

BOARD OF MANAGEMENT



Audit and Risk Committee

Tuesday 4 June 2024 at 5.00pm **Room A625,**
Kingsway Campus (MS Teams option available)

AGENDA

1. WELCOME
2. APOLOGIES
3. DECLARATIONS OF CONNECTION & INTEREST
4. MINUTE OF THE PREVIOUS MEETING – 5 March 2024 Paper A for approval
5. MATTERS ARISING Paper B for noting
6. INTERNAL AUDIT
 - 6.1. Procurement and Creditors / Purchasing Paper C for approval HL
 - 6.2. Environmental Sustainability Paper D for approval HL
 - 6.3. 2023/24 Progress Report Paper E for approval HL
 - 6.4. Follow Up Summary Paper F for information ST/NA
7. STRATEGIC RISK REGISTER
 - (i) Risk Register Update Paper G for approval ST
 - (ii) Strategic Risk Register
8. 2023/24 EXTERNAL AUDIT PLAN Paper H for approval MS
9. DATE OF NEXT MEETING – Tuesday 17 September 2024 at 5.00pm in Room A625, Kingsway Campus

**BOARD OF
MANAGEMENT Audit &
Risk Committee**



Tuesday 4 June 2024

**MINUTE OF THE PREVIOUS A&R
MEETING**

PAPER A

BOARD OF MANAGEMENT



Audit and Risk Committee

Tuesday 5 March 2024 at 5.00pm Room A625,
Kingsway Campus and MS Teams

Minute of the Audit & Risk Committee meeting held on Tuesday 5 March 2024 at 5.00pm in Room A605 Kingsway Campus and via Microsoft Teams

PRESENT: H Honeyman (Chair) S Middleton

IN ATTENDANCE: S Taylor (Vice Principal Support Service and Operations)
D Archibald (Henderson Loggie) M Speight (Mazars)
N Anderson (Director of Finance) A Ross (Director of Infrastructure)
D Robertson (HEFESTIS) P Muir, Board Administrator

1. WELCOME

H Honeyman welcomed all members to the Audit & Risk Committee and welcomed N Anderson and A Ross from the College along with D Robertson from HEFESTIS.

2. APOLOGIES

Apologies were received from R McLellan, M Williamson, and J Buchanan.

3. DECLARATIONS OF CONNECTION & INTEREST

There were no declarations.

4. MINUTE OF THE PREVIOUS A&R AND JOINT A&R / F&P MEETINGS – 5 December 2023

The minutes of the previous Audit & Risk and Joint Audit & Risk/Finance & Property meetings on 5 December 2023 were approved.

5. MATTERS ARISING

All matters arising had been closed out or were included within the meeting agenda.

6. HEFESTIS ANNUAL CYBER SECURITY RISK & MATURITY REPORT

D Robertson presented the cyber security report covering the period from October 2022 to November 2023, outlining significant advancements in Information and Cyber Security (ICS) Maturity and Risk Management at Dundee & Angus College.

D Robertson highlighted the substantial strengthening of the ICS Maturity and Risk Management activities performed at the College. The report emphasised the dedication of staff involved in ensuring the security of the organisation and the enforcement of key performance steps to mitigate cyber security risks.

D Robertson also highlighted that various technical policies have been implemented to address any identified risks. He stated there were 5 recommendations highlighted from the report for continued good practice, in addition to maintaining a high level of security posture, which has since improved from the year 2022.

Ongoing discussions are taking place to further improve and maintain this high security posture. While the report was commended overall, minor areas for improvement were identified, particularly within the physical security aspects such as CCTV.

H Honeyman asked about the physical and environmental aspects of security and enquired about how these were identified within an audit perspective. D Robertson clarified that these findings are documented within the report and that the recommendation made was of a low level.

D Robertson praised and highlighted that Dundee and Angus College had reached a position of advanced information and cyber security resilience.

H Honeyman expressed gratitude to D Robertson for his presentation and positive feedback and asked that the thanks of the Committee be passed on to the staff responsible. **S Taylor to progress.**

7. INTERNAL AUDIT

7.1. Risk Management & Business Continuity

D Archibald presented his report on Risk Management & Business Continuity, providing details on the identification, control, mitigation, reporting and discussion of key risks within the organisation. He highlighted the detailed involvement of the Senior Leadership Team in monitoring and mitigating risks significant to the College and noted that the Strategic Risk Register is reviewed and updated quarterly through the Audit & Risk Committee.

D Archibald commended the effective reporting processes at Dundee & Angus College and praised the positive communication of risks to other Board Committees. The report included a significant range of good practices alongside recommendations that had been accepted by the College.

Improvement recommendations included enhancing risk descriptions in the Risk Management policy and progressing training and risk appetite discussions with the Board.

Details of the report were discussed and H Honeyman acknowledged the significant amount of work undertaken in addressing risks across the different Committees.

D Archibald noted that the approaches in place in respect of business continuity were thorough and (unusually in his experience) had been subject to real and desktop testing. This experience had strengthened the Colleges awareness and ability to manage business continuity issues.

In respect of the training and risk appetite recommendations for the Board, S Middleton proposed consolidating these discussions into a single training session. This was agreed as a good way forward.

The positive practice and approaches outlined in the report were welcomed and the audit approved.

7.2. 2023/24 Progress Report

D Archibald provided a summary of the current year plan outlining the progress made with the Sports Centre review at Gardyn Campus.

D Archibald stated that the other review work was scheduled for later in March and April 2024, and the outcomes of these reviews will be presented at the June Audit & Risk Committee meeting.

H Honeyman thanked D Archibald for his report.

7.3. Follow Up Summary

S Taylor noted to the Committee the slight change to the report to highlight and include all recommendations.

S Taylor discussed the recommendation to review the student invoicing and debt management policy. It was noted that the sign-off for this recommendation had been overtaken by a more significant review of all arrangements surrounding student debt. This review has been conducted with the implementation of the REMS student management and revised payments system project. The completion of this work is anticipated by 31 August 2024. Chloe Hendrie, the new Business Transformation Officer will investigate the processes and arrangements related to Student Debt & Invoicing.

It was proposed that this action be removed from future reporting. The Committee agreed to close and remove this action from the listing.

8. STRATEGIC RISK REGISTER

S Taylor summarised the Risk Register paper and Strategic Risk Register for approval.

S Taylor noted that discussions between Colleges Scotland, the Scottish Government, and the Scottish Funding Council (SFC) regarding sector-wide flexibilities had progressed and that the risk of clawback in funding from 2022/23 had now been removed and confirmed in writing by SFC. Additionally, national discussions are progressing concerning 2024/25 and beyond, focusing on enhancing sector engagement and providing advance warning of future changes.

S Taylor highlighted the most recent management accounts and budget monitoring reports, as reviewed by the Finance & Property Committee, affirm that the college is on course to achieve a small surplus for the 2023/24 financial year and reducing risk in respect of Financial Sustainability.

S Taylor provided an update regarding additional risks that have been added to The Strategic Risk Register as per the discussions at the previous meeting and the recommendations of the risk management audit. Following discussion, it was agreed that reference would be made to handover arrangements in respect of the new staff recruitment/retention risk.

The Committee approved the changes proposed in the Strategic Risk Register.

9. EXTERNAL AUDIT

M Speight noted that there weren't any specific points to report at this stage in the year but noted that he would reach out to N Anderson to discuss any areas or ideas for improvement in planning for the 2023/24 audit. N Anderson welcomed this.

10. DATE OF NEXT MEETING

Tuesday 4th June 2024, Kingsway Campus, Room A625.

Action Point Summary

Action	Responsibility	Date
The thanks of the Committee to be passed on to the Cyber Security Team for the positive audit outcome achieved.	S Taylor	15 March 2024

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 4 June 2024



MATTERS ARISING

PAPER B

BOARD OF MANAGEMENT
Audit & Risk Committee
Tuesday 4 June 2024



Matters Arising

Paper B for information

The following actions were noted from the Tuesday 5 March 2024 Audit & Risk Committee meeting.

Agenda Item No	Action	Current status	Open / Closed
6.0	The thanks of the Committee to be passed on to the Cyber Security Team for the positive audit outcome achieved. S Taylor	Completed 6 March 2024	Closed

Author & Executive Sponsor: Steve Taylor, Vice Principal Support Services and Operations

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 4 June 2024



INTERNAL AUDIT

**6.1 - PROCUREMENT AND CREDITORS/
PURCHASING**

PAPER C

LEVEL OF ASSURANCE

Requires Improvement

Dundee & Angus College

Procurement and Creditors / Purchasing – Sustainable Procurement

Internal Audit report No: 2024/03

Draft issued: 23 May 2024

Final issued: 28 May 2024



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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

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

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.



Management Summary

Overall Level of Assurance

Requires Improvement	System has weaknesses that could prevent it achieving control objectives.
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Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Dundee & Angus College ('the College') Strategic Risk Register (as at March 2024):

- 2.2 - Failure to achieve institutional sustainability (residual risk score: 16 – major);
- 2.4 - Financial Fraud (residual risk score: 6 – minor); and
- 3.2 - Failure to achieve/maintain compliance arrangements, e.g. contracts; awarding bodies; audit (residual risk score: 4 – minor).

Background

As part of the Internal Audit programme at the College for 2023/24, we carried out a review of the Procurement and Creditors / Purchasing arrangements. The Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Principal and the Audit and Risk Committee that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Procurement Reform (Scotland) Act 2014 and related regulations provide the legal framework for College procurement activity. In particular, there are specific procurement requirements that must be applied to expenditure estimated to be at least £50,000 (goods and services) over the lifetime of the contract, and by organisations with significant procurement spend (where the total value of regulated contracts in a year exceeds £5 million).

The College and Abertay University ('the University') have a shared procurement function in the form of the Tayside Regional Procurement Team ('TRPT'), which comprises of Advanced Procurement for Universities and Colleges ('APUC') staff members embedded within the College or at the University. Since March 2023, 1.4 full time equivalent (FTE) of TRPT's total staff resource, split across four staff members, has been allocated to the College. This contrasts with previous arrangements where 1.0 FTE time was solely dedicated to an APUC Procurement Manager for the College.

APUC has undertaken an analysis of resource requirements which they have advised the College demonstrates that the procurement function is currently under-resourced from both a strategic and operational perspective. It is the view of the Head of Procurement that this is restricting the team's ability to deliver the range of services and activities they would wish, deliver potential cost-saving benefits and minimise procurement related risks.



Background (Continued)

The Head of Procurement put forward a proposal to the College's Head of Finance in June 2023, requesting funding to recruit an additional 1.0 FTE of staffing resource to the team. However, the Senior Leadership Team has noted that this cannot be supported in the current financial climate given the level of cuts which the College has had to make across all services to maintain financial sustainability. The College has identified that many of the cuts made have impacted on high-priority front line services for students. Additionally, it has been noted that the level of discretionary spend available to the College is declining and that it is challenging to justify significant additional investment in procurement management whilst overall discretionary spend is reducing..

At the time of this review, the College was seeking to address the resourcing issue by taking a slightly different approach and involving relevant individual departments in the earlier stages of procurement and deploying TRPT resource in a more strategic partnership role, with the TRPT only providing direct input to the procurement of goods and services contracts with a cumulative value above the Government Procurement Agreement ('GPA') threshold of £179k.

The Head of Procurement performs a quarterly spend analysis to monitor procurement compliance and identify opportunities for consolidation of spend and utilisation of collaborative procurement to achieve value for money. The use of available framework agreements and existing contracts is mandated and encouraged by written procedures and guidance.

The College uses the P2P electronic procurement system to place purchase orders ('POs') for goods and services with the suppliers. P2P is integrated with the College's financial system – Sun - and facilitates a highly-automated process for approving requisitions and issuing POs, as a background workflow automatically passes on any submitted requisitions to the appropriate managers for approval in line with the delegated authority limits in place. Once fully authorised, the POs are issued by the originators to the suppliers via P2P. Goods and services need to be receipted in the system prior to invoices being processed for payment, and Finance performs a three-way match between the PO, invoice, and Delivery Note on the system.

Payments are generally made using weekly automated BACS transfers but can be made using other means (including internet banking, cheque, and credit card). A system of checks and approvals is employed for payments prior to them being issued, ensuring that errors are minimised, and segregation of duties is demonstrated.

Requests for changes to supplier standing data are independently verified with the supplier as means of ensuring accuracy and preventing fraud. Changes made to the data are checked and approved, although there are opportunities for improvement in regard to the process.



Scope, Objectives and Overall Findings

This audit focused on the systems of internal control in place for the ordering of goods and services and the payment of invoices. We also considered whether the procurement strategy followed and procedures in place support best value purchasing across the College in relation to non-pay spend.

The table below notes each separate objective for this review and records the results:

Objective	Findings			
	1	2	3	
The objectives of the audit were to ensure that:				
	No. of Agreed Actions			
1. The College's Procurement Policy, Strategy and procurement guidance are comprehensive, kept up-to-date and in line with the Procurement Reform (Scotland) Act 2014 ('the Act') and The Procurement (Scotland) Regulations 2016 ('the Regulations').	Satisfactory	-	-	
2. Procurement procedures ensure that: <ul style="list-style-type: none"> • areas of high spend across the College are monitored appropriately; • opportunities for pooling of expenditure are identified in order to achieve best value; • collaborative procurements and frameworks available to the College are utilised where appropriate; and • the sustainable procurement duty is met. 	Satisfactory	-	-	
3. Purchase orders are completed for relevant purchases and are approved by members of staff with sufficient delegated authority prior to issue to suppliers, with the risk of unauthorised and excessive expenditure being minimised.	Requires Improvement	-	1	
4. The College's procurement guidance on quotes and tenders are being complied with.	Requires Improvement	-	2	
5. All liabilities are fully and accurately recorded.	Good	-	-	
6. All payments are properly authorised, processed and recorded.	Good	-	-	
7. Appropriate controls are in place over the amendment of standing supplier data on the finance system.	Requires Improvement	-	1	
Overall Level of Assurance	Requires Improvement	0	4	
		2		
		System has weaknesses that could prevent it achieving control objectives.		



Audit Approach

From discussions with Procurement staff, and a sample of budget holders, we established what procurement strategies, procedures and monitoring arrangements are in place within the College. These were then evaluated to establish if they follow recognised good practice. We also documented controls in place within the purchasing / payments system through interviews with Finance staff and sought to establish whether the expected key controls were in place. Compliance testing was performed to determine whether the key controls are working effectively.

Summary of Main Findings

Strengths

- The College has documented a comprehensive Procurement Strategy which sets out the College's procurement mission, clear and actionable strategic objectives, and describes arrangements in place to ensure compliance with the Act and Regulations. The Procurement Strategy meets the requirements of the legislation and aligns with the College's and the Scottish Funding Council's key strategic outcomes as detailed in the Regional Outcome Agreement 2023/24 and the College's overall 2025 Strategy – 'More Successful Students'.
- There is a dedicated section for procurement on the College's website, where the Procurement Strategy, Procurement Policy, Annual Procurement Report, and Contract Register are all published.
- The latest Procurement and Commercial Improvement Programme ('PCIP') assessment completed for the College in January 2024 scored it at 77% and landed it in the highest possible performance band of 'Gold' – a marked improvement over the results of the previous assessment carried out in 2019.
- The College established a joint procurement function with Abertay University in the form of the TRPT. The team comprises of experienced APUC staff embedded at the College or the University who have good access to competency-based training, development programmes, and career development opportunities.
- TRPT uses the Hunter system to assist with contract management and procurement. The system offers various functionalities which enable the team in monitoring, managing, and reporting on supplier spend.
- The Head of Procurement carries out quarterly spend analysis to identify opportunities for cost-savings, consolidation of spend, collaborative procurement, and to monitor compliance.
- The use of collaborative procurement and available framework agreements is mandated and encouraged by the Procurement Policy and procedures, and our testing demonstrated that frameworks are used frequently in practice, demonstrating value for money.
- The College is committed to meeting its sustainable procurement duty, uses various tools and systems to maintain good sustainability arrangements, and integrates sustainability into its day-to-day practice and decision-making processes.
- The College's P2P e-procurement system is integrated with its financial system – Sun - and has an automated background workflow for approving POs and invoices (where no PO has been raised) which is based on the established delegated authority limits embedded within the system. Our testing confirmed that all POs and invoices were correctly approved in line with the delegated authority limits.
- Order originators receipt the supplied goods and services within P2P, and a three-way match is completed by Finance between POs, Invoices, and Delivery Notes.
- Automated reminder notifications are issued by P2P to approvers if they have not actioned the POs submitted and to the order originators if they have not receipted the goods or services.
- The College has robust payment procedures which ensure that there is a system of checks and authorisations prior to any payments being committed. Segregation of duties is ensured as part of the payments process.
- Appropriate controls are in place over the set-up of new suppliers on the finance system and TRPT approves any new suppliers.



Summary of Main Findings (Continued)

Weaknesses

- The College's Procurement Policy and Procurement Authorisation Process documents are beyond their expected review date.
- Through discussion with the Catering Manager it was highlighted that the College could potentially do more to source catering supplies and equipment maintenance from local suppliers. Local suppliers do not have the same opportunity to bid for the College's contracts as those set up on the APUC or TUCO frameworks, which the College utilises extensively. As a result, potential opportunities for cost savings, improved quality of produce and repairs, and closer relationships with suppliers may not be fully explored.
- The Head of Procurement advised that around 35% of the College's spend did not fully comply with the College's own procurement procedures. The issue has been identified across most College's departments, with a lack of awareness amongst staff regarding the added value of compliant procurement activity and TRPT's strategic and operational role in the procurement processes identified as a factor.
- Compliance is not sufficiently enforced, and the College's procurement activity can be unnecessarily reactive and unplanned in some cases, with the urgency of need to purchase then creating difficulties with carrying out the full procurement exercises.
- Discussions are progressing to seek to resolve an impasse where the Head of Procurement believes that the TRPT is currently under-resourced, and this is also noted in the College's latest PCIP assessment. This is believed to be preventing the team from reaching its full potential in delivering strategic objectives and achieving value for money. However, the Senior Leadership Team has noted that the College is not currently in a financial position which would allow for additional resources to be dedicated to the TRPT, especially when cuts have been made across the College to frontline services to achieve financial sustainability. The discretionary spend available across the College was also noted to be declining. This matter has been raised at a senior management level within APUC to seek to expedite resolution.
- There is currently no induction or refresher training in place regarding procurement activity for non-procurement staff involved in the purchasing and procurement processes.
- Our testing confirmed that the College's procurement guidance on quotes and tenders is not being consistently complied with. We identified a pervasive and recurring issue, with TRPT not being approached, where required, by the purchasing departments to assist with the procurement activity as prescribed within the established Procurement Policy and procedures.
- Our testing confirmed that, in many instances, POs are not completed for relevant purchases. This exposes the College to significant risk as the funds are committed by the order originator prior to obtaining appropriate approval. There are then insufficient measures in place to enforce compliance in relation to the ordering process.
- There are opportunities for improvement in relation to the College's process for amending existing supplier data. Evidence of processing of changes to standing data is not appropriately retained, and although segregation of duties is embedded with the process, it may be circumvented due to a lack of built-in system controls and the currently retrospective review of any changes made to standing supplier details, which creates a scenario where an anomaly could be identified after a payment run has been processed.

Acknowledgments

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



Main Findings and Action Plan

Objective 1: The College's Procurement Policy, Strategy and procurement guidance are comprehensive, kept up-to-date and in line with the Procurement Reform (Scotland) Act 2014 ('the Act') and The Procurement (Scotland) Regulations 2016 ('the Regulations').

The Procurement Reform (Scotland) Act 2014 ('the Act') was enacted in April 2016 and created new public procurement rules aimed at improving public sector purchasing of goods, works and services in Scotland. The Act applies to the Further Education sector. The UK's exit from the European Union has resulted in technical changes to Scotland's public procurement legislation as described in The Public Procurement etc. (EU Exit) (Scotland) (Amendment) Regulations 2020 ('the Regulations'). The Act works alongside these regulations to provide a national legislative framework for sustainable public procurement that supports Scotland's economic growth through improved procurement practice. All procurement for services and supplies with a value in excess of £50,000 and all works above £2 million are designated as 'regulated contracts'. The procurement threshold values used to determine whether a public contract falls within the scope of the Scottish public procurement regulations have been recently updated, effective 1 January 2024. These threshold values are updated every two years to ensure that they remain aligned to the threshold values set by the World Trade Organisation's Government Procurement Agreement.

The Act requires contracting authorities with significant procurement spend (where the total value of regulated contracts in a year exceeds £5 million) to produce a Procurement Strategy before the start of any given financial year, setting out how the organisation intends to carry out its regulated procurements (or to review its Procurement Strategy for the current financial year and make such revisions to it as the authority considers appropriate). We carried out a review of the College's Procurement Strategy (2021-2024) against the requirements of the Act and found that all compulsory elements required by the legislation were met. The Strategy has been updated annually and we verified that it aligns with the College's and the Scottish Funding Council's key strategic outcomes as detailed in the Regional Outcome Agreement 2023/24 and the College's overall 2025 Strategy – 'More Successful Students'.

Under the Act, the College is also required to publish an Annual Procurement Report on its regulated procurement activities as soon as reasonably practicable after the end of each financial year. We confirmed that an Annual Procurement Report was completed for the most recent financial year to 31 July 2023 and the contents were in line with the requirements of the Act. All regulated contracts awarded during the period were noted to be compliant.

The College has a Procurement Policy in place. However, we established that the policy is now out of date and due for review. It was last updated on 3 August 2021, with the next review date noted as 23 February 2022. The Policy sets out the College's procurement values, aims, and key principles. It mandates and encourages the use of existing contracts, appropriate frameworks, and collaborative procurement where possible. A blended value and risk-based approach is applied, with detailed considerations and guidance given regarding the achievement of value for money and the College's environmental and corporate social responsibilities, as well as sustainability. Value thresholds prescribing different procurement methods are clearly set out, and scenarios where the use of Non-Competitive Action ('NCA') may be acceptable are explicitly defined. The Policy also outlines the responsibilities of key staff in regard to procurement.



Objective 1: The College's Procurement Policy, Strategy and procurement guidance are comprehensive, kept up-to-date and in line with the Procurement Reform (Scotland) Act 2014 ('the Act') and The Procurement (Scotland) Regulations 2016 ('the Regulations') (continued).

The College's Financial Regulations provide further practical guidance on purchasing and procurement which is based on the requirements of the Act and Regulations, the Scottish Procurement Policy Handbook and Procurement Journey, the Scottish Public Finance Manual ('SPFM'), and other circulars and guidance. Staff members can also access written purchasing procedures and P2P system guidance. Our review confirmed that the Financial Regulations and procedures were comprehensive and clear, although we noted that there are ongoing plans to update all financial procedures and thresholds to ensure they remain accurate and relevant. Finally, staff can obtain direct assistance on procurement via the TRPT. Information on procurement is also publicly available via a dedicated section on the College's website and we verified that the Procurement Strategy, Procurement Policy, Annual Procurement Report, and Contract Register were all published on it.

APUC regularly undertake Procurement and Commercial Improvement Programme ('PCIP') assessments for the College, with a focus on embedding procurement best practice. This exercise is normally undertaken every two years, although this can vary. In 2023, the Head of Procurement requested a PCIP assessment to be carried out in order to obtain an external evaluation of the College's existing procurement arrangements. As such, the latest PCIP assessment was completed in January 2024, with the College achieving a score of 77%, which places the College in the highest possible performance band of 'Gold'. On comparison to the results of the 2019 PCIP assessment, it was noted in the report that the College has overall improved its performance and benefitted from the establishment of the TRPT. However, several areas with opportunities for improvement were identified. It was noted in the report that the current levels of resource dedicated to the procurement function prevent it from reaching its full potential in delivering strategic objectives and maximising best value, especially in regard to contract and supplier management. Procurement was also confirmed not to be a part of the senior "peer group" with other business functions, and scope for greater coordination between procurement and sustainability staff at the College was found.



Objective 1: The College’s Procurement Policy, Strategy and procurement guidance are comprehensive, kept up-to-date and in line with the Procurement Reform (Scotland) Act 2014 (‘the Act’) and The Procurement (Scotland) Regulations 2016 (‘the Regulations’) (continued).

Observation	Risk	Recommendation	Management Response			
<p>The College’s Procurement Policy is out of date, having last been updated on 3 August 2021 with the due review date noted as 23 February 2022. The Procurement Authorisation Process document is likewise out of date, having last been updated on 1 July 2020 with the due review date noted as 1 July 2023.</p>	<p>The College’s procurement documentation is not up-to-date and does not accurately reflect the current procurement objectives, requirements, and approach.</p>	<p>R1 Although the College’s Procurement Policy and Procurement Authorisation Process documents are comprehensive, clear, and are in line with extant Act and Regulations, they should be updated in line with the agreed review frequency to ensure that they accurately reflect any changes in relevant legislation, emerging procurement best practice, staff responsibilities, and the College’s procurement values, aims, and approach.</p>	<p>This recommendation is accepted. We will fully update the Procurement Policy and Procurement Authorisation Process as recommended.</p> <p>To be actioned by: Head of Procurement</p> <p>No later than: 31 August 2024</p> <table border="1" data-bbox="1565 810 2089 936"> <tr> <td data-bbox="1565 810 1850 936">Grade</td> <td data-bbox="1850 810 2089 936">3</td> </tr> </table>		Grade	3
Grade	3					



Objective 2: Procurement procedures ensure that:

- ◆ areas of high spend across the College are monitored appropriately;
- ◆ opportunities for pooling of expenditure are identified in order to achieve best value; and
- ◆ collaborative procurements and frameworks available to the College are utilised where appropriate.
- ◆ the sustainable procurement duty is met.

The Head of Procurement carries out quarterly spend analysis, in addition to regular forensic checks, to assess compliance with the procurement arrangements in place. Spend is listed by supplier with key details recorded, including whether the spend is influenceable, whether it is covered by an existing contract, what the source of the contract is (e.g. APUC framework), and when it expires. Cost savings achieved due to the utilisation of appropriate procurement are also quantified. Results of the spend analysis are used to identify if non-contracted spend could instead be sourced from the available framework agreements, and whether the expenditure to different suppliers could be consolidated under a single contract or coordinated with Abertay University. The planned tender activity and spend information for the College and the University are used to identify key collaborative procurement opportunities between the two institutions, although different expiry dates for existing contracts mean that consolidating some of the spend may be delayed. Around 35% of the College's expenditure has been stated by the Head of Procurement to be non-compliant with the procedures in place. This includes around 10% of non-compliant spend which could realistically be sourced from the framework agreements available to the College.

TRPT utilises the Hunter system to assist with contract management and procurement. A full register of the College's contracts is kept on Hunter, and details are included on both the contract and the corresponding procurement carried out, with relevant documentation attached. The system flags any contracts coming up to their end date, and review dates are additionally set to ensure that appropriate actions are taken in advance, whether that means letting the contract expire, extending it, or carrying out new procurement. Hunter also allows the team to easily generate information used in PCIP assessments or to produce the Annual Procurement Report. Post-procurement reviews are carried out regularly to ensure that tendering outcomes are delivering against approved business case objectives. This is mainly done through informal discussions with budget holders who have the largest spend at the College and manage the supplier contracts daily.

The College's Procurement Strategy highlights its commitment to achieving best value for money by utilising collaborative procurement. Strategic procurement objectives include:

- i. **Improving supplier access to public contracts** by simplifying procurement processes for the College and potential suppliers, with a specific focus on enhancing access for local suppliers and SMEs and an aim to eliminate non-value-adding elements in the procurement process.
- ii. **Delivering savings and benefits** by advancing cost-effective practices and leveraging procurement collaboration opportunities to deliver value for money.
- iii. **Maximising efficiency and collaboration** through continuous enhancement of efficient and well-coordinated procurement processes and maintenance of partnerships within the sector.

The Procurement Policy states that the College will, wherever possible, use collaborative procurement in the sourcing of goods and services to achieve value for money, including the use of any available framework agreements. It also confirms the College's dedication to working in partnership with Scottish Procurement and Commercial Directorate, Crown Commercial Services, APUC, and Tayside Procurement Consortium, depending on the category and value of spend. Joint contracting opportunities are to be considered prior to undertaking any procurement even where framework agreements may not be readily available.



Objective 2: Procurement procedures ensure that:

- ◆ areas of high spend across the College are monitored appropriately;
- ◆ opportunities for pooling of expenditure are identified in order to achieve best value; and
- ◆ collaborative procurements and frameworks available to the College are utilised where appropriate.
- ◆ the sustainable procurement duty is met (continued).

The Procurement Authorisation Process document offers practical guidance to staff initiating procurement and mandates the use of framework agreements or contracted suppliers where possible, advising the staff to check the College's Contract Register in the first instance and contact the Procurement Department for help if needed.

It was noted within the Annual Procurement Report 2022-23, that approximately 51% of the College's spend was progressed through collaborative agreements during the reporting period. The arrangements utilised were seen to optimise the use of national, sectoral, local, or regional collaborative contracts and frameworks.

We tested a sample of 20 purchases and reviewed whether collaborative procurement and framework agreements available to the College had been utilised, where appropriate. We confirmed that 10 of the purchases were procured via relevant frameworks, demonstrating the College's commitment to utilising such frameworks to achieve value for money and minimise supplier risk.

The Procurement Strategy affirms the College's dedication to the principles of sustainable procurement and the understanding of its ability to make socially, economically, and environmentally responsible impact through its procurement activity. It is acknowledged that sustainability should be seamlessly integrated into day-to-day practice and decision-making processes at the College, and the tools and systems used to uphold the College's adherence to the sustainable procurement duty are outlined within. Finally, the sustainable procurement objectives are fully aligned with the College's Climate Emergency Action Plan 2021–2026 and reinforced by the establishment of a Supply Chain Climate & Ecological Emergency Strategy ('SCCEES'), developed by diverse stakeholders from the further and higher education sectors. SCCEES facilitates the monitoring of activities aimed at reducing climate impact across various commodity categories. One of the four strategic procurement objectives of the College is:

- iv. **Embedding sustainability in all we do**, meant to be achieved by incorporating robust ethical, social, and environmental policies into the procurement practices and complying with the Sustainable Procurement Duty.

Sustainable procurement is one of the College's key procurement values as outlined in the Procurement Policy, which also provides further guidance on how sustainability can be achieved through consideration of whether, what, how, and how much to buy when making purchasing decisions. Our testing confirmed that the College demonstrated compliance with the sustainable procurement duty. However, as identified in the latest PCIP assessment, there is scope for improved collaboration between TRPT and the dedicated sustainability staff at the College, as the two functions largely address sustainability issues within their own silos.



Procurement and Creditors / Purchasing – Sustainable Procurement

Objective 2: Procurement procedures ensure that:

- ◆ areas of high spend across the College are monitored appropriately;
- ◆ opportunities for pooling of expenditure are identified in order to achieve best value; and
- ◆ collaborative procurements and frameworks available to the College are utilised where appropriate.
- ◆ the sustainable procurement duty is met (continued).

Observation	Risk	Recommendation	Management Response			
<p>Through discussion with the Catering Manager, it was highlighted that the College could potentially do more to source catering supplies and equipment maintenance from local suppliers in a cost-efficient, quality-conscious, and sustainable manner.</p> <p>Currently, the Catering Manager purchases almost exclusively from suppliers established on one of The University Caterers Organisation (TUCO) or APUC frameworks. While this is fully compliant with the College's procedures, it means that the College is not fully utilising smaller, local suppliers that are not included on these frameworks, which means that they do not have the same opportunities to bid for the College's contracts. The Catering Manager believes that, with support from TRPT, the College should review opportunities to procure a higher proportion of catering goods and maintenance services from local suppliers. In the view of the Catering Manager this could potentially deliver cost-savings, better quality of produce, a better repairs service, and improved supplier relationship management and sustainability.</p>	<p>Potential opportunities for cost savings, improved quality of catering supplies and equipment repair, and improved working relationships with suppliers are not fully taken advantage of.</p>	<p>R2 The College should conduct a cost/benefit analysis to assess the impact of changing the approach for ordering of catering supplies and repairs in order to create additional opportunities for smaller, local suppliers to bid for the provision of goods and services related to catering. This could involve establishing the College's own purchasing framework (similar to the Minor Works and Building Maintenance framework currently being worked on) or comparing quotes from local suppliers for select categories of catering spend.</p>	<p>This recommendation is accepted. We will carry out a cost/benefit analysis around changing the approach for ordering catering supplies and repairs with a view to creating opportunities for smaller, local suppliers.</p> <p>Once the Cost/benefit analysis is complete we will consider whether a purchasing framework or alternative process is required.</p> <p>To be actioned by: Head of Procurement</p> <p>No later than:</p> <p>Cost/benefit Analysis - 30 November 2024</p> <p>Next steps - 31 January 2025</p> <table border="1" data-bbox="1570 1251 2085 1380"> <tr> <td data-bbox="1570 1251 1848 1380">Grade</td> <td data-bbox="1848 1251 2085 1380">3</td> </tr> </table>		Grade	3
Grade	3					



Objective 3: Purchase orders are completed for relevant purchases and are approved by members of staff with sufficient delegated authority prior to issue to suppliers, with the risk of unauthorised and excessive expenditure being minimised.

All purchases must be made in line with the College's Procurement Strategy, Procurement Policy, and Financial Regulations. There should be clear separation of budgetary authority and procurement authority. Budget holders should have authority to commission orders by specifying their requirements and providing budgetary authority for the expenditure. The authority to purchase (Delegated Purchasing Authority) and ultimately place that order should be in separate hands. Orders should not be artificially split in order to circumvent the delegated authority limits.

Purchase order (PO) requisitions are raised via the P2P purchasing system, which guides the user in inputting all the necessary supplier and order details. Once the data is entered and the requisition is submitted, a background workflow is initiated, and a notification is automatically issued to the appropriate approver based on the College's delegated authority limits which are embedded within the system. Automated reminder emails are sent after three days if the PO authorisation is still not actioned by then. The approver then reviews the details of the requisition to ensure that the information entered is correct, the goods or services are actually required, and sufficient budget is available for the purchase. If the value of the purchase is beyond the approver's delegated authority limit, this process is repeated with the PO going up authorisation levels until it is approved by a manager with sufficient delegated authority. Once fully approved, the PO is issued by the originator to the supplier via P2P.

Certain supplies such as telephone, electricity, gas, rates, catering supplies etc. are not subject to POs. Additionally, POs are not expected to be raised for emergency repairs or in other instances where it may not be practical. However, purchasing other goods or services without an appropriately raised PO is strictly against the College's policy. For purchases that do not require a PO or where no PO has been raised - the supplier invoices are entered on the P2P purchasing system for authorisation, following the same approval process as the one utilised for approving POs.

We tested a sample of 20 purchases to ensure that POs were completed and approved by members of staff with sufficient delegated authority, and we confirmed the following:

- POs were completed for 10 of the purchases examined.
- For three purchases, POs were not raised due to not being required or practical. Two of the purchases were for ongoing chargeable legal services undertaken under the terms of the legal services contract with no exact costs available to be captured by the PO. Another purchase was for canteen supplies and a PO is not required for these.
- One invoice for £57,179.40 net did not have a corresponding PO raised as the purchase was drawn down from the contract based on what was agreed through the tender process.
- One purchase for £29,513.87 net did not have a corresponding PO raised. The invoice covered the total cost quoted by the supplier in the procurement process. We were assured that this was an omission and that POs will be raised in similar cases going forward.
- One purchase for £22,922.00 net did not have a corresponding PO raised. A number of repairs were being carried out at the time by the supplier and the PO for this transaction was missed.
- One purchase for £15,800.00 net did not have a corresponding PO raised because a new member of staff who originated this purchase was not aware that a PO should be completed for it.
- One purchase for £13,900.00 net did have a corresponding PO. However, the supplier did not quote the PO number on the invoice. The invoice then went through direct approval on P2P and the PO was closed off.



Procurement and Creditors / Purchasing – Sustainable Procurement

Objective 3: Purchase orders are completed for relevant purchases and are approved by members of staff with sufficient delegated authority prior to issue to suppliers, with the risk of unauthorised and excessive expenditure being minimised (continued).

- One invoice for £6,450.00 was received with an old PO number quoted and went through direct approval on P2P. The PO had been originally raised and closed off in January 2022. The transaction sampled was for the same items but ordered in October 2023, so a new PO should have been raised.
- Two transactions – one for £3,025.00 for workwear and one for £777.96 for animal food - did not have POs raised. No rationale was made available.

We confirmed that all POs or invoices (where no PO had been raised) were correctly approved by managers with the appropriate delegated authority. For one purchase for £814,395.60, we verified that it was approved by the Finance and Property Committee on behalf of the Board in line with the procedures in place. All POs and invoices were approved prior to being released for payment to the suppliers, demonstrating robust payment controls.

Observation	Risk	Recommendation	Management Response
<p>Our testing confirmed that, in the instances listed above, POs were not always completed for relevant purchases. This exposes the College to risk as the funds are committed by the order originator prior to obtaining appropriate approval.</p> <p>While it is acknowledged that it is strictly against the College's policy to arrange for the supply of goods or services without an appropriately raised PO, a "No PO, No Pay" policy is not currently in place or enforced.</p> <p>Although the alternative arrangements for approving invoices received without a corresponding PO are robust, and require approval from managers with sufficient delegated authority prior to the invoices being cleared for payment, these alternative arrangements should only be used where fully necessary rather than routinely.</p>	<p>Purchases not following the intended approval process expose the College to financial and reputational risks. Orders for goods and services may contain errors, may not be required, or may be too expensive. Disputes with suppliers may arise if invoices subsequently received are not approved for payment. Terms and conditions of the purchase may be unclear or detrimental to the College.</p>	<p>R3 The College should improve enforcement of compliance in regard to raising POs for relevant transactions.</p> <p>The College should clearly communicate to staff that it is against the College's policy to arrange for the supply of goods or services without an appropriately approved PO and explain to staff how the process helps maintain value for money and minimise supplier risk.</p> <p>Consideration should be given to establishing a more robust "No PO, No Pay" policy, with exclusions explicitly defined and adequately explained to staff members.</p>	<p>These recommendations are accepted.</p> <p>We will communicate the policy for raising Purchase Orders and explain the rationale for this.</p> <p>We will consult our Senior Leadership Team on the introduction of a more robust No PO, No Pay Policy or appropriate equivalent.</p> <p>To be actioned by: Director of Finance</p> <p>No later than: 30 September 2024</p>
			<p>Grade 2</p>



Objective 3: Purchase orders are completed for relevant purchases and are approved by members of staff with sufficient delegated authority prior to issue to suppliers, with the risk of unauthorised and excessive expenditure being minimised (continued).

A number of key people at the College have access to credit cards which may be used in certain circumstances to make purchases for goods or services. According to the procedures, such purchases should only be made where they can only be processed by a credit card, or where a credit card purchase is the most efficient means of buying the goods or service in question. Seven cards are currently issued to employees, with six having an individual limit of £10,000 and one of £3,000.

There is a written procedure in place covering credit card purchases. We confirmed that this procedure is comprehensive and accurately reflects the current processes, although we were advised that there are plans in place for the Finance Team to review the document, in collaboration with TRPT.

A Credit Card Purchase Authorisation Form ('CCPAF') should be completed prior to an order being placed, although it is recognised that in some cases authorisation may take place after the goods or services have been ordered. The form should detail what is to be bought, the supplier, cost, account coding, and reason why a credit card is being used. After being approved by the cardholder's budget holder, the purchase can be made, and a receipt must be obtained to evidence the spend. The CCPAF and receipt should then be passed on to Finance, along with monthly credit card statements when these become available. Finance then reviews the monthly statements to confirm that the supporting documentation (CCPAF and receipt) are in place for each transaction, and any errors or omissions are queried with the cardholder. Any transactions without a CCPAF should be highlighted on the statement when it is being sent to Finance, and the statement should be signed off by the cardholder and countersigned by an appropriate budget holder. The Finance Team occasionally encounters issues with the CCPAF not being completed but it is not common practice and mostly relates to yearly subscriptions that automatically renew. If everything is satisfactory, the Finance Assistant enters details of the payments onto the finance system via the journal entry function, and the full statement balance is settled by direct debit on the due date.



Procurement and Creditors / Purchasing – Sustainable Procurement

Objective 4: The College's procurement guidance on quotes and tenders are being complied with.

The College's Financial Regulations state that procurement of goods or services must be made in accordance with the College's Procurement Strategy, Procurement Policy and Financial Procedures, which reflect relevant guidance issued by APUC and the requirements of the Act. The Scottish Procurement Policy Handbook must also be followed and should be read in conjunction with the Procurement Journey, which is a toolkit providing practical guidance on procurement procedures.

The Procurement Authorisation Process document offers practical guidance on the procurement route to be utilised depending on the value of the purchase:

- for one-off purchases, the total cost of the good(s) or service(s) determines the contract value.
- for recurring spend, the total value over 4 years must be used and the Procurement Department will check whether similar expenditure across the College should be aggregated.
- VAT should not be included.

As noted above in **R1**, the due review date for the Procurement Authorisation Process document was 1 July 2023.

Where no suitable framework agreement or existing contract is available, the procurement route used should be in line with the following table:

Procurement Value	Procurement Route	Budget Approval	Contractual Approval	Comments
Less than £3,000	Budget holder has discretion regards obtaining quotes however value for money must be achieved	Budget holder	Budget holder	
£3,000 to £4,999	3 quotes requested and held by budget holder for audit purposes	Relevant Member of Senior Leadership Team (SLT)	Head of Finance	Authority to proceed with fewer than 3 quotes required from HOF
£5,000 to £24,999	4 quotes requested through PCS portal – to be published by Procurement Department	Relevant Vice Principal	Vice Principal Corporate Services	Authority to proceed with fewer than 4 quotes required from VP (CS)
£25,000 to £50,000	Contact Procurement Department for assistance with competitive tender	Senior Leadership Team	Vice Principal Corporate Services	
Above £50,000	Contact Procurement Department for assistance with competitive tender	Refer to Financial Regulations	Refer to Financial Regulations	



Objective 4: The College's procurement guidance on quotes and tenders are being complied with (continued).

Unless covered by specific delegated authority, any proposal to award a contract over £25,000 without competition must be approved in advance by the Board of Management prior to referral to the Scottish Funding Council, and any external consultancy contracts with a value of £100,000 aggregated over 4 years must be approved in advance by the Scottish Funding Council.

The TRPT has access to competency-based training, development programmes, and career development opportunities. The Scottish Government Competency Framework and a skills gap analysis are utilised to identify where training can add the most value and this is reflected in the individual staff member's development plan. The team uses a range of resources to address its training needs, such as the British Universities Finance Directors Group ('BUFDG') which offers a suite of high-quality webinars covering various procurement topics at different learning levels. APUC publish a training schedule annually covering all aspects of procurement, and the team members undertake select training based on need. In-house training is carried out as required, and since individual members of the team specialise in particular areas, they can be readily approached for advice. Coaching and mentoring are practiced as well.

As noted above under Objective 2, the Head of Procurement confirmed that around 35% of the College's expenditure is non-compliant with the procurement procedures currently in place. This includes around 10% of non-compliant spend which could realistically be sourced from the framework agreements available to the College. The non-compliance has been identified to be a problem across most of the College's departments, and the Head of Procurement has assessed the underlying reasons to mainly relate to a lack of awareness across the College's staff regarding the added value of compliant procurement activity and TRPT's strategic and operational role in the procurement and supplier selection processes. There are also no measures to enforce compliance by staff who routinely do not follow the established procurement procedures or do not approach TRPT for high-value purchases as mandated. The College's procurement activity is relatively reactive (approximated at 40% by the Head of Procurement) and often unplanned, with urgency of purchase cited as the primary reason for not carrying out the appropriate procurement exercises. The Head of Estates indicated that although Estates expenditure is planned a year ahead, it is also largely driven by needs of the Curriculum which are often communicated late into the term dates, whereas Estates needs to carry out the majority of the work between the academic sessions (when students and most staff are not present at the premises). These timeframes are seen to prevent the department from fully complying with the procurement requirements, especially for urgent works, although it was stated that TRPT would be approached for high-value purchases. TRPT and Estates are currently working on establishing the Minor Works and Building Maintenance framework across the College and the University, and this is hoped to be implemented by the start of September 2024. The framework will improve arrangements significantly by allowing the College to call-off purchases directly from the evaluated suppliers for various categories of spend.



Objective 4: The College's procurement guidance on quotes and tenders are being complied with (continued).

We tested a sample of 20 purchases to ensure that the College's procurement guidance on quotes and tenders has been followed, including a consideration of whether these are in line with the Act and Regulations. Our results reflected the overall assessment above and we noted the following:

- For one ICT purchase of £84,570.00 net, TRPT was not involved in supporting the procurement process, but it was otherwise noted to be compliant. ICT sourced this directly using the sector-wide agreement (Microsoft EES Education Qualified User Agreement) between Jisc/Chest (who are able to procure software on behalf of the sector) and Microsoft. The award was also approved by the Finance and Property Committee.
- For one Estates purchase of £29,513.87 net, TRPT was not approached to assist with carrying out a competitive tender or to request quotes from four different suppliers through PCS (based on estimated price). Instead, the department approached three different suppliers with a history of working with the College and who met the specification requirements. Two of the suppliers returned quotes and the cheaper quote was selected, with quality not having been scored. Urgency of the work was stated as rationale for opting for this alternative procurement and supplier selection process.
- For one Estates purchase of £22,922.00 net, no procurement process was carried out. The supplier (QAPM Ltd) was awarded directly based on prior performance, reliability of service, community benefit, and an understanding that the price was competitive. We noted that the aggregated spend to the supplier in the first two quarters of the year ending 31 July 2024 was £210,312.60, and it reached £409,385.40 for the year ended 31 July 2023. We confirmed with the Head of Procurement that TRPT has not had any involvement in assisting with procurement activity for the supplier despite the significant spend. The Head of Estates noted that QAPM are a reliable multi-trade company and a “one-stop shop” for many of the services required.
- One ICT purchase of £13,900.00 net related to software licensing and was procured using an APUC framework based on a legacy agreement which was automatically renewed with the incumbent supplier, who was the only one listed on the framework. The automatic renewal had occurred by the time TRPT was informed of it. As a result, the team have added the contract to the Contract Register and overall measures have been put in place to prevent similar situations in the future, including adding comparable contracts to Hunter and noting their expiry date to enhance planning.
- For one Estates purchase of £17,178.00 net, TRPT received a late notification of procurement having been initiated with two quotes already received by the department. The Procurement Manager established that although there was an APUC framework in place, it did not cover equipment which this purchase specifically was for. An alternative route via the Crescent Purchasing Consortium was suggested although it was noted that this would involve additional due diligence to ascertain if it was compliant. However, due to the College having already obtained two quotes and with the goods being urgently required, the department was asked to acquire a third quotation to demonstrate value for money and adherence to the Procurement Policy. It was acknowledged that requests for quotations should have been issued through PCS, but this would have resulted in duplication and impacted the delivery timescale as the suppliers who had already quoted would need to register on PCS and complete the ITQ documents there.
- For one ICT purchase of £6,450.00, quotes from different suppliers were not obtained and no Non-Competitive Award request form was prepared. Selecting the supplier resulted in significant cost savings due to the College' inheriting' excess stock from Dundee City Council who were exiting the agreement with the supplier for printing of cards. However, this has not been demonstrated in any written documentation or market testing.
- One Marketing purchase for £2,450.00 net was similar to other recurring purchases for the same value and was sourced from a supplier with aggregated spend in the first two quarters of the year ending 31 July 2024 of £20,580.00 and having reached £38,532.89 for the year ended 31 July 2023. TRPT stated that a term contract is to be established for this supplier as the need for this was identified following a spend analysis.
- One Catering purchase for £1,935.01 net was from a supplier with aggregated spend in the first two quarters of the year ending 31 July 2024 being £84,297.10. The supplier is established on an appropriate TUCO framework but the alternative suppliers available have not been reviewed by the College in some time and instead the purchases are made as if under a legacy agreement. The supplier has been recently asked to provide paperwork confirming their framework offering to ensure that the College remains fully compliant in sourcing goods from them.



Objective 4: The College’s procurement guidance on quotes and tenders are being complied with (continued).

Observation	Risk	Recommendation	Management Response
<p>Our testing confirmed that the College’s procurement guidance on quotes and tenders is not being consistently complied with. We identified a recurring issue whereby the TRPT are not being approached by the purchasing departments to assist with the procurement activity, in line with the established Procurement Policy and procedures.</p> <p>The Head of Procurement identified the lack of awareness across College staff regarding the added value of compliant procurement activity and TRPT’s strategic and operational role in the procurement and supplier selection processes.</p> <p>Compliance is not currently being managed proactively, and the rationale for not following the established procurement process is not always explained or documented by the relevant departments.</p>	<p>Opportunities to achieve value for money and minimise supplier risk are not capitalised on.</p> <p>Non-compliance with procurement legislation and regulations or College procedures.</p> <p>Institutional sustainability not fully demonstrated.</p>	<p>R4 The College should conduct a review of existing procurement arrangements, to ensure that external procurement support is structured in a way which will effectively contribute to the delivery of value for money and minimisation of risk at the College. This should involve a specific focus on the future role and responsibility of the TRPT given the existing resource constraints.</p> <p>The College should communicate to all staff the purpose, importance, and added value of appropriately conducted procurement activity. Staff members should be reminded of the Procurement Policy and procedures in place, and of TRPT’s strategic and operational role in managing and assisting with procurement activity. The need for compliance with the established procurement arrangements should be emphasised, and any repeated non-adherence by individuals or departments should be monitored and corrective action taken. A rationale should be given by the purchasing department in any instance where procurement activity has not been conducted in line with the College’s guidance.</p>	<p>These recommendations are accepted.</p> <p>A review of the existing procurement arrangements is already in hand and discussions are underway to identify the future role, responsibility and future service provided by the TRPT to the College.</p> <p>We will communicate the importance of procurement to the wider College along with explaining the role and purpose of procurement and highlighting procurement policies and procedures.</p> <p>We will revise our process to ensure we capture a rationale from all departments regarding any instances of non-compliance with our procurement requirements.</p> <p>To be actioned by: Director of Finance</p> <p>No later than: 30 September 2024</p> <div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="1563 1193 1832 1382" style="background-color: #4a5568; color: white; padding: 10px;">Grade</div> <div data-bbox="1832 1193 2089 1382" style="background-color: #f1c40f; color: white; padding: 10px; text-align: center;">2</div> </div>



Procurement and Creditors / Purchasing – Sustainable Procurement

Objective 4: The College’s procurement guidance on quotes and tenders are being complied with (continued).

Observation	Risk	Recommendation	Management Response	
<p>It was stated in the Annual Procurement Report 2022-23 that College staff complete an ‘Introduction to Procurement’ module to help them understand the legislative background and enhance their knowledge of business processes and internal governance. The module was noted to be in need of a comprehensive review, with content, delivery method, and interactive components to be refreshed to ensure continued effectiveness and relevance. However, the Head of Procurement, the HR department, and individual budget holders confirmed that there is no induction or refresher training offered to College staff in relation to procurement. In 2023, TRPT issued a communication to introduce the team, explain its role, and inform staff that the TRPT can be contacted for assistance. We were advised that the TRPT team had intended to implement “roadshows”, where they would give presentations to individual departments or teams. However, this has not been completed due to staff resource constraints. There is an intranet page in draft with information designed to enable staff in undertaking procurement appropriately, but we were advised that this may need to be updated before publication.</p>	<p>Staff are not adequately trained on procurement, leading to non-compliance, higher supplier risk, and value for money not being achieved.</p>	<p>R5 The College should consider re-establishing induction and refresher training for non-procurement staff involved in purchasing and procurement activity. This would help staff to understand the legislative background and enhance their knowledge of business processes and internal governance, as well as familiarising them with TRPT and ensuring that they are aware of the team’s strategic and operational role in relation to procurement activity.</p>	<p>This recommendation is accepted.</p> <p>We will re-establish induction and regular refresher training for non-procurement staff involved with purchasing and procurement activity. This will be timetabled into Procurement annual activity plans.</p> <p>To be actioned by: Head of Procurement</p> <p>No later than: 30 September 2024</p>	
			Grade	2



Objective 5: All liabilities are fully and accurately recorded.

For each purchase raised via a PO, the requisitioner is required to receipt the order on the P2P purchasing system once the goods or services have been delivered. If they do not do so, and an invoice corresponding to the PO is received, then the Finance Team contacts the relevant person to question why the receipting of the order has not been completed. Such invoices are entered into the system, marked as not yet receipted, and P2P then issues three notifications per day to the originator requesting them to receipt the order. Until this is done, the invoices are held and excluded from any future payment runs.

Invoices are normally received directly by the Finance Team from the supplier, but in certain circumstances they may be sent to the purchasing department instead (e.g. catering, library). In those cases, the department should pass on the invoices to Finance. Once received by Finance, invoices are checked arithmetically and matched to the relevant PO, at which point it is verified if the goods and services have been receipted by the originator. The invoice is matched against what has been requisitioned in the PO and the P2P system automatically performs a price tolerance check against a set level of 10%, highlighting quantity / item differences as well. If the invoice does not match the PO, it goes into drafts and the originator is required to match or amend amounts on each line and submit the invoice for authorisation or for payment depending on the extent of changes made. The system sends out automated emails to approvers to seek authorisation for any amounts exceeding the tolerance limit or where significant changes from the PO items have been flagged. Once everything is satisfactory, the matching process is complete with a unique reference number generated for the invoice which is subsequently transferred to the Sun financial system.

For purchases that do not require a PO or where no PO has been raised - the supplier invoice is received by Finance, potentially passed on to the originator for inspection, and entered on the P2P purchasing system for authorisation, following the same approval process as the one utilised for approving POs. Once the invoice is fully authorised, its coding is checked, and it is transferred to the Sun financial system and enabled to be included in a future supplier payment run.

If no PO number is quoted on the invoice when it should be, an enquiry on the relevant supplier's account is done in either the PO system or the financial system to determine whether a PO has been raised and, if so, the standard invoice matching procedure is followed. If the omission of the PO number by the supplier is deemed to be a one-off error, no further action is taken, but if the same supplier repeatedly fails to quote a PO reference, Finance contacts them to resolve this.

We reviewed a sample of 20 purchases to ensure that the liabilities recorded on the finance system matched the original invoices and POs. We also verified if the goods and services were correctly receipted by the order originator. We confirmed that in each instance, the liabilities recorded on the finance system agreed to the corresponding invoices. Where POs have been raised, we verified that the invoices matched them, and we noted only minor variations in price or items. Where POs were omitted, we ensured that invoice details were the same as details input on the P2P system for approval purposes. We also verified that all invoices were received either after the PO approval date or before the invoice approval date (if no PO was raised) as expected. Finally, we confirmed that orders were not receipted by the originators in the P2P purchasing system for transactions with no POs raised as this is not required according to the College's procedures. We also noted one Delivery Note with details not matching the PO / invoice as 129 laptops were receipted while only 120 were ordered and actually delivered. This was confirmed to be an error made by the originator when receipting the order. Finance has previously raised with the P2P system provider why staff members are able to over-receipt an order and this was confirmed to be an ongoing glitch on the provider's end. Finance runs a report at the end of the month which highlights discrepancies between the Delivery Notes and POs and investigates major differences so that the POs can be closed off. As this is a known, controlled, and non-pervasive issue, no further recommendation has been raised in this report regarding it.



Objective 6: All payments are properly authorised, processed, and recorded.

The College processes weekly supplier payment runs in addition to any ad-hoc payments made using RBS Bankline, or, under exceptional circumstances, cheque.

First, the Finance Assistant should run an Aged Creditors report from the Sun financial system and review it for items such as withheld amounts to suppress them from being included in the payment run. This should later be reviewed by the Finance Team Leader (currently the Senior Management Accountant as the Finance Team's future structure and permanent role makeup is under consideration) to ensure that all intended payments are included. However, we confirmed that this stage had been omitted from the process and will now be reinstated. The Finance Assistant then runs the Generate Payments report which automatically allocates all invoices receipted and cleared for payment to the appropriate supplier accounts in the financial system. The report is then checked for any anomalies such as duplicates or incorrect supplier details. Following this, the Cashier imports the payment into the PT-X online payments system. The Payment Authorisation report is subsequently run from the banking system, and an authorisation sheet together with a copy of the Generate Payments report are attached to assist in the review carried out by two authorisers – members of the processing team - who ensure that the documents agree and who authorise the electronic payment. A final payment report is then run and passed on to the Head of Finance who authorises it and logs onto PT-X to release the BACS payment. A BACS Submission report is filed together with the other reports, and remittances are issued to the suppliers by e-mail through the financial system.

We reviewed a sample of 20 purchases to ensure that the corresponding payments have been appropriately authorised, processed, and recorded. We confirmed that 19 of the payments were processed through BACS payment runs and were appropriately authorised by the Head of Finance. All payment report totals matched the monies paid through the bank. We noted that there was one payment for the value of £784,048.38 issued directly to a single supplier in August 2023 through RBS Bankline. This was due to the College experiencing problems with the P2P purchasing system at the time the relevant invoices were entered and approved, making them not feed through to the Sun financial system for payment. This high-value payment was to be made urgently and the College was unable to wait for the issue to be resolved by IT. This payment was approved and processed by the Head of Finance and Vice Principal (Support Services & Operations).



Objective 7: Appropriate controls are in place over the amendment of standing supplier data on the finance system.

For a new supplier to be set up, a Supplier Account Request Form ('SAF') needs to be completed by the purchasing staff member with details of their name, address, and reason for the request. The SAF is checked by the originator's normal approver to ensure that all necessary details have been captured and the form is then passed on to Finance who review the request and set up the supplier on the Sun finance system, including assigning them a unique supplier account code. The supplier details are then also verified by Procurement and added onto the P2P purchasing system. A Bank Details request letter is issued to the supplier so that they can be paid by electronic bank transfer, and the returned form is checked to make sure it is fully completed and printed on the supplier's headed paper. Finance then contacts the supplier by phone to independently confirm their bank details, using contact details obtained from a source different than the returned Bank Details request form. Once the accuracy of the information confirmed with the supplier, the payment method and bank account are entered in the supplier's account record in the financial system. Periodic reviews of the suppliers list held in the financial system are carried out to:

- Check for duplicate suppliers;
- Perform random checks on accuracy of supplier bank details; and
- De-activate old suppliers not used for at least 2 years. Re-activation requires confirmation of supplier details including bank account details.

For changes to existing supplier data, Finance normally receive requests for any amendments to be made through e-mail. Contact details already present on the College's finance system are used to independently verify with the supplier whether the request received is genuine and to confirm the new details with two independent sources. The new details are then input into the Sun financial system and transferred to P2P. Afterwards, the Head of Finance is notified that a change has been processed so that they can review and approve it.

Routinely one member of the Finance Team processes all changes to supplier standing data. The employee previously responsible for this task left the College in mid-2023 and we were advised that a new member of the team is set to take over this task following further training. In the intervening period, any such changes are being processed by one of the Finance Assistants.



Objective 7: Appropriate controls are in place over the amendment of standing supplier data on the finance system (continued).

Observation	Risk	Recommendation	Management Response		
<p>We were unable to test a sample of changes made to supplier standing data, to verify that these were processed based on genuine requests; were independently checked with the supplier; and appropriately reviewed and approved. Members of the Finance Team accessed the folders available to them and were unable to find any evidence of historic changes made to supplier data, and no central record of these being kept. We were advised that the member of the Finance team who was previously responsible for processing such changes probably kept a folder of the requests on their own personal desktop and as such this evidence is not available for review. According to the procedure in place, evidence of changes to supplier standing data should be retained indefinitely within a dedicated Finance folder.</p> <p>There are opportunities for improvement in relation to the College’s process for amending existing supplier data. Evidence of processing the changes is not appropriately retained, and although segregation of duties is built into the process, it can be circumvented due to a lack of built-in system controls and the review of any changes entered in the financial system being retrospective.</p>	<p>Risk of inaccurate supplier data, late or incorrect payments, fraud.</p>	<p>R6 The College should examine the following elements of the process to amend standing supplier data:</p> <ul style="list-style-type: none"> • It should be ensured that the process utilised in practice is in line with the documented Bank Account Changes Procedures. • It should be ensured that evidence of processing the changes is appropriately retained in a shared location available to the Finance Team. This should capture all requests received, details of the changes made, how they were verified as bona fide, and evidence of any subsequent independent checks and approvals conducted. The establishment of a central record, available to the Finance Team, containing all amendments made to supplier standing data, such as a spreadsheet, should be considered. • The introduction of built-in system controls in the Sun / P2P systems should be considered, which would require authorisation by an appropriately senior member of the Finance Team prior to any changes to supplier bank details going live and the account being enabled for payment. This would ensure that review and approval is not retrospective, and segregation of duties cannot be circumvented. 	<p>These recommendations are accepted.</p> <p>We will review the documented bank account changes procedure to ensure it is robust and contained adequate internal controls.</p> <p>We will then review the process for changes to supplier standing data to ensure we follow the revised documented bank account changes procedure.</p> <p>We will retain all evidence of any changes to supplier standing data.</p> <p>We will explore the possibility of introducing approval system controls in SUN/P2P for supplier amendments.</p> <p>To be actioned by: Director of Finance</p> <p>No later than: 30 June 2024.</p> <table border="1" data-bbox="1568 1270 2089 1382"> <tr> <td data-bbox="1568 1270 1848 1382">Grade</td> <td data-bbox="1848 1270 2089 1382">2</td> </tr> </table>	Grade	2
Grade	2				



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BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 4 June 2024



INTERNAL AUDIT

6.2- ENVIRONMENTAL SUSTAINABILITY

PAPER D

LEVEL OF ASSURANCE

Good

Dundee & Angus College

Environmental Sustainability

Internal Audit report No: 2024/04

Draft issued: 27 May 2024

Final issued: 28 May 2024



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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

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

Priority 1	Issue subjecting the organisation 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 organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



Management Summary

Overall Level of Assurance

Good	System meets control objectives.
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Risk Assessment

This review focused on the controls in place to mitigate the following risk on the Dundee & Angus College ('the College') Strategic Risk Register as at March 2024:

- 1.5 – Failure of D&A plans and activities to deliver on required carbon reductions and sustainability actions necessary to meet national targets and achieve College climate emergency ambitions (residual risk score: 8 – minor).

Background

As part of the Internal Audit programme at the College for 2023/24 we carried out a review of the environmental sustainability arrangements. The Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Principal and the Audit and Risk Committee (ARC) that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Through the development of its Strategic Plan and Climate Emergency Action Plan (CEAP) Sustainability Strategy the College is committed to improving environmental performance, raising the profile of sustainability education, and reducing its impact upon contributing to climate change. The staff, students, campus partners and wider community have the right to expect that the College as a responsible institution, acts positively to promote behaviour change and reduce the impact upon the environment.

Part 4 of the Climate Change (Scotland) Act 2009 (hereafter referred to as 'the Act') places duties on public bodies relating to climate change. The duties on the face of the Act require that a public body must, in exercising its functions, act:

- a) in the way best calculated to contribute to the delivery of the targets set in or under Part 1 of this Act.
- b) in the way best calculated to help deliver any programme laid before the Scottish Parliament under section 53. and
- c) in a way that it considers is most sustainable.

In doing so, public bodies must have regard to the guidance *Public Bodies Climate Change Duties: Putting Them Into Practice* issued by the Scottish Government in 2011. In direct response to the international Paris Agreement, the Climate Change (Scotland) Act 2009 was amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, increasing the ambition of Scotland's emissions reduction targets to net zero by 2045. While the interim target to reduce emissions by 75% by 2030 was recently scrapped, the long-term aspiration to reach net zero by 2045 remains.

In February 2021, Scottish Colleges' Statement of Commitment on the Climate Emergency was published. The colleges had come together to establish and commit collaboratively to delivering on a set of 10 key actions.



Background (Continued)

Scope 1, 2 and 3 is a way of categorising the different kinds of carbon emissions an organisation creates in its own operations, and in its wider value chain.

- **Scope 1 emissions** - covers the Green House Gas (GHG) emissions that an organisation makes directly — for example while burning fuels to heat buildings and power vehicles;
- **Scope 2 emissions** - are the emissions it makes indirectly – like when the electricity or energy it buys for heating and cooling buildings, is being produced on its behalf; and
- **Scope 3 emissions** – includes all the emissions associated, not with the organisation itself, but that the organisation is indirectly responsible for, up and down its value chain. For example, from buying products from its suppliers, and from its products when customers use them.

Scope, Objectives and Overall Findings

This audit reviewed the College's current position with regard to its strategic plans and operational arrangements to ensure compliance with the Climate Change (Scotland) Act 2009.

The table below notes the objective for this review and records the results:

Objective	Findings		
	1	2	3
The objective of the audit was to obtain reasonable assurance that:			
	No. of Agreed Actions		
1. The College has established the carbon baseline position and has set out and communicated the climate change aspirations for the College.	Good	-	-
2. Roles and responsibilities around climate change action and environmental sustainability have been clearly articulated.	Good	-	-
3. There are appropriate targets, actions, and milestones in place to demonstrate the steps the College is taking to contribute to climate change mitigation and to climate change adaptation, and to act sustainably.	Good	-	-
4. There are appropriate arrangements in place to update the Board on the progress being made to deliver on actions around climate change and sustainability.	Good	-	-
		-	-
Overall Level of Assurance	Good	System meets control objectives	



Audit Approach

Through discussion with the Head of Estates, Academic Development Lead, Procurement Manager and Principal, and review of relevant documents, we examined the extent to which the above objectives are being met.

Summary of Main Findings

Strengths

- The College has signed up to the Scottish Colleges' Statement of Commitment on the Climate Emergency, which includes a climate change roadmap for Further Education colleges. The College is also a signatory of the Race to Zero Commitment for Colleges and Universities.
- The College's Infrastructure Strategy 2027 Vision, supported by the College's CEAP, the United Nations (UN) Sustainable Development Goals (SDGs) Action Plan, and Race to Zero Action Plan, provides a high-level road map of intended direction and strategic objectives in relation to environmental sustainability, which includes the provision, operation and development of resources and services.
- The College is required to submit Climate Change Action Plans and report on carbon emissions to the Scottish Government annually via the Public Bodies Climate Change Duties Reporting. The College is fully compliant with the reporting requirements specified in the Climate Change (Scotland) Act 2009.
- The Head of Estates leads on this agenda and is supported by an Environmental Officer who has been in post for more than 10 years.
- All the College's Senior Leadership Team (SLT) papers demonstrate where alignment occurs to the relevant UN SDGs.
- The College has implemented a range of sustainable practices relating to waste management, travel and energy reduction and currently has delivered all but two of its CEAP targets.
- We noted evidence of embedding sustainability within courses and teaching practices.
- The College is a key player in both the college national and local network addressing the climate emergency agenda.
- The College has set a target of net zero emissions for scopes 1 and 2 emissions by 2030, and a reduction in the College carbon footprint by a minimum of 60% from its baseline. By 2023, the College had achieved a reduction of 47% in these target areas.

Opportunities for Improvement

The audit has not identified any significant weaknesses in the current approach the College has in place to reduce its carbon footprint and improve environmental sustainability. However, it is evident that due to the age of the current estate, significant improvements in energy conservation and carbon reduction will require significant capital investment. It is unlikely that significant capital funds will be made available in the short term for large scale infrastructure projects, and therefore there is a heightened risk that carbon reduction targets may be more difficult to achieve until capital funding is made available to address the current College estate issues. The SFC's Baseline 2024 review will allow the condition of the College estate to be captured as part of the planned national exercise, which will provide clarity on the estates related challenges facing individual Colleges, which will inform the SFC's future college infrastructure strategy.

Acknowledgments

We would like to thank the College staff that helped and supported during this audit review.



Main Findings

Objective 1 - The College has established the carbon baseline position and has set out and communicated the climate change aspirations for the College.

The College's sustainability agenda is based on the following:

- Climate Change (Scotland) Act 2009 as amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019;
- Scottish Colleges' Statement of Commitment on the Climate Emergency;
- Dundee and Angus College's 2025 Strategy – More Successful Students;
- The College's Infrastructure Strategy 2027 Vision; and
- Dundee and Angus College's Climate Emergency Action Plan (CEAP) 2021-26 – which is currently being reviewed and updated.

The College has signed up to the Scottish Colleges' Statement of Commitment on the Climate Emergency, which includes a climate change roadmap for Further Education colleges. The roadmap covers five key elements: 1. Leadership and Governance; 2. Estates and Operations; 3. Learning and Teaching; 4. Partnerships and Engagement; and 5. Data Collection.

The College is also a signatory of the Race to Zero Commitment for Colleges and Universities. Its carbon emissions are reported to the Scottish Government every year, these returns provide the baseline for the current carbon reduction targets in place. The College's 2025 Strategy – More Successful Students includes a commitment to reduce the carbon footprint of the College's operations by a minimum of 60% from its baseline.

While the College Principal is the Project Sponsor for the CEAP, the Head of Estates is the lead for developing and implementing it and the sustainability agenda within the College. The Head of Estates is supported in this role by the Environmental Officer and the Estates Operations Team. The Head of Estates and team continue to develop actions to further reduce the College carbon footprint and wider sustainability agenda and undertake improvements across the estate when funds are made available. Funding has been obtained via the Green Public Sector Estate Decarbonisation scheme to support a project to install low energy LED lighting across the College estate, reducing costs and electricity consumption and reducing the carbon footprint. As part of the College's infrastructure review, it has undertaken climate feasibility studies at each campus to identify short and medium-term projects that could improve both energy conservation and carbon reduction. Depending on obtaining capital funding, these plans will be included within the updated CEAP and future Infrastructure Strategy.

While the Infrastructure Strategy highlights the importance of contributing to the College's 'pathway to net zero', through the management and reduction of carbon emissions in the estate, the CEAP is the main driver to achieve full Net-Zero by 2040 (in line with the Scottish Colleges' Statement of Commitment on the Climate Emergency and the College's aim to achieve net zero emissions for scopes 1 and 2 emissions by 2030).



Environmental Sustainability

Objective 2 - Roles and responsibilities around climate change action and environmental sustainability have been clearly articulated.

Within the College the Head of Estates has overall operational responsibility for the climate activities in managing the estate and driving forward the decarbonisation agenda and developed the 2021-26 CEAP. In this role they are supported by an Environmental Officer who has been in post more than 10 years. The 2021-26 CEAP built on the previous College climate strategies to meet the 2009 Act and is based around the five college roadmap activities as defined by the Climate Action Roadmap for Further Education Colleges.

The CEAP is aligned with the elements of the roadmap activities and has established key objectives and operational targets for the reduction of carbon emissions and supports the delivery of the 17 United Nations (UN) Sustainability Development Goals (SDGs) which enable positive environmental, social, and economic development. To support delivery of the CEAP a Climate Emergency Actions Group (CEAG) is in place, which is made up of key stakeholders from the staff and students. They are responsible for driving the effective implementation of the CEAP, its targets and objectives. The group is chaired by the Head of Estates and meets quarterly to monitor progress against the action plans and targets.

An annual report on CEAG activities and progress is completed and submitted by the Chair to the Senior Leadership Team (SLT) and Board of Management. The next annual report is due to be tabled at the Board of Management meeting in June 2024. At present, of the agreed operational targets for the 2021-26 CEAP, only two are not yet fully completed. The successful delivery of the 2021-26 CEAP has resulted in the need to update it, and this process is currently ongoing and is being led by the Head of Estates. Any outstanding actions from the current plan will be reviewed and where still relevant will be included within any updated plan.

The College has also recently created a Student Sustainability Committee that works with the Students' Association to enable students to support this process and have a voice to drive more climate initiatives, including the identification of learning needs for this topic.

As part of our audit review, we did identify that the College is currently undertaking a mapping exercise within areas of the curriculum to identify where relevant courses map to the SDG's and identify where either improvement is required in the current course learning or where gaps exist in the current curriculum. There is increasing demand from other College departments for their courses to undertake this mapping exercise. In addition, this work has been undertaken in conjunction with other colleges and the Scottish Qualifications Authority (SQA) with the aim to include the importance of SDGs and climate issues within the curriculum where it is relevant for the course learning objectives.

Other areas where the College has championed the sustainability agenda is through its external networks and partnerships including:

- Developing networks, both within the college network, with the Principal chairing the Scottish Principals' Climate Group and is also a member of the Dundee Climate Change Leadership Group;
- Green skills, the College is seen as a centre of excellence in the development of green skills and currently supplies all three of Scotland's Emergency Services' technicians with electric vehicle training; and
- The College also provides these training opportunities as part of its offering within the Michelin Scotland Innovation Parc (MISP).

It was clear from our interviews, and review of ongoing CEAP progress reports (and minutes of these meetings), that roles and responsibilities for dealing with the climate emergency and improve sustainability, both at a College level and within the wider college network, are clearly defined and understood.



Environmental Sustainability

Objective 3 - There are appropriate targets, actions, and milestones in place to demonstrate the steps the College is taking to contribute to climate change mitigation and to climate change adaptation, and to act sustainably.

The 2021-26 CEAP clearly outlines the following objectives, for the College to:

- Work towards a target of 2045 for achieving net-zero climate emissions;
- Meet the aim of net-zero climate emission and Scotland's colleges aim of 2040 or earlier; and
- To achieve Net Zero for scopes 1 and 2 emissions by 2030.

These commitments were reaffirmed in the College's 2025 Strategy – More Successful Students, which includes a commitment to reduce the carbon footprint of the College's operations by 60% from its baseline. Progress against these commitments is included within the Public Bodies Climate Change Duties Reporting to the Scottish Government on an annual basis, which includes reporting of carbon emissions data. The information underpinning these returns is based on the actual usage for scope items 1 and 2 which the College is billed for. In reviewing the carbon footprint returns from the baseline year, it is evident that by 2023 there has been a reduction in the carbon footprint of 1,896 tCE2e from the initial 2013 baseline, a reduction of 47%.

This significant reduction in the carbon footprint has been driven in part using:

- Effective oversight in the use of the utilities within the Building Management System (BMS), which provides real time information on the electricity and gas usage;
- The use of a fleet of electric vehicles;
- The use of Biofuel at the Arbroath campus; and
- Planned future estates and facilities replacements with sustainable / carbon neutral items when maintenance work and estate upgrades take place.

However, it has been more difficult to effectively assess the progress against scope 3 items due the expansion of the reporting scope from 2022. This has resulted in an increase in the overall carbon footprint for the College in the 2022 and 2023 Public Bodies Climate Change Duties Report.

While the College has taken measures to reduce its carbon footprint in the following areas:

- Procurement policy and approach to deliver improvements in carbon footprint reduction and sustainability;
- The use of composters across the estate to manage all food waste, which is turned into high quality compost which is used on the College grounds;
- The removal of all single use plastics in the canteen / restaurant areas and the introduction of deposit return scheme; and
- Installation of waterless urinals.



Environmental Sustainability

Objective 3 - There are appropriate targets, actions, and milestones in place to demonstrate the steps the College is taking to contribute to climate change mitigation and to climate change adaptation, and to act sustainably (Continued).

These are areas where the College can obtain data and directly influence its carbon footprint. However, the extension of scope 3 reportable items, which includes the supply chain information which is drawn directly from Advanced Procurement for Universities and Colleges (APUC), limits the ability of the College to directly influence these key data sets. This issue also impacts on all colleges in Scotland and the Scottish Principals' Climate Group is investigating solutions to this to support greater transparency of these data sets to identify where opportunities exist to reduce carbon footprint.

Where the College can directly influence these extended areas, it was evident that action is currently ongoing, with a survey of staff and students commuting to the College to assess the impact on its carbon footprint. As a result of these extended reporting requirements, the College is now rebasing its carbon reduction targets going forward to take account of the increases that have arisen from the extended scope 3 item reporting.

Also, as highlighted in the 2023 Public Bodies Climate Change Duties Report, the College still has some work to do to ensure adaptations risks are identified and effectively mitigated. A risk assessment tool for climate change adaptation has been developed and shared by the Environmental Association for Universities and Colleges (EAUC) and is being used by the College to identify adaptation risks, their potential impact and actions required to mitigate them. Action plans arising from this assessment will be included in the climate plan update.

This rolling programme of environmental activities demonstrates that both the Head of Estates and the Environmental Officer continue to develop actions to address the wider sustainability agenda, including the recent climate feasibility studies at each campus site. However, due to the age and condition of the current College estate, the achievement of significant improvements in energy conservation and carbon reduction will require significant capital investment. In the current financial climate, it is unlikely that significant capital funding will be made available, in the short term, for large scale infrastructure projects. Therefore, there is a heightened risk that carbon reduction targets may be more difficult to achieve, until capital funding is available to address the current College estate issues.



Environmental Sustainability

Objective 4 - There are appropriate arrangements in place to update the Board on the progress being made to deliver on actions around climate change and sustainability.

The climate actions arising from the CEAP are included within the annual operational plan and monitored within these reports to the SLT and Board of Management. Progress against the CEAP is a standing SLT agenda item with an update from the Head of Estates. In addition, all SLT meeting agendas demonstrate where alignment occurs to the relevant UN SDG's. Demonstration of alignment to these SDGs by the College is also reported to the Board.

The CEAP plans and their implementation is supported by the CEAG. The chair of this group, the Head of Estates, provides an annual report on its activities along with progress on the CEAP to the SLT and Board of Management. The next annual report is due to be tabled at the Board of Management meeting in June 2024.

At present, of the agreed operational targets for the 2021-26 CEAP, only the following two are not yet fully completed:

- Achieve Carbon Literate Organisation Standard (or equivalent) – however, as the College has now developed its own carbon literacy programme which will be rolled out from the next academic year, this will complete this requirement; and
- Create a system to collect all business travel information- work is ongoing to obtain the relevant data, a travel survey has been undertaken to gather information in the meantime.

These outstanding actions are currently being reviewed for inclusion within the updated CEAP.



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BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 4 June 2024



INTERNAL AUDIT

6.3- 2023/24 PROGRESS REPORT

PAPER E

Dundee & Angus College

Internal Audit Progress Report

Audit & Risk Committee – 4 June 2024

Issued: 28 May 2024



Internal Audit Progress Report

June 2024

Progress in delivering the annual plan for 2023/24 is shown below.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit & Risk Committee	Comments
Annual Plan 2023/24	September 2023	Draft: 29/08/23 2 nd Draft: 07/09/23 Final: 19/09/23	2024/01	N/A	19/09/23	
Procurement and Creditors / Purchasing – Sustainable Procurement	June 2024	Draft: 23/05/24 Final: 28/05/24	2024/03	Requires Improvement	04/06/24	
Sports Centre Operations BPR	December 2023					The number of interviewees involved in this review has been expanded and interviews continued up until 27/05/24. A closure meeting will be arranged in the week commencing 03/06/24 to discuss and prioritise the findings, and following that, a draft report will be issued for management comment. This will now be reported at the ARC meeting on 17/09/24.



Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit & Risk Committee	Comments
Risk Management and Business Continuity / Disaster Recovery Planning	March 2024	Draft: 06/02/24 Final: 07/02/24	2024/02	Satisfactory	05/03/24	
Environmental Sustainability	June 2024	Draft: 27/05/24 Final: 28/05/24	2024/04	Good	04/06/24	
Credits	December 2024					Fieldwork scheduled for w/c 19/08/24
Bursary, Childcare and Hardship Funds	December 2024					Fieldwork scheduled for w/c 12/08/24
EMA	December 2024					Fieldwork scheduled for w/c 12/08/24
Follow Up Reviews	September 2024					Fieldwork scheduled for w/c 08/07/24



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.



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BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 4 June 2024



INTERNAL AUDIT

6.4 - FOLLOW UP SUMMARY

PAPER F

BOARD OF MANAGEMENT

Audit & Risk Committee Tuesday 4 June 2024



Audit Recommendations Follow-up Summary

Paper for information

1. Introduction

This report provides an update on outstanding internal and external audit recommendations. These include 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 progress below.

3. Background

The following provides a summary of current progress in respect of audit recommendations up to 28 May 2024.

Audit Area	Rec. priority	Considered, but not agreed	Number agreed	Number fully implemented	Number partially implemented	Behind original implementation date	On target	Implementation date (month end)
Student invoicing & debt management April 2022	3	1	-	-	-	-	-	Removed
Distance/workbased learning July 2023	3	-	1	1	-	-	1	Mar 2024
Credits claimed July 2023	2	-	1	-	-	-	1	June 2024
	3	-	1	-	-	-	-	June 2024
Award letters August 2023	3	-	1	1	-	-	-	May 2024
Capital projects Sept 2023	3	-	3	-	-	-	3	June 2024
Annual accounts – deficiencies in internal control December 2023	2	-	2	-	-	-	2	July 2024
Risk Management February 2024	3	-	4	1	-	-	3	Sept 2024
Sustainability May 2024	-	-	-	-	-	-	-	-
Procurement May 2024	-	-	6	-	-	-	6	Nov 2024
Total		1	19	3	-	-	16	

The recommendation priorities are detailed below. They denote the level of importance that should be given to each recommendation within the audit reports.

Priority 1	Material risk, requires attention of management and the Audit and Risk Committee
Priority 2	Significant risk, should be addressed by management
Priority 3	Minor risk or enhancement to efficiency and effectiveness

Progress to June 2024

The recommendation to review our student invoicing and debt management policy was agreed for removal at the March meeting. Three recommendations have been implemented with the remaining 16 on target. No actions are currently behind schedule.

The current audit recommendations with the respective progress updates are detailed in Appendix 1 below.

4. 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 and other outstanding actions will support the mitigation of the relevant risks identified within the Strategic Risk Register.

Authors: Steve Taylor, Vice Principal Support Services and Operations
Andy Ross, Director of Infrastructure
Billy Grace, Head of Estates
Nicky Anderson, Director of Finance

Executive Sponsor: Steve Taylor, Vice Principal Support services and operations

Outstanding Recommendations Update June 2024

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at June 2024)
2023/07	R1 – Distance / Workbased Learning	3		The College should ensure evidence of progression and participation / engagement is retained to evidence eligibility of the Credits claimed for workbased 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	Administration Manager and Directors of Curriculum & Attainment	End March 2024	<u>Completed</u>
2023/07	Credits Claimed	2		R2 Ensure that any significant changes to the Credits claimed after audit sampling are brought to auditor’s attention on a timely basis so that these can be considered for testing prior to conclusion of the audit fieldwork stage.	Data Management Team Leader	End June 2024	<u>On target</u>
2023/07	Credits Claimed	3		R3 Attendance records should be maintained on CELCAT to support the actual hours completed, and Credits claimed, for infill deferrals.	Data Management Team Leader and Directors of Curriculum & Attainment	End June 2024	<u>On target</u>
2023/08	Award Letters	3		R1 Ensure that revised award letters are always issued, and copies retained, where reassessment of student awards is made during the year.	Student Funding Team Leader and Student Services Manager	End May 2024	<u>Completed</u>

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at June 2024)
2023/09	Capital projects	3	Satisfactory	R1 – Reinstate the formal project appraisal procedures detailing the circumstances and threshold for the requirement to provide a strategic business case, and the level of appraisal required for projects below this threshold.	Director of Infrastructure	End June 2024	<u>On target</u>
2023/09	Capital projects	3	Satisfactory	R2 – For projects above an appropriate cost threshold ensure that recognised risk management processes such as project risk registers are utilised.	Director of Infrastructure	End June 2024	<u>On target</u>
2023/09	Capital projects	3	Satisfactory	R3 – It is recommended that a procedure be implemented which requires that all selection documentation for projects above a defined financial threshold which are not processed in conjunction with the Procurement Team (or compliant equivalent such as the SCAPE framework) be documented in a common format to support high level review to ensure that procedures are followed in line with the relevant regulations	Director of Infrastructure	End June 2024	<u>On target</u>
2023/12	External Audit Annual Report – deficiencies in internal control	Level 2 (medium)	--	It is recommended an asset revaluation or at least an indexation estimate from an appropriately qualified property valuation expert is carried out annually	Director of Finance	31 July 2024	<u>On target</u>

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at June 2024)
2023/12	External Audit Annual Report – deficiencies in internal control	Level 2 (medium)	--	It is recommended that management perform an annual review of the fixed asset register and ensure all assets being reported still exist and are in use. Any assets which are no longer in use or cannot be located should be accounted for as disposals.	Director of Finance	31 July 2024	<u>On target</u>
2024/02	Risk Management	3	Satisfactory	R1 - The following amendments to the SRR should be considered: • adding monitoring of activity targets to the list of monitoring reports on the SRR for risk 2.2 'Failure to achieve institutional sustainability'; and • adding a further strategic risk in relation to attracting, engaging, retaining and developing appropriately qualified staff.	Vice Principal Support Services & Operations	End March 2024	<u>Completed</u>
2024/02	Risk Management	3	Satisfactory	R2 - The College should develop a framework to provide further guidance on how to assess the impact and likelihood of identified risks, ensuring a consistent approach for risk assessment.	Vice Principal Support Services & Operations	End Sept 2024	<u>On target</u>

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at June 2024)
2024/02	Risk Management	3	Satisfactory	R3 - The Board should consider and establish what the College's high-level risk appetite is for each defined risk category, and residual risks on the SRR should be formally considered for compatibility with this stated risk appetite. The UK Government Orange Book guidance note on risk appetite can be used for reference, particularly in relation to documenting the risk appetite.	Board of Management	End Sept 2024	<u>On target</u>
2024/02	Risk Management	3	Satisfactory	R4 - A plan should be implemented to ensure that periodic risk management training is provided for Board members, senior managers and other relevant College managers and staff.	Vice Principal Support Services & Operations and Board of Management	End Sept 2024	<u>On target</u>
2024/03	Procurement & Creditors	3	Requires Improvement	R1 Although the College's Procurement Policy and Procurement Authorisation Process documents are comprehensive, clear, and are in line with extant Act and Regulations, they should be updated in line with the agreed review frequency to ensure that they accurately reflect any changes in relevant legislation, emerging procurement best practice, staff responsibilities, and the College's procurement values, aims, and approach.	Head of Procurement	End August 2024	<u>On target</u>

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at June 2024)
2024/03	Procurement & Creditors	3	Requires Improvement	R2 The College should conduct a cost/benefit analysis to assess the impact of changing the approach for ordering of catering supplies and repairs in order to create additional opportunities for smaller, local suppliers to bid for the provision of goods and services related to catering. This could involve establishing the College's own purchasing framework (similar to the Minor Works and Building Maintenance framework currently being worked on) or comparing quotes from local suppliers for select categories of catering spend.	Head of Procurement	End Nov 2024	<u>On target</u>
2024/03	Procurement & Creditors	2	Requires Improvement	R3 The College should improve enforcement of compliance in regard to raising POs for relevant transactions. The College should clearly communicate to staff that it is against the College's policy to arrange for the supply of goods or services without an appropriately approved PO and explain to staff how the process helps maintain value for money and minimise supplier risk. Consideration should be given to establishing a more robust "No PO, No Pay" policy, with exclusions explicitly	Director of Finance	End Sept 2024	<u>On target</u>

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at June 2024)
2024/03	Procurement & Creditors	2	Requires Improvement	<p>R4 The College should conduct a review of existing procurement arrangements, to ensure that external procurement support is structured in a way which will effectively contribute to the delivery of value for money and minimisation of risk at the College. This should involve a specific focus on the future role and responsibility of the TRPT given the existing resource constraints.</p> <p>The College should communicate to all staff the purpose, importance, and added value of appropriately conducted procurement activity. Staff members should be reminded of the Procurement Policy and procedures in place, and of TRPT's strategic and operational role in managing and assisting with procurement activity. The need for compliance with the established procurement arrangements should be emphasised, and any repeated non-adherence by individuals or departments should be monitored and corrective action taken. A rationale should be given by the purchasing department in any instance where procurement activity has not been conducted in line with the College's guidance.</p>	Director of Finance	End Sept 2024	<u>On target</u>

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at June 2024)
2024/03	Procurement & Creditors	2	Requires Improvement	R5 The College should consider re-establishing induction and refresher training for non-procurement staff involved in purchasing and procurement activity. This would help staff to understand the legislative background and enhance their knowledge of business processes and internal governance, as well as familiarising them with TRPT and ensuring that they are aware of the team's strategic and operational role in relation to procurement activity	Head of Procurement	End Sept 2024	<u>On target</u>
2024/03	Procurement & Creditors	2	Requires Improvement	R6 The College should examine the following elements of the process to amend standing supplier data: <ul style="list-style-type: none"> It should be ensured that the process utilised in practice is in line with the documented Bank Account Changes Procedures. It should be ensured that evidence of processing the changes is appropriately retained in a shared location available to the Finance Team. This should capture all requests received, details of the changes made, how they were verified as bona 	Director of Finance	End June 2024	<u>On target</u>

Year	Audit Area Report Title	Priority Action Grade	Report Grade	Action	Responsible Officer	Deadline	Progress (as at June 2024)
				<p> fide, and evidence of any subsequent independent checks and approvals conducted. The establishment of a central record, available to the Finance Team, containing all amendments made to supplier standing data, such as a spreadsheet, should be considered. </p> <p> The introduction of built-in system controls in the Sun / P2P systems should be considered, which would require authorisation by an appropriately senior member of the Finance Team prior to any changes to supplier bank details going live and the account being enabled for payment. This would ensure that review and approval is not retrospective, and segregation of duties cannot be circumvented.. </p>			

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 4 June 2024



STRATEGIC RISK REGISTER

- (i) RISK REGISTER UPDATE**
- (ii) STRATEGIC RISK REGISTER**

PAPER G

BOARD OF MANAGEMENT

Audit and Risk Committee

Tuesday 4 June 2024



Strategic Risk Register Update

Paper for approval

1. Strategic Risk Register

A copy of the June 2024 draft Strategic Risk Register is enclosed. This is noted for approval and incorporates the changes arising from discussion at the March 2024 Audit & Risk Committee meeting.

2. Capital and Revenue Funding Risks

As highlighted previously, in recent years the College has been afforded considerable flexibility in how we used our capital maintenance funding. This funding was designated specifically for lifecycle and high priority backlog maintenance, but this expenditure by its very nature is not always capitalised. As a result, we have generally capitalised on a small proportion of our capital budget (CDEL) spend.

In February we reported an emerging risk around the way we must use our capital budget. Scottish Government and the SFC now require all college sector capital funding to be capital spend rather than the previous mix of capital (CDEL) and revenue (RDEL) expenditure.

Since February 2024 we have been working with SFC, the Finance Director's Network and our auditors to mitigate this risk. Following on from this work, steps are in place to review our Capitalisation Policy and thresholds with a view to applying a more 'aggressive' capitalisation policy. We are currently working with auditors on this matter and anticipate that a reasonable resolution will be achieved to fully offset the initial risk.

3. Credit Target/Funding Risks

Following on from previous updates in respect of the reduction in full-time student recruitment in 2021/22 and in 2022/23 it is clear that activity levels in 2023/24 will mean that there is no risk in respect of any clawback of funding as activity targets will be achieved.

This aspect of activity will remain under review but it is not anticipated that this will need to feature in future Strategic Risk Register updates unless there is a further substantive change in student demand or credit targets.

4. Financial Sustainability Risk

College Risk Management practice requires that any strategic risks that remain as Major or Fundamental post mitigation will be reported to the Committee at each meeting.

Following the decision of the Board of Management in March 2022 to recommend increasing the post mitigation risk in respect of future financial sustainability, the post mitigation likelihood was increased from 3 to 4 and the overall risk rating increased to 16. This moved this risk into the Major Risk (**Red**) category, and it is unlikely that this risk will be reduced in the near future.

The need to address the impact of cuts in sector funding, and the need to support areas of future opportunity and development, have been the subject of on-going discussion and review with the Board and has underpinned the More Successful and Sustainable College plans and updates shared with all Board members since initial publication in April 2023.

The appropriate curriculum, HR and financial plans and approaches underpinning the paper and progress around the proposals it contained have been discussed at each meeting of the Learning, Teaching and Quality; Human Resource & Development; and Finance & Property Committee over the past year.

The most recent management accounts and budget monitoring reports considered by the Finance and Property committee confirm that the College is on track to achieve a better than break even position for 2023/24 and the draft budget considered at the May 2024 Finance and Property Committee meeting highlighted that a sustainable (but deficit) budget will be possible for 2024/25.

The activities developed to address the funding cuts and financial sustainability risk cut across a range of areas, and arrangements are in place to support arrangements and minimise adverse risk in areas such as HR practice and industrial relations (Risks 3.3 and 3.7) and PR / publicity (Risk 3.5). These will remain under review, with the overall risk rolled into the higher level Financial Sustainability risk measure.

5. Cost of Living Crisis

Significant activities were reported in respect of the Thrive with D&A project to support students and staff with the challenges faced by the cost of living crisis. This work has continued throughout 2023/24 and a decision on arrangements for AY 2024/25 will be made before the end of the current academic year.

6. Reinforced Autoclaved Aerated Concrete (RAAC) Risk

In respect of the RAAC present within the Kingsway Campus, there is no change in respect of the needs or arrangements associated with the monitoring of condition. Updates have, however, been provided to the Finance and Property Committee on the future infrastructure vision for the whole College estate, including potential phasing of future developments to remove RAAC from our estate.

This vision and next steps in realising the vision will be shared at the June 2024 Board meeting.

7. Review of Strategic Risk Register

The draft June 2024 Strategic Risk Register is enclosed with one change proposed to risk 2.2 to incorporate recognition of the CDEL/RDEL risk as outlined above.

8. Approvals

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

- Note the updates provided and approval of the Strategic Risk Register

Author and Executive Sponsor: Steve Taylor, Vice Principal Support Services and Operations



STRATEGIC RISK REGISTER

2023 - 2024

As at June 2024

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	DirSE	Director of Student Experience	2	Minor	Unlikely
	VPSO	Vice Principal Support & Operations	DirFin	Director of Finance	3	Significant	Possible
	VPCP	Vice Principal Curriculum & Partnerships	HoE	Head of Estates	4	Major	Probable
	DirInf	Director of Infrastructure	Chair	Chair of the Board of Management	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 planning Effective environmental scanning Strong partnerships Clear links between strategy and practice Concerted demands for increased activity levels 	4	2	8 ↔	<ul style="list-style-type: none"> Robust monitoring via ROA Clear performance metrics Amendment of strategic direction/ plans Rolling curriculum review 	Principal & 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 scanning Negotiation/influence at national level 	4	3	12 ↔	<ul style="list-style-type: none"> Review of changes and amendment of strategic direction/plans Financial strategy sensitivities 	Principal & Chair

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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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									

1.3 Board	Difficulties or over commitment arising within large scale/national College led initiatives or projects impact negatively on: <ul style="list-style-type: none"> Ability of the College to meet key regional strategies/objectives Financial loss or unmanageable financial risk Reputational loss 	4	3	12	<ul style="list-style-type: none"> Effective project/activity management in place Clear governance structures Project/initiative finances clearly incorporated within College financial strategy and plans End of project and exit/contingency planning 	3	2	6	<ul style="list-style-type: none"> Regular project updates at Executive/Board level Monitoring of project activities, plans and outcomes Clear project Management arrangements in place Budget reporting and management 	Principal, VPCP
1.4 Board	College disadvantaged as a result of changes arising from major national educational body reviews: SFC, SQA, EdS	4	4	16	<ul style="list-style-type: none"> Negotiation/influence at national level Review of activities/projects and response to new opportunities 	4	1	4	<ul style="list-style-type: none"> Robust monitoring via ROA Amendment of strategic direction/plans Rolling curriculum review 	Principal

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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									
1.5 Board	Failure of D&A plans and activities to deliver on required carbon reductions and sustainability actions necessary to meet national targets and achieve College climate emergency ambitions.	4	3	12	<ul style="list-style-type: none"> Robust CEAP in place Multiple strands of activity/action Embedding sustainable practices in normal activity and ways of working Clear links between strategy and practice Planned investment in carbon reduction Sustainable procurement 	4	2	8	<ul style="list-style-type: none"> Robust monitoring and reporting of CEAP at SLT and Board level Clear performance metrics Amendment of strategic direction/plans Monitoring of scope 3 emissions 	VPSO, DirInf, HoE

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

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	SLT	Senior Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
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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 Funding Body and/or Funding Methodology and Allocation – Reduction or restriction in Funding	3	4	12	<ul style="list-style-type: none"> Negotiation/influence at national level Contingency plans for amended funding levels or requirements 	3	3	9 ↔	<ul style="list-style-type: none"> Advance modelling of new funding requirements, methodologies, and allocations Monitoring impact of changes Amendment of strategic or operational direction / plans Financial strategy sensitivities 	VPSO
2.2 F&P	Failure to achieve institutional sustainability Revised wording to incorporate CDEL/RDEL element	5	4	20	<ul style="list-style-type: none"> Protection of funding through dialogue with SFC and SG Input to create sector ‘flexibilities’ Robust annual budget-setting and multi-year financial strategic planning Effective budgetary control Where required, swift action to implement savings 	4	4	16 ↔	<ul style="list-style-type: none"> Monthly monitoring of budgets Regular review of financial strategy and non-core income sensitivity Effective use of sector ‘flexibilities’ to support sustainability Amendment of strategic priorities and timing to align with funding levels Review and amendment of activity and budget planning to address over/under performance against activity (credit) target Detailed monitoring of savings programmes Detailed monitoring & management of CDEL/RDEL risks 	VPSO

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	Prin	Principal	Score	Impact	Likelihood	
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	VPCP	Vice Principal Curriculum & Partnerships	HoE	Head of Estates	4	Major	Probable
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Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT	POST MITIGATION EVALUATION					
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Lead Responsibility
2	Financial (cont)									

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 	VPSO
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 	VPSO
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 & VPSO
2.6 F&P	Demands of capital developments / maintenance impacts on financial sustainability or delivery of learning and/or services	3	2	6	<ul style="list-style-type: none"> Multi-year estates strategy and capital planning Lobbying of SFC on capital and backlog maintenance funding Planning for D&A Foundation bids 	2	2	4 ↔	<ul style="list-style-type: none"> Monitoring of capital plans and expenditures Regular review of capital plans/timescales relative to funds 	VPSO

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	Prin	Prin	Score	Impact	Likelihood
	SLT	Executive Leadership Team	DirC&A	1	Routine	Remote
Board		Board of Management	DirSE	2	Minor	Unlikely
VPSO		Vice Principal Support & Operations	DirFin	3	Significant	Possible
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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									

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 	VPCP, VPSO, 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 	VPCP, VPSO
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, VPSO, HoE

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

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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.)									

3.4 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 	VPSO
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	3	12 ↔	<ul style="list-style-type: none"> Stakeholder engagement Social media monitoring arrangements 	VPCP, DirC&A
3.6 HR&D	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 	VPSO, 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

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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.)									

3.7 HR&D	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	2	8 ↔	<ul style="list-style-type: none"> Regular union/management dialogue Regular employee engagement monitoring Open communication with staff Industrial action continuity planning 	VPSO
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 	VPCP, DirInf
3.9 HR&D	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 	VPCP, VPSO

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	Prin	Principal	Score	Impact	Likelihood	
	SLT	Executive Leadership Team	DirC&A	Directors of Curriculum & Attainment	1	Routine	Remote
	Board	Board of Management	DirSE	Director of Student Experience	2	Minor	Unlikely
	VPSO	Vice Principal Support & Operations	DirFin	Director of Finance	3	Significant	Possible
	VPCP	Vice Principal Curriculum & Partnerships	HoE	Head of Estates	4	Major	Probable
	DirInf	Director of Infrastructure	Chair	Chair of the Board of Management	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 HR&D	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 	VPCP, VPSO
3.11 Board	Failure to plan or respond adequately to future pandemic illness.	5	4	20	<ul style="list-style-type: none"> Monitoring and rapid response to WHO and UK/Scottish Government information and alerts Maintenance of COVID-19 good practice approaches to inform future use Effective business continuity planning in place 	4	2	8 ↔	<ul style="list-style-type: none"> Pandemic readiness / response included in business continuity plan reviews and testing COVID/Pandemic Response Group in place Active monitoring and rapid adoption of pandemic guidance / control measures 	Principal
3.12 HR&D	Failure to attract, engage, retain or develop appropriately qualified staff.	4	3	12	<ul style="list-style-type: none"> Clear People Strategy and Workforce Planning in place Positive Union relations and staff communication Effective management development & CPD programmes Positive recruitment approaches and monitoring 	4	1	4 ↔	<ul style="list-style-type: none"> Absence & turnover monitoring Exit interviews Regular staff surveys 7 survey responding Monitoring and responding to staff concerns, union issues and employee relations concerns 	VPSO

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

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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	Major Disasters – eg Fire, MIS Failure, Failure of Emergency Procedures, RAAC or similar infrastructure failure	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 	Principal, VPSO, DirInf
4.2 F&P	Failure to achieve ambitions of Digital 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 	VPSO, DirInf
4.3 A&R	Significant breach of ICT/Cyber security resulting in loss of service sufficient to impact College student / staff outcomes	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 	VPSO, DirInf
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 	VPSO, DirInf

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

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Risk Number & Committee	POTENTIAL CONTRIBUTING FACTORS			TREATMENT	POST MITIGATION EVALUATION					
	Risks	Impact	Likelihood	Score	Mitigation Actions	Impact	Likelihood	Score	Monitoring	Responsibility
4	Infrastructure									

4.5	Lack of investment in ageing / beyond serviceable life infrastructure (inc RAAC, Asbestos and M&E failure concerns) impacts on financial sustainability and/or delivery of learning and/or services	4	4	16	<ul style="list-style-type: none"> Creation of long-term infrastructure principles and vision Multi-year estates strategy and capital planning Lobbying of SG and SFC on capital and backlog maintenance funding Identification of alternative funding routes Planning for D&A Foundation bids 	3	4	12 ↔	<ul style="list-style-type: none"> Lobbying of SG and SFC on campus vision and needs Prioritization of capital plans and expenditures Regular review of capital plans/timescales relative to funds 	Principal VPSO
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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

BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 4 June 2024



2023/24 EXTERNAL AUDIT PLAN

PAPER H



Dundee & Angus College
Annual Audit Plan
year ending 31 July 2024

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This document is to be regarded as confidential to Dundee & Angus College. It has been prepared for the sole use of the Audit and Risk Committee as the appropriate committee charged with governance by the Board of Management. No responsibility is accepted to any other person in respect of the whole or part of its contents.

The Board of Management
Dundee & Angus College
Old Glamis Road
Dundee
DD3 8LE

May 2024

Dear Members,

Annual Audit Plan – Year ending 31 July 2024

We are pleased to present our Annual Audit Plan for Dundee & Angus College for the year ending 31 July 2024.

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, Section 7 of this document also summarises our considerations and conclusions on our independence as auditors.

We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Dundee & Angus College which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

This document, which has been prepared following our initial planning discussions with management, is the basis for discussion of our audit approach, and any questions or input you may have on our approach or role as auditor.

Client service is extremely important to us and we strive to continuously provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07881 283 571.

Yours faithfully,

Michael Speight
Mazars LLP

1. Engagement and responsibilities summary

We are appointed by the Auditor General for Scotland to perform the external audit of Dundee & Angus College for the year to 31 July 2024.

Responsibilities

Our responsibilities, principally derived from the Code of Audit Practice (the Code) issued by Audit Scotland, are outlined below.

Audit opinion	<p>We are responsible for forming and expressing an opinion on the financial statements.</p> <p>The Audit and Risk Assurance Committee is responsible for the assessment of the College's ability to continue as a going concern. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of the disclosures made.</p>
Regularity opinion	<p>We are required to form and express an opinion on whether the College has, in all material respects, incurred expenditure and income in accordance with any applicable enactments and guidance issued by the Scottish Ministers.</p>
Opinion on other matters	<p>We are required to express an opinion on whether the audited part of the Remuneration and Staff Report, and the Governance Report have been properly prepared in line with relevant legislation and directions. We also express an opinion on whether the Performance Report is consistent with the audited financial statements.</p>
Wider scope work	<p>The Code requires us to conclude and make a judgement on the four dimensions of wider scope work. The four dimensions are Financial Sustainability, Financial Management, Vision, Leadership and Governance and Use of resources to improve outcomes.</p>

Our audit does not relieve the Board of Management, as those charged with governance, or management of their responsibilities. The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

2. Our audit engagement team

A committed and accessible team



Michael Speight

Director

michael.speight@mazars.co.uk

07881 283 571

Michael is the Engagement Lead for the audit and will be the key point of contact for the Audit Committee. He will have overall responsibility for delivering a high quality audit to the College. Michael will be responsible for the opinions given on the financial statements and will liaise with the Director of Finance. He will attend Audit and Risk Committee meetings, and where appropriate, Board meetings.

Ruth Holland



Ruth Holland / Bridget Mauro

Audit Manager

Ruth.holland@mazars.co.uk

07881 283 517

Bridget.mauro@mazars.co.uk

07974 124 449

Ruth was the Audit Manager during the 2022/2023 audit and has assisted with the planning procedures for the 2023/24 audit. Due to going on maternity leave from June 2024, the audit process will now be managed by Bridget Mauro, another Audit Manager from our Edinburgh office who also has experience in the audit of Scottish Colleges.

Bridget Mauro



Bridget will manage and coordinate the audit and be the key point of contact for the Finance team, as well as liaising with Internal Audit. They will oversee completion of audit work to a high standard and attend Audit and Risk Committee meetings as appropriate.

3. Audit approach, scope and timeline

Our audit approach is designed to provide an audit that complies with all professional requirements

Audit Scope

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

Audit Approach

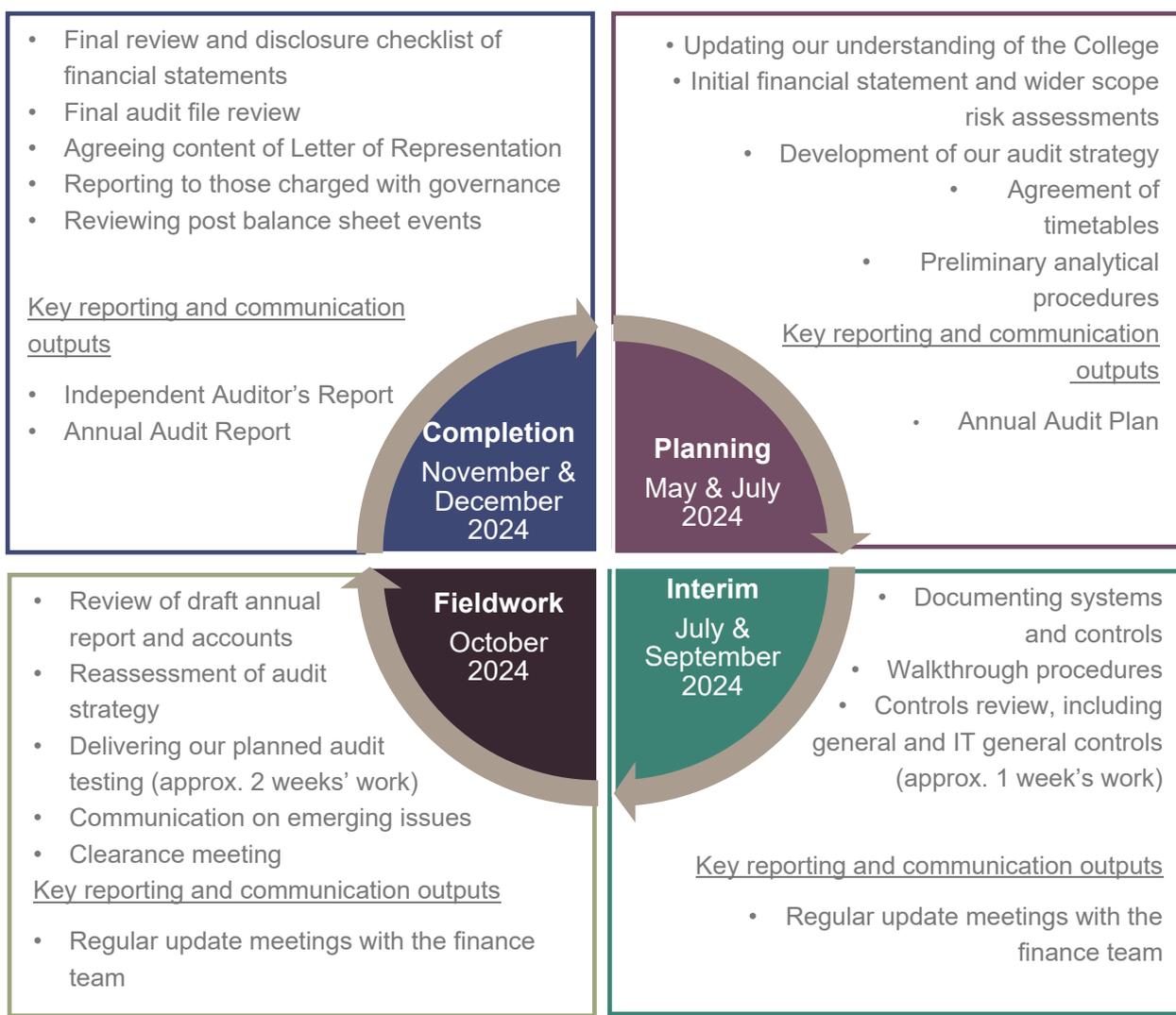
Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of details (of classes of transactions, account balances, and disclosures) and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram below outlines the procedures we perform at the different stages of the audit.

3. Audit approach, scope and timeline (continued)



Internal audit

We review the internal audit report to inform our risk profile but we do not place reliance on their work as per ISA requirements.

3. Audit approach, scope and timeline (continued)

Management's and our experts

Management makes use of experts in specific areas when preparing the College's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Planned audit approach
Defined benefit pension liability and associated accounting entries and disclosures required by FRS 102.	Actuary – Barnett Waddingham	We will consider the reasonableness of the actuarial assumptions made, referring to our in-house pension scheme experts.

Reporting to Audit Scotland

During the year we will continue to make returns to Audit Scotland as they collect data to establish the impact on the further education sector and feed into any national reporting as required.

Adding value

We aim to add value to Dundee & Angus College through our external audit work by being constructive and forward looking, by identifying areas for improvement and be recommending and encouraging good practice. In doing so, we intend to help the College promote improved standards of governance, more effective use of resources and better management and decision making.

The 2023/24 audit will be undertaken in a hybrid approach with the appropriate mix of onsite and offsite work – in order to maximise the efficiency of both College staff and auditor time.

4. Significant risks and key judgement areas

Following our risk assessment approach, we have identified relevant risks to the audit of the financial statements.

The audit risks we identify are categorised as significant, enhanced or standard, as defined below :

Significant risk	A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.
Enhanced risk	An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks incorporate but may not be limited to: <ul style="list-style-type: none"> • key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and • other audit assertion risks arising from significant events or transactions that occurred during the period
Standard risk	This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

The summary risk assessment highlights those risks which we deem to be significant and other enhanced risks. We have summarised our audit response to these risks on the next page.

Significant risks	Key areas of management judgement and estimation
Management override of controls	Defined benefit pension scheme assumptions
Revenue recognition	Early Retirement Provision
Pension assets	Valuation of land and buildings

4. Significant risks and key judgement areas (continued)

We provide more detail on the identified risks and our testing approach with respect to significant risks in the table below. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of the Audit, we will report this to the Audit Committee.

Significant risks

Description of risk	Planned response
<p>Management override of controls</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	<p>We will address this risk through performing audit work over:</p> <ul style="list-style-type: none"> • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
<p>Revenue recognition</p> <p>There is a presumption under International Standards on Auditing that there is a significant risk of fraud and error in the timing of revenue recognition leading to the material misstatement of revenue overall. This is because revenue is an area of particular focus by users of financial statements and can be subject to judgements as to when certain income streams should be recognised and if clawback conditions apply to any funding.</p> <p>The risk above applies only to the non-core grant income and other non-grant income generated by the College. The risk has been rebutted in relation to the core grant income received by the College, given the highly regulated nature of this income, and therefore the lower inherent and fraud risks associated with it.</p>	<p>We will address this risk through performing audit work over:</p> <ul style="list-style-type: none"> • the design and implementation of the controls management has in place to ensure income is recognised in the correct period; • cash receipts around the year end to ensure they have been recognised in the right year; • the judgements made by management in determining when non-grant income is recognised; • for major grant income, obtaining counterparty confirmation; and • expected credit loss provisions applied to receivables at the year end, considering the appropriateness of judgements made by management.

4. Significant risks and key judgement areas (continued)

Description of risk	Planned response
<p>Defined benefit pension scheme assets</p> <p>There is a significant asset value used in calculating the Tayside Pension Fund (TPF) position as at 31 July 2024 and due to the nature of the pension scheme there is significant complexity in identifying the College's share of the assets.</p> <p>The complexity is created by factors such as:</p> <ul style="list-style-type: none"> • The types of assets held by the pension scheme and their valuation bases; and • The calculation of the College's share of the overall Scheme assets requiring the rolling forward of quarter-end valuations. 	<p>We will address this risk by obtaining confirmation from the pension fund of the total value submitted to the actuary and details of how the College's share of assets has been calculated.</p> <p>We will then review this confirmation and consider if the information provided is sufficient and challenge any inconsistencies noted.</p> <p>We will also review the 2023 triennial valuation which is now available as part of our work over the pension scheme assets.</p>

Key areas of management judgement and estimation

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

Description of risk	Planned response
<p>Defined benefit pension scheme assumptions</p> <p>The College makes contributions to two pension schemes – the Scottish Teachers Superannuation Scheme (STSS) and the Tayside Pension Fund (TPF). While both are defined benefit schemes, it is not possible to identify the College's share of the underlying assets and liabilities in the STSS scheme and it is therefore accounted for as a defined contribution scheme.</p> <p>The College's share of the TPF's underlying assets and liabilities is identifiable and the net position is recognised in the accounts.</p> <p>There are significant assumptions used in calculating the value of the liability element of the year-end position of the TPF.</p>	<p>We will consider the actuarial assumptions used by the actuary when calculating the liability element of the year-end position of the TPF.</p> <p>We will utilise our internal Actuarial Valuations team in order to assess the validity of these assumptions, both individually and in combination with each other.</p> <p>We will seek from management information to support the membership numbers included in the Actuarial report and understand how management have gained comfort that the data is correct.</p>

4. Significant risks and key judgement areas (continued)

Description of risk	Planned response
<p>Early Retirement Provision</p> <p>The College includes a provision in their financial statements in respect of staff who receive an enhanced pension for accepting early retirement.</p> <p>The calculation of the value of this provision uses a model which incorporates actuarial assumptions.</p>	<p>We will consider the actuarial assumptions used by the actuary when calculating the provision value.</p>
<p>Valuation of land and buildings</p> <p>The College held land and buildings with a net book value of £69m as at 31 July 2023.</p> <p>In line with the requirements of the Government Financial Reporting Manual, the College has adopted a revaluation policy of a full valuation every five years, with a desktop interim valuation during the five year period. In the interim years, an indexation exercise is carried out to ensure the value of the land and buildings is being appropriately reflected within the financial statements. For the year ending 31 July 2024, an indexation valuation is to be carried out, as there was an interim valuation in the prior year.</p> <p>We understand there is also an external survey underway for the land and buildings at the campuses, and management should ensure that any outcomes of the survey should be reflected as part of the DRC values of the land and buildings during the year end indexation valuation.</p> <p>The College policy meets the requirement of the FE SORP that assets are valued sufficiently regularly so that the carrying value of the asset is not materially different from its fair value.</p> <p>Given the significance of the value of fixed assets held, a misstatement in the valuation could be material to the financial statements.</p>	<p>We will undertake a range of substantive procedures including:</p> <ul style="list-style-type: none"> • As an indexation review will be taking place rather than a full or interim valuation, we will review of management’s assessment as to whether the indexation review takes account of changes to land and buildings since the most recent interim valuation undertaken at July 2023, including any impact of the survey currently underway; • Challenging the assumptions within the valuation prepared by management’s expert through reference to external sources such as the BCIS average prices index as well as our own understanding of the estate; • review of the reconciliation between the College’s asset register and general ledger; and • consider the College’s impairment review process for land and buildings.

4. Wider scope work

The Code requires us to conclude and make a judgement on the four dimensions of wider scope work:

- **Financial sustainability**
- **Financial management**
- **Vision, Leadership and Governance**
- **Use of resources to improve outcomes**

We set out below the work that we intend to perform to reach these judgements:

Dimension	Description	Our planned approach
Financial management	Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.	We intend to consider: <ul style="list-style-type: none"> • the monitoring of the effectiveness of internal control arrangements; • Whether the College's budgetary control system is timely and accurate; and • whether and how the College has assessed their financial capacity and skills.
Financial sustainability	Extending our work on the going concern assumption in the financial statements looking forward two to five years from the reporting date, reviewing and assessing the College's arrangements for financial planning and affordable and sustainable service delivery.	We intend to consider: <ul style="list-style-type: none"> • the financial planning system in place for short, medium and long term periods; • the adequacy and accuracy of financial reporting arrangements; and • the reasonableness of affordability assumptions made in financial planning.
Vision, Leadership and Governance	The Governance Statement sets out the internal control arrangements and governance framework in place for the year under review.	We intend to consider: <ul style="list-style-type: none"> • the effectiveness of internal control arrangements; • the appropriateness of disclosures made in the Governance Statement; and • whether the disclosure requirements of the Accounts Direction and the Code of Good Governance for Scotland's Colleges have been met.

5. Wider scope work (continued)

Dimension	Description	Our planned approach
Use of resources to improve outcomes	Audited bodies must make best use of their resources to meet stated outcomes and improvement objectives.	We intend to consider: <ul style="list-style-type: none"> the College's evidence of providing value for money; and the focus on improving value for money and the pace of change at the College.

Identified significant risks to our wider scope work

We have also considered, as part of our planning, whether there are significant risks that would impact on any of the four areas of our wider scope work that require special audit consideration. At the planning stage we have identified one significant risk, under the financial sustainability heading as detailed below. Should our assessment of risk, or our planned approach to address the risk change during the course of the audit, we will report this to the Audit and Risk Assurance Committee.

Description of significant risk	Planned response
<p>Financial sustainability</p> <p>We are aware that the overall College Sector in Scotland is having to respond to the financial pressures of inflating costs in a period when core grant income is flat.</p> <p>We have been made aware that the College is projecting a small surplus for the year to 31 July 2024, but that the longer term financial planning at the College remains difficult with the uncertainties of funding at the operational and capital level.</p> <p>The above position means that the College will have to make decisions in order to appropriately balance finances.</p> <p>Given the level of sector wide uncertainties around the sufficient of future funding and of the general economic environment that has arisen there is a risk the timing of the future funding gap could be accelerated and / or additional funding not being made available from the SFC.</p>	<p>We intend to consider:</p> <ul style="list-style-type: none"> the forecast financial position in the financial plans submitted to SFC; alternative plans being considered by the College to ensure a balanced budget is achieved; the financial reporting arrangements in place at the College.

6. Audit fees

Fees for audit and other services

Our fees for the audit of the financial statements and for any other services are outlined in the tables below:

Service	2023/24 proposed fee £	2022/23 base fee £
Auditor remuneration	52,680	49,700
Pooled costs	(5,620)	(7,290)
Audit support	-	1,280
Sectoral cap adjustment	(4,500)	(3,540)
Total Fee	42,560	40,150

The fees outlined above are provided on the basis that we will receive a high-quality set of draft financial statements, supported by good working papers. Should we be required to perform significant levels of additional audit work, or face significant delay in our audit, we will discuss the impact of this on our proposed fee with management.

The proposed audit fee is in line with the scale fee set by Audit Scotland.

7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually, in writing, that we comply with the Financial Reporting Council's Ethical Standard

In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer-based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team;
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, and Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Michael Speight in the first instance.

Prior to the provision of any non-audit services, Michael Speight will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

Any emerging independence threats and associated identified safeguards will be communicated in our Annual Audit Report.

8. Materiality and misstatements

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Summary of initial materiality thresholds (based on 2023 figures)

	Initial Threshold £'000
Overall materiality	834
Performance materiality	626
Trivial threshold for errors to be reported to the Audit and Risk Assurance Committee	25

Overall materiality

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

8. Materiality and misstatements (continued)

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

We consider that revenue represents the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to the Audit and Risk Assurance Committee.

We expect to set a materiality threshold at 1.75% of revenue (£834,000 based on 2023 figures). After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Our audit testing is based on a level of performance materiality, which is a percentage of overall materiality, but also dependent on the level of inherent risk assessed on the area being tested. It is the level we use to calculate our sample sizes, and drives our acceptable difference in any substantive analytical procedures. It is lower than overall materiality as it helps to reduce the risk that the total of the uncorrected or undetected misstatements does not exceed materiality for the financial statements as a whole. It is based on between 50 – 80% of overall materiality depending on the risk level. Our initial assessment of performance materiality is based on low inherent risk meaning that we have applied 75% of overall materiality as performance materiality.

Specific Materiality

We assess specific materiality if there are particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the users of the financial statements. Specific materiality focuses on the qualitative nature, as well as the size, of an item. It recognises that, in some circumstances, it may take a much smaller misstatement to influence the user of the financial statements.

We are required to provide an opinion as to whether the audited part of the Remuneration and Staff Report has been properly prepared. Given the sensitivity of the disclosures made in the Remuneration and Staff Report, we have assessed a specific materiality for this work at £1,000, being the level that would impact rounding for figures shown to the nearest £'000.

Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit and Risk Assurance Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality based on 2023 figures our proposed triviality threshold is £25,000 based on 3% of overall materiality.

Appendix 1 – Key communication points

ISA (UK) 260 ‘Communication with Those Charged with Governance’, ISA (UK) 265 ‘Communicating Deficiencies In Internal Control To Those Charged With Governance And Management’ and other ISAs (UK) specifically require us to communicate the following:

Required communication	Annual Audit Plan	Annual Audit Report
Our responsibilities in relation to the audit of the financial statements and our wider responsibilities	✓	
Planned scope and timing of the audit	✓	
Significant audit risks and areas of management judgement	✓	
Our commitment to independence	✓	✓
Responsibilities for preventing and detecting errors	✓	
Materiality and misstatements	✓	✓
Fees for audit and other services	✓	
Significant deficiencies in internal control		✓
Significant findings from the audit		✓
Significant matters discussed with management		✓
Our conclusions on the significant audit risks and areas of management judgement		✓
Summary of misstatements		✓
Management representation letter		✓
Our proposed draft audit report		✓

Contacts

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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BOARD OF MANAGEMENT

Audit & Risk Committee

Tuesday 4 June 2024



DATE OF NEXT MEETING

**Tuesday 17 September 2024 at 5.00pm in Room A625,
Kingsway Campus**