportunities.</p> <p>An online Introduction to Procurement module has been developed to support College staff at all levels to understand the legislative background and to enhance their knowledge of business processes and internal governance protocols.</p> <p>Post procurement reviews are carried out to check that tendering outcomes are delivering against business case objectives. These are in turn consolidated by contract and supplier management</p>

Procurement Aims and Focus	Annual Report Commentary on strategy delivery/compliance
	<p>routines based on value and risk to monitor performance and introduce any improvements required.</p>
<p>To develop sound and useful procurement management information to measure and improve procurement and supplier performance in support of corporate planning conducted through fair and transparent process.</p>	<p>Internal governance procedures, policies, tools such as e-enabled workflow enhancements are introduced to effect improvements to procurement process and efficiency.</p> <p>Full use is made of expenditure segmentation analysis and data located on Hunter (including Contracts Registers) and Procurement Data Dashboard.</p> <p>Where relevant, use is made of appropriate standards and labels in procurements to take account of fair and ethical trading considerations with due consideration given to equivalent tender offerings from suppliers.</p> <p>Use is made of Public Contracts Scotland to publish procurement opportunities; appropriate use is made of lotting, output based specifications and clear evaluation criteria to ensure that procurements are accessible to as many bidders (including SMEs) as possible.</p>
<p>To embed sound ethical, social and environmental policies within the College's procurement function and to comply with relevant Scottish, UK and EC legislation in performance of the sustainable procurement duty.</p>	<p>Procedures are in place to ensure that consideration of environmental, social and economic issues and benefits is made, where appropriate, on a contract-by-contract basis during the planning stage utilising tools including Prioritisation, Flexible Framework, APUC's Supply Chain Code of Conduct, and Supply Chain Management Programme.</p> <p>Procedures are also in place to ensure that regulated procurements are only awarded to businesses that are capable, reliable and, where relevant, meet high ethical standards and values in the conduct of their business. The College is committed to contracting</p>

Procurement Aims and Focus	Annual Report Commentary on strategy delivery/compliance
	<p>only with suppliers that comply with all appropriate and relevant legislation. Where appropriate, and on a contract by contract basis, the College will assess the legislation applicable to a procurement and take steps to ensure bidders comply with it eg Health and Safety, Environmental and Late Payment legislation.</p> <p>Where relevant and proportionate the Living Wage and fair work practices of suppliers are promoted in tender documentation</p> <p>Dundee & Angus College is proud of its accreditation as a Living Wage employer and fully complies with its duties under the Modern Slavery Act.</p> <p>Details of its Modern Slavery policy are available on the College website.</p>

The commentary identified above shows that excellent progress has been made towards achievement of the procurement aims.

Dundee & Angus College has procurement process and sign off arrangements that are consistent with the guidelines set out in the Procurement Journey. These are detailed within the Schedule of Delegated Authority which has been approved by the Finance and Property Committee of the College's Board of Management.

Section 3: Community Benefit Summary

For every procurement over £4m, Dundee & 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.

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, 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 & Angus College has awarded 13 regulated procurement contracts over the reporting period. None of these was over £4 million in value and none had community benefit requirements fulfilled.

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. [see Glossary of Terms for definitions]

The College 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 (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 this period, and whilst no contracts have been placed with supported businesses through the standard open tendering route during the reporting period, discussions have taken place with 2 supported businesses in relation to future contracting opportunities for the supply of furniture and signage. These will be reported upon in the 2019/20 report.

In addition, a relatively low value contract (below the threshold for inclusion within this report) has been put in place with Hey Girls!, a certified social enterprise offering ‘buy one give one free’ sanitary products to address period poverty.

Section 5 – Future Regulated Procurements

The 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.

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 Appendix 4 should be viewed with this caveat in mind.

Section 6 – Sustainability

Dundee & Angus College has a very strong commitment towards sustainability and where relevant and proportionate, sustainability criteria are evaluated in procurement exercises for both regulated and non-regulated contracts.

Specific examples have included the inclusion of environmental objectives in a road surfacing contract which resulted in the use of a particular environmental product which recycled spoil from road works as well as plastic waste materials.

The end result was the recycling of a weight equivalent to 150,000 plastic bottles and the saving of 1.6 tonnes of carbon over the use of traditional asphalt.

Appendix 1: List of Regulated Procurements (Compliant and Non-Compliant) Completed in the Reporting Period 8/18 – 7/19

Compliant

Category Subject	Supplier name	Date of Award	Owner: Cat A/B or C?	Start Date	End Date	Value over contract period (excl. VAT)	SME status	Supported Business
Adobe Creative Cloud Licence	Eduserv	14/08/2018	C (Framework Call-off)	14/08/2018	13/08/2021	£78,413	Medium	No
Supply and Delivery of Library Books	Kelvin Books	03/09/2018	C (Framework Call-off)	03/09/2018	02/09/2020 Option to extend to 02/09/2022	£46,000 (£92K including optional extensions)	Small	No
Occupational Health	People Asset Management	10/09/2018	C	08/10/2018	07/10/2021 Option to extend to 07/10/2023	£45,000 (£75K including optional extensions)	Medium	No
Mobile Phones	EE	28/01/2019	C1 (Framework Call-off)	01/04/2019	31/03/2021 Option to extend to 31/03/2023	£37,000 (£74K including optional extensions)	Large	No
Audio-Visual Equipment	GV Multi-media	22/02/2019	C (Framework Call-off)	01/03/2019	31/08/2019	£173,675	Medium	No
Associate Trainers	Framework established with 11 suppliers across 5 lots	06/03/2019	C	18/03/2019	17/03/2021 Option to extend to 17/03/2022	£150,000	Micro	No
Supply of Electricity	EDF Energy	01/04/2019	A	01/04/2019	31/03/2022 Option to extend to 31/03/2025	£1.5M (£3M including optional extensions)	Large	No
AV Installation, Repair and Maintenance	GV Multi-media	10/04/2019	C	01/07/2019	30/06/2022	£125,000	Medium	No
Secure Payment Solution	Capita Business Services Ltd	10/05/2019	C (Framework Call-off)	01/06/2019	31/05/2023	£55,287	Medium	No
Wifi Upgrade	Insight Direct (UK) Ltd	28/05/2019	C	03/06/2019	02/08/2019	£148,364	Large	No

Category Subject	Supplier name	Date of Award	Owner: Cat A/B or C?	Start Date	End Date	Value over contract period (excl. VAT)	SME status	Supported Business
			(Framework Call-off)					
Replacement Firewall	Ping Network Solutions	03/06/2019	C	10/06/2019	09/06/2022	£51,495	Small	No
Travel Services	Key Travel Ltd	03/06/2019	C (Framework Call-off)	24/06/2019	23/06/2022	£180,000	Medium	No
Sports Hall Flooring	Jack Carmichael Flooring Ltd	15/07/2019	C	15/07/2019	14/09/2019	£55,028	Small	No

Non-Compliant

Category Subject	Supplier name	Date of Award	Owner: Cat A/B or C?	Start Date	End Date	Value over contract period (excl. VAT)	Compliance issue	Proposed Solution
Mini-bus Purchase	Car Van and Minibus World Ltd	22/07/2019	C	29/07/2019	One-off purchase	£65,000	CCS framework unable to deliver within timescale.*	NCA approved by College Principal. 24/7/2019

* Whilst we are recording this purchase as non-compliant, due process was followed in an effort to find a compliant contracting route which would meet our requirements. Approaches to suppliers on Crown Commercial Services Framework were unsuccessful primarily due to the delivery timescale required to ensure achieve completion.

Appendix 2 – List of Regulated Procurements with Community Benefit Requirements Fulfilled

None completed/fulfilled due to relative low value.

Appendix 3 – List of Regulated Procurements placed with Supported Businesses

None placed during the reporting period although there has been engagement with 2 supported businesses in relation to future contracting opportunities.

In addition, there is a contract in place with Hey Girls CIC, the 'Buy One Give One' sanitary product social enterprise in support of the Period Poverty agenda. However, the overall value of this is below the regulated contract threshold so is not covered in this report.

Appendix 4 – List of Regulated Procurements planned to commence in next two F/Ys 19/20 & 20/21

All contracting activity is subject to available budget and may be subject to change should additional funding become available. For the purposes of transparency estimated values which are close to the regulated contract threshold of £50,000 have been included.

*** In cases where the contract is being let by another organisation, and the notice publication date is unknown, the letting authority is listed. Where a direct award option is available under an appropriate framework, this is noted as a contract notice would not be published.*

Category Subject	Owner: Cat A/B/C or C1?	New, extended or re-let procurement	Expected contract notice publication date**	Expected Date of Award	Expected Start Date	Expected End Date	Estimated Value over contract period
Water and Waste Water Services	A	Re-let	Scot Gov	31/01/2020	01/03/2020	01/03/2023	£345K
Natural Gas	A	Re-let	Scot Gov	28/02/2020	01/04/2020	31/03/2023	£480K
SUN Finance System Licence Maintenance	C	Extended	N/A		01/07/2020	30/06/2025	£100K
Payroll System	C	Extended	N/A				
Microsoft Campus Licence Agreement	C	Re-let	Direct award via framework	30/09/2019	01/12/2019	30/11/2022	£130K
Fixed Wire Telephony	C	New	05/08/2019	13/9/2019	01/10/2019	30/09/2021	£60K
Desktop Client Devices (PCs)	A	Extended	N/A		01/01/2020	31/12/2020	£200K split across both contracts – demand led based on user requirements
Mobile Client Devices (Laptops)	A	Extended	N/A		01/01/2020	31/12/2020	
Audio Visual Equipment (Supply only)	C	Re-let	05/09/2019	26/09/2019	1/10/2019	30/09/2021	£100K
IT Related Accessories and Parts (ITRAP)	B	Re-let	SUPC	May 2020	01/06/2020	31/05/2024	£64K
Fresh Bakery Produce	B	Re-let	APUC	August 2019	07/09/2019	06/09/2023	£60K

Category Subject	Owner: Cat A/B/C or C1?	New, extended or re-let procurement	Expected contract notice publication date**	Expected Date of Award	Expected Start Date	Expected End Date	Estimated Value over contract period
Fresh Dairy Produce	B	Re-let	APUC	September 2019	25/10/2019	24/10/2023	£56K
Confectionery, Snacks, Soft Drinks, Cakes and Ancillary Products	B	Re-let	TUCO	October 2019	16/11/2019	15/11/2022	£300K
Hot Beverage Dispensing Equipment and Ingredients	B	Re-let	TUCO	December 2019	04/01/2020	03/01/2023	£51K
Vending Equipment	B	Re-let	TUCO	December 2019	04/01/2020	03/01/2023	£180K
Hair and Beauty	B	Re-let	APUC	January 2020	15/02/2020	14/02/2024	£250K across all lots
Cleaning Materials and Disposable Paper Products	B	Extended	N/A		03/04/2020	02/04/2021	£75K
Industrial Gases	B	Re-let	LUPC	October 2020	01/11/2020	31/10/2023	£69K
Electrical Sundries Supply of	B	Extended	N/A		25/04/2020	24/04/2021	£171K
Provision of Teaching Qualification: Further Education (TQFE) Programme	C1	Re-let	January 2020	May 2020	29/06/2020	28/06/2024	£100K
Graduation Services	C	Re-let	April 2020	August 2020	02/09/2020	01/09/2024	£48K
Internal Audit	C	Re-let	09/03/2020	15/06/2020	01/10/2020	30/09/2025	£100K

Category Subject	Owner: Cat A/B/C or C1?	New, extended or re-let procurement	Expected contract notice publication date**	Expected Date of Award	Expected Start Date	Expected End Date	Estimated Value over contract period
General Stationery and Office Paper	A	Re-let	Scot Gov	May 2020	01/06/2020	31/05/2024	£200K
Fuel Cards and Associated Services	C	Re-let	July 2020	October 2020	01/11/2020	31/10/2024	£90K
Student Transport	C	Extended	N/A		07/08/2020	06/08/2022	£800K
Personal Protection Equipment (PPE) and Clothing	C	Re-let	January 2020	April 2020	09/05/2020	08/05/2024	£52K
Road Surfacing	B	Re-let	APUC	September 2019	01/10/2019	30/09/2022	£300K
Student Hospitality Kits	C	Re-let	November 2019	February 2019	01/03/2020	28/02/2023	£150K
Plumbing Consumables and Commercial Heating Products	B	Extended	N/A		10/08/2020	09/08/2022	£40K
IT Consumables	A	Re-let	Scot Gov	October 2020	01/11/2020	31/10/2023	£52K
Furniture (Supply, Delivery & Installation)	B	Extended	N/A		01/12/2020	30/11/2022	£80K
Fresh Fruit & Vegetables	B	Extended	N/A		20/12/2020	19/12/2022	£90K
Fresh Butcher Meat	B	Extended	N/A		05/03/2021	04/03/2023	£100K
Associate Trainers	Framework	Extended	N/A		18/03/2021	18/03/2022	£75K
Mobile Phones	C	Extended	N/A		01/04/2021	31/03/2023	£37K
VMWare Enterprise	C	Re-let	Feb 2021	April 2021	01/05/2021	30/04/2024	£200K

Category Subject	Owner: Cat A/B/C or C1?	New, extended or re-let procurement	Expected contract notice publication date**	Expected Date of Award	Expected Start Date	Expected End Date	Estimated Value over contract period
Licence Agreement							
Data Link Connections	C	Re-let	April 2021	June 2021	07/07/2021	06/07/2024	£40K
Taxi Services and Private Transfers	C1	Re-let	March 2021	May 2021	07/07/2021	06/07/2025	£450K
Non-life Insurance	C	Re-let	May 2021	July 2021	01/08/2021	31/07/2024	£350K

1.	Organisation and Report Details	
a)	Contracting Authority	Dundee & Angus College
b)	Period of the annual procurement report	1 August 2018-31 July 2019
c)	Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report?	Yes
2.	Summary of Regulated Procurements Completed	
a)	Total number of regulated contracts awarded within the report period	14
b)	Total value of regulated contracts awarded within the report period	£2,710,262
c)	Total number of unique suppliers awarded a place on a regulated contract awarded during the period	23
	i. How many of these unique suppliers are SMEs	20
	ii. How many of these unique suppliers are Third Sector bodies	0
3.	Review of Regulated Procurements Compliance	
a)	Number of regulated contracts awarded within the period that complied with your Procurement Strategy	13
b)	Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	1
4.	Community Benefit Requirements Summary	
	Use of Community Benefit Requirements in Procurement	
a)	Total number of regulated contracts awarded with a value of £4 million or greater.	0
b)	Total number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.	0
c)	Total number of regulated contracts awarded with a value of less than £4 million that contain Community Benefit Requirements.	0
	Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:	
d)	Number of jobs filled by priority groups	0
e)	Number of apprenticeships filled by priority groups	0
f)	Number of work placements for priority groups	0
g)	Number of qualifications achieved through training by priority groups	0
h)	Total value of contracts sub-contracted by SMEs	0

i)	Total value of contracts sub-contracted to Social Enterprises	0
j)	Total value of contracts sub-contracted to Supported Businesses	0
k)	Other community benefit(s) fulfilled	0
5.	Fair Work and the Real Living Wage	
a)	Number of regulated contracts awarded during the period that have included a scored Fair Work criterion.	0
b)	Number of unique suppliers who have committed to pay the real Living Wage in the delivery of a regulated contract during this period.	0
c)	Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract awarded during the period.	1
d)	Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract awarded during the period.	2
6.	Payment Performance	
a)	Number of valid invoices during the reporting period.	13,586
b)	Percentage of invoices paid on time during the period.	99%
c)	Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains.	0
d)	Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts.	0
7.	Supported Businesses Summary	
a)	Total number of regulated contracts awarded to supported businesses during the period.	0
b)	Total spend with supported businesses during the period covered by the report, including:	0
	i. Spend within the reporting year on regulated contracts.	0
	ii. Spend within the reporting year on non-regulated contracts.	0
8.	Spend and Savings Summary	
a)	Total procurement spend for the period covered by the annual procurement report.	£7,419,822.16
b)	Total procurement spend with SMEs during the period covered by the annual procurement report.	£4,897,082.63
c)	Total procurement spend with Third Sector bodies during the period covered by the report.	£138,134.20
d)	Percentage of total procurement spend through collaborative contracts.	52%

e)	Total targeted cash savings for the period covered by the annual procurement report	
	i. targeted cash savings for Cat A contracts	Not recorded
	ii. targeted cash savings for Cat B contracts	Not recorded
	iii. targeted cash savings for Cat C contracts	Not recorded
f)	Total delivered cash savings for the period covered by the annual procurement report	
	i. delivered cash savings for Cat A contracts	£81,320.64
	ii. delivered cash savings for Cat B contracts	£399,903.06
	iii. delivered cash savings for Cat C contracts	£78,800.00
g)	Total non-cash savings value for the period covered by the annual procurement report	£151,529.61
9.	Future regulated procurements	
a)	Total number of regulated procurements expected to commence in the next two financial years	39
b)	Total estimated value of regulated procurements expected to commence in the next two financial years	£6,045,000

Glossary of Terms

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

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

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 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).

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.

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 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.

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.

Supply Chain Management Programme (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

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.

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.

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

Tuesday 26 November 2019



PAPER T

Strategic Risk Register

BOARD OF MANAGEMENT

Finance & Property Committee

Tuesday 26 November 2019



Strategic Risk Register Update

Paper for discussion / approval

1. Allocation of Risks to Board Committees

Following discussion at the Audit and Risk Committee in May 2019, the Board of Management agreed at its meeting in September 2019 that key strategic risks be allocated to each Board Committee for regular review and consideration.

The Strategic Risk Register now highlights the allocation of risk areas across the range of Board Committees.

In identifying these delegated risks, it has been agreed that each Committee consider (and amend/update as appropriate) the key risk areas within their responsibility as a standing item at each future meeting.

Proposed changes arising from this consideration will be brought back to the next appropriate meeting of the Audit & Risk Committee for final approval.

In making these changes, it is important to reinforce that the overall responsibility for risk management will remain with the Board of Management, with delegated authority for the implementation and review of this to the Audit & Risk Committee. The further allocation of areas of risk oversight to Board Committees is intended to improve the awareness, oversight and consideration of risk, rather than amend the terms of the Board of Management scheme of delegation.

2. Consideration of Risks to Board Committees

In making these changes, each Committee has also been asked to consider how it is informed around the areas of key risk and assure itself that the regular reporting and information, updates and opportunities for scrutiny within the operation of the Committee are reasonable and sufficient in respect of this.

3. Review of Risks Allocated to the Committee within the Strategic Risk Register

The Draft November 2019 Strategic Risk Register has been updated following input from the Board and various Committees.

No changes have, however, been made to this in respect of the risks allocated to the Finance and Property Committee.

4. Approvals

In respect of the above information approval is sought on the Strategic Risk Register as it relates to the operation of the Committee.

5. Information

Further information in respect of Governance matters is available for Board members by contacting Steve Taylor, Vice Principal People & Performance, s.taylor@dundeeandangus.ac.uk.

Author and Executive Sponsor: Steve Taylor, Vice Principal People and Performance



STRATEGIC RISK REGISTER

2019 - 2020

As at November 2019

Post Holders	ELT	Executive Leadership Team	Prin	Principal	Score	Impact	Likelihood
	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	Chair	Chair of the Board of Management	4	Major	Probable
	VPCA	Vice Principal Curriculum & Attainment			5	Critical	Very Likely

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS				TREATMENT	POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
1	Strategic and Structural									
1.1 LT&Q	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">Robust strategic planningEffective environmental scanningStrong partnershipsClear links between strategy and practiceConcerted demands for increased activity levels	4	1	4	<ul style="list-style-type: none">Robust monitoring via ROAClear performance metricsAmendment of strategic direction/ plansRolling curriculum review	Prin & Chair
1.2 Board	College may be disadvantaged by changes to either UK or Scottish Government policies	4	3	12	<ul style="list-style-type: none">Effective environmental scanningNegotiation/influence at national level	4	2	8	<ul style="list-style-type: none">Review of changes and amendment of strategic direction/plansFinancial strategy sensitivities	Prin & Chair
1.3 Board	College disadvantaged by changes arising from UK leaving European Union	5	4	20	<ul style="list-style-type: none">Negotiation/influence at national levelReview of activities/ projectsResponsiveness to new opportunities	5	3	15	<ul style="list-style-type: none">Review of changes and amendment of strategic direction/plans/ curriculumFinancial strategy ESF sensitivityWorkforce planningInternational strategy & planning	Prin

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

Post Holders	ELT	Executive Leadership Team	Prin	Principal	Score	Impact	Likelihood
	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	Chair	Chair of the Board of Management	4	Major	Probable
	VPCA	Vice Principal Curriculum & Attainment			5	Critical	Very Likely

Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS				TREATMENT	POST MITIGATION EVALUATION				
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
2	Financial									
2.1 F&P	Change in SFC Funding Methodology and Allocation – Reduction in Funding	3	3	9	<ul style="list-style-type: none"> Negotiation/influence at national level Contingency plans for reduced funding 	2	3	6	<ul style="list-style-type: none"> Advance modelling of new funding methodologies and allocations Monitoring impact of changes Amendment of strategic or operational direction/plans Financial strategy sensitivities 	VPCS
2.2 F&P	Failure to achieve institutional sustainability	5	4	20	<ul style="list-style-type: none"> Protection of funding through dialogue with SFC Robust annual budget-setting and multi-year financial strategic planning Effective budgetary control Where required, swift action to implement savings 	4	3	12	<ul style="list-style-type: none"> Monthly monitoring of budgets Regular review of financial strategy and non-core income sensitivity Detailed monitoring of savings programmes 	VPCS
2.3 F&P	National outcomes on salaries and conditions of service outstrip ability to pay	4	4	16	<ul style="list-style-type: none"> Influence within Employers Association Management of staffing expenditures 	4	3	12	<ul style="list-style-type: none"> Expenditure modelling On-going discussions with staff Financial strategy sensitivities Workforce planning 	VPP&P, VPCS

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Post Holders	ELT	Executive Leadership Team	Prin	Principal	Score	Impact	Likelihood
	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
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2	Financial (cont)									
2.4 A&R	Financial Fraud	4	3	12	<ul style="list-style-type: none"> Strong financial controls: segregation of duties and review of transactions. Review of impact of any changes in structure or duties Whistleblowing arrangements 	3	2	6	<ul style="list-style-type: none"> Continuous review of financial controls Internal Audit programme 	VPCS
2.5 F&P	D&A Foundation refuses/withholds funding for key College priorities	5	3	15	<ul style="list-style-type: none"> On-going dialogue with Foundation Trustees Appropriate bid arrangements in place 	3	2	6	<ul style="list-style-type: none"> Monitor and advise Board of Management 	Prin & VPCS

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
3	People and Performance									
3.1 LT&Q	Failure to reach aspirational standards in learning, teaching and service delivery	4	3	12	<ul style="list-style-type: none"> Clear quality arrangements and priority actions Continuous self-evaluation and action planning Rigorous CPD arrangements in place Regular classroom observation and learner feedback arrangements 	3	2	6	<ul style="list-style-type: none"> Comprehensive monitoring of key PIs and student/staff feedback Regular Stop and Review events External review and validation findings 	VPC&A, VPP&P, DirC&A
3.2 LT&Q	Failure to achieve/maintain compliance arrangements, e.g. contracts; awarding bodies; audit.	4	3	12	<ul style="list-style-type: none"> Robust strategic planning and monitoring Effective environmental scanning Strong partnerships Clear links between strategy and practice Concerted demands for increased activity levels 	2	2	4	<ul style="list-style-type: none"> Effective internal monitoring/review/verification arrangements External review findings 	VPP&P, VPC&A
3.3 A&R	Legal actions; serious accident; incident or civil/criminal breach	4	5	20	<ul style="list-style-type: none"> Adherence to legislative and good practice requirements Positive Union relations and staff communication Effective management development programmes 	3	2	6	<ul style="list-style-type: none"> Monitoring and reporting in key areas – eg H&S, equalities, employee engagement Continuous professional development Internal audit programme Staff surveys 	Prin, VPP&P, VPCS, HoE

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
3	People and Performance (cont.)									

3.4 HR&D	Failure to meet the aspirational standards in respect of the health, safety, wellbeing and development of staff and students	3	4	12	<ul style="list-style-type: none"> Clear and proactive approaches to managing and promoting health, safety and wellbeing Continuous self-evaluation and action planning Rigorous CPD arrangements in place Regular staff and learner feedback arrangements 	3	2	6	<ul style="list-style-type: none"> Regular employee engagement monitoring Open communication with staff Comprehensive monitoring of key PIs and student/staff feedback Regular union/management dialogue 	VPP&P, VPCS
3.5 Board	Reputational Risk – Loss of reputation with key stakeholders	4	3	12	<ul style="list-style-type: none"> Marketing strategy Reputation plan Positive marketing approaches 	4	2	8	<ul style="list-style-type: none"> Stakeholder engagement Social media monitoring arrangements 	VPC&A, DirC&A
3.6 HRD	National bargaining outcomes impact adversely on College operations, activity and flexibility	4	4	16	<ul style="list-style-type: none"> Influence within Employers Association Management of bargaining outcomes and implementation 	4	3	12	<ul style="list-style-type: none"> Positive union relations and staff communication On-going discussions with staff Innovation in approaches 	VPP&P, VPC&A

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3	People and Performance (cont.)									
3.7 HRD	Industrial Relations Problems (including industrial action)	4	5	20	<ul style="list-style-type: none"> Adherence to legislative and good practice requirements Positive Union relations and staff communication Effective management development programmes Industrial action continuity planning 	4	3	12	<ul style="list-style-type: none"> Regular union/management dialogue Regular employee engagement monitoring Open communication with staff Industrial action continuity planning 	VPP&P
3.8 A&R	Breach of data security / data protection	5	4	20	<ul style="list-style-type: none"> Effective management of GDPR compliance Mandatory staff CPD and awareness raising on data protection (relative to role) 	4	2	8	<ul style="list-style-type: none"> Active data protection monitoring and auditing Effective information and data security policies in operation Regular data security monitoring/testing GDPR Action Plan Staff CPD 	VPC&A, HoICT
3.9 HRD	Failure to meet Prevent and related obligations	5	3	15	<ul style="list-style-type: none"> Prevent training Staff awareness and contingency planning Engagement/practice sharing with local agencies 	5	1	5	<ul style="list-style-type: none"> Business Continuity Plan including scenario testing Information sharing with local agencies 	VPC&A, VPP&P

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
3	People and Performance (cont.)									

3.10 HRD	College arrangements do not minimise risk associated with Modern Slavery	4	3	12	<ul style="list-style-type: none"> Clear and compliant procurement arrangements and procedures Staff identity checking arrangements and use of PVG. 	4	1	4	<ul style="list-style-type: none"> Annual procurement monitoring/reporting Regular employee engagement monitoring Open communication with staff 	VPC&A, VPP&P
3.11 HRD	Difficulties with implementation of structural change leading to: <ul style="list-style-type: none"> Loss of good, flexible and committed staff Loss of critical staff during period of transition ineffective post-restructure arrangements 	4	3	15	<ul style="list-style-type: none"> Effective planning and scheduling of change Managed transitions/handovers Implementation Plan Contingency Planning On-going focus on core business requirements 	3	2	6	<ul style="list-style-type: none"> Regular union/management dialogue Monitoring of implementation plans Performance measures/ reporting Open communication with staff 	VPP&P VPC&A

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	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
4	Infrastructure									
4.1 A&R	Disasters – eg Fire, MIS Failure, Failure of Emergency Procedures	5	4	20	<ul style="list-style-type: none"> Sound systems of administration Clear fire and disaster recovery arrangements Staff CPD 	5	1	5	<ul style="list-style-type: none"> Business Continuity Plan including scenario testing 	Prin & VPCS
4.2 F&P	Failure to achieve ambitions of ICT strategy; strategy and development is ineffective	4	3	12	<ul style="list-style-type: none"> Planning, careful phasing of changes to processes and systems Effective management of ICT arrangements Clear investment plan 	4	2	8	<ul style="list-style-type: none"> Regular review/reporting on milestones, systems effectiveness etc Regular CPD 	VPC&A, HolICT
4.3 A&R	Breach of ICT/Cyber security	4	3	12	<ul style="list-style-type: none"> Effective management of ICT arrangements Active ICT/data security monitoring and cyber security policy 	4	2	8	<ul style="list-style-type: none"> Staff CPD on cyber security issues Regular security monitoring/testing Cyber resilience plan 	VPC&A, HolICT
4.4 A&R	ICT infrastructure fails to support effective data security / data protection	5	3	15	<ul style="list-style-type: none"> Effective infrastructure and systems design and implementation Effective management of ICT arrangements and GDPR compliance 	4	2	8	<ul style="list-style-type: none"> Active data protection monitoring and auditing Effective information and data security policies in operation Regular data security monitoring/testing 	VPC&A, HolICT

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

Tuesday 26 November 2019



PAPER U

VP Corporate Services Report

Tuesday 26 November 2019

Vice Principal Corporate Services Report

Paper for information

1. Introduction

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

2. Recommendations

Members are asked to note the contents of this paper.

3. Supporting Our Learners

Student Funding have now processed the full backlog of student funding applications and are operating a real time processing with over 2,800 students in payment.

As part of our ongoing retention focus, the Campus Help Point staff contacted 338 students who did not return to study from the October break and did not explain this absence. From this exercise we assisted 90% of those learners back into class and 22 of those students are now accessing our support services to help them with their journey.

Data Management have processed all student registration and entries with the relevant Awarding Bodies and submitted our 1st quarterly FES return to SFC.

Our January recruitment is now in full swing, and full focus is now on finalising our 20/21 portfolio with academic staff enhancing the marketing content and ensuring all information is available on our website.

4. Scottish Funding Council Update

Following submission in September of the Board approved Financial Forecast Return (FFR) the Scottish Funding Council asked that we submit further narrative outlining the potential mitigating actions to achieve a balanced FFR position. We have responded and advised that it would be challenging to believe that this could be achieved by anything other than targeted rationalisation of specific parts of the curriculum.

5. Scottish Funding Council Grants

During the period between August and October 2019, the Scottish Funding Council has confirmed/awarded the following grants:

- Flexible Workforce Development Fund (Year 3): £473,379

We received a less than welcome update on the Child Poverty Funding, with SFC advising that the College will have to re-bid for funding for years 2 and 3 of this work as the funding is held by the Scottish Government justice department, and not SFC. It is anticipated that future bids will be successful, but if not there will be a shortfall in funding for the activities planned for the current academic year as funds are available only to the end of the financial year in March 2020. Contingency plans for project activities have been developed should funding cease in March.

We submitted four applications for the College Innovation Fund (c£50k each) and one for the Climate Emergency Collaboration Challenge (c£250k). We are awaiting the outcome from these bids. Due to the general election it is likely that announcements will be delayed.

6. Forfar Outreach Centre

Negotiations around the dilapidation costs associated with our exit from the High Street premises are ongoing. Legal advice received confirms our understanding of our dilapidation obligations.

7. Procurement Update

The Procurement Annual Report which reports on the financial year to 31st July is included elsewhere on the agenda, and below provides the contracts valued in excess of £50K awarded during the period August to October 2019.

This information is also available online here: <https://dundeeandangus.ac.uk/about-us/procurement/contracts/>

Contract name	EMSI Career Coach Portal and API/Analyst
Route to Market	Non-competitive Action (Sole Supplier Status)
Successful Bidder	EMSI
Annual Value	£15.5K
Estimated Contract Value	£46.5K
Start Date	02/09/2019
Contract Period	3 years

Contract name	Fresh Bakery Produce
Route to Market	Direct award under new Framework Agreement
Successful Bidder	D McGhee & Sons
Estimated Annual Value	£15K
Estimated Contract Value	£60K
Start Date	07/09/2019
Contract Period	4 years

Contract name	Audio Visual Equipment (Supply only)
Route to Market	Call off under Lot 1 of APUC Framework for AV Equipment
Successful Bidder	GV Multi-Media
Estimated Annual Value	£75K
Estimated Contract Value	£150K
Contract Start Date	30/09/2019
Contract Period	2 years

Contract name	Fresh Dairy Produce
Route to Market	Direct award via APUC Framework
Incumbent Supplier	Grahams The Family Dairy
Estimated Annual Value	£14K
Estimated Contract Value	£56K
Start Date	25/10/2019
Contract Period	2 years with 2 optional extensions, each of 12 months

The following tendered contract had been highlighted to the Finance & Property committee in September with an estimated tender value of £60K. As a result of consolidation of 2 previously separate contracts, this has resulted in significant savings and therefore included in this report, for information.

Contract name	Fixed Line Telephony
Route to Market	Contracted via Scottish Procurement Dynamic Purchasing System
Successful Bidder	Gamma Telecom
Annual Value	£14,785
Estimated Contract Value	£29,569 (for initial 2 year term)
Estimated Savings	65% saving based on previous contracts with BT/O2
Anticipated Benefits	Single contract covering all sites consolidating spend and contract management.
Award Date	16/09//2019
Start Date	01/11/2019
Contract Period	2 years with 2 optional extensions, each of 12 months

As previously reported we were due to undergo a Procurement and Commercial Improvement Programme "Lite Assessment" in November. I am delighted to advise that the team secured the Silver performance banding.

<u>Band</u>	<u>% Score</u>
Non-conformance	<25%
Blue	26-40%
Purple	41-50%
Bronze	51-60%
Silver	61-75%
Gold	75%+

8. Vehicle Update

Members will recall that we have an aging minibus fleet and due to lead times we were unable to secure replacement vehicles before the end of the 2018/19 financial year. We have now procured the following vehicles:

Vehicles		£
Ford Transit Luton Van 2.0Tdc	SS19 KMO	31,680
Peugeot Boxer CanDrive Maxi17 Mini-Bus	DK19 AKN	33,199
Iveco Irisbus Accessible Mini-Bus (used)	SP14 AXV	27,245
		<u>92,124</u>

We are also currently in the process of securing 6 replacement pool vehicles from the Transport Scotland's Switched on Towns and Cities Project funding that we have been awarded.

9. Service Design Academy

One of the sessions at the December Board meeting will include an update on the initiatives that the Service Design Academy have been driving over the last few months. However, I wanted to share my delight that Katie Murrie (SDA Lead Consultant) has been accredited as a [Service Design Network](#) Master Trainer and Chris Muir (SDA Consultant), as an accredited trainer. Katie will join an elite group of two (including herself) of master trainers in the UK. We will take full advantage of these accreditations to increase our profile and maximise future opportunities.

10. Regular Updates

The following have previously been agreed as a feature of the regular reporting to the Finance & Property or Audit & Risk Committees.

Finance & Property Committee

Subject	Comment
Bad Debt Reporting and Write-Off	There were no individual bad debt write offs over £3K during the period between August and October 2019.

Audit & Risk Committee

Subject	Comment
Data Breaches	There were no data breaches reportable to the Information Commissioners Office during the period between August and October 2019.

11. Link to Strategic Risk Register

Consideration of the topics included in this Vice Principal – Corporate Services report will support the mitigation of a range of risks identified within the Strategic Risk Register namely;

2.2 – failure to achieve institutional sustainability

2.4 – financial fraud

3.2 – failure to achieve/maintain compliance arrangements

3.7 – breach of data security/data protection

Author & Executive Sponsor: Jaki Carnegie, Vice Principal – Corporate Services