



## AUDIT AND RISK COMMITTEE

Meeting of 31 May 2023

## AUDIT & RISK COMMITTEE

### NOTICE

There will be a meeting of the Audit & Risk Committee on Wednesday 31 May 2023 at 1000 hours through the use of Microsoft Teams

### AGENDA

Agenda Item		Paper
27-22	Apologies for Absence	
28-22	Declaration of any Potential Conflicts of Interest in relation to any Agenda Items	
29-22	Minute of Previous Meeting – 30 November 2022	x
30-22	Matters Arising from the Previous Meeting	x
	<b>Matters for Decision (a-d)</b>	
	<b>Matters for Information (e-h)</b>	
	<b>Internal Audit Reports:</b>	
31-22a	Final Nescol Financial Planning Audit Report	x
31-22b	Final IT – Digital Strategy Audit Report	x
31-22c	Final IA Follow up review Report	x
31-22d	Final 2021/22 Student Support Funds Report	x
31-22e	EMA 2021/22 EMA Principal Declaration (EMA: Signed EMA Auditors Report/Covering Letter (already submitted at Nov A&R Meeting))	x
31-22f	Signed SFC SSF Covering Letter	x
31-22g	Signed HEAF return	x
31-22h	Signed HEDF Return covering letter	x
32-22	Internal Audit Contract extension – verbal update	
	<b>Matters for Discussion</b>	
33-22	Strategic Risk Register	x
34-22	Code of Good Governance for Scotland's Colleges – Review of compliance	x
	<b>Matters for Information</b>	
35-22	Annual Procurement Report	x
36-22	<b>Any Other Business</b>	
37-22	<b>Summation of Actions and Date of Next Meeting</b>	

## AUDIT & RISK COMMITTEE

Draft Minute of the meeting of the Audit & Risk Committee held on Wednesday 30 November 2022 at 1100 hours through the use of Microsoft Teams.

Agenda Item	
	<p><b>Present:</b> A Russell (Chair) J Gifford L McDermid S Elston</p> <p><b>In attendance:</b> S Ross, Chair of F&amp;R Committee J Kirkwood D Archibald, Henderson Loggie G Scanlin, EY S Lawrance, Board Secretary K Fraser, Minute Secretary</p>
	Members noted the meeting, in the absence of D Anderson, is chaired by the Audit & Risk Committee Vice Chair, A Russell.
15-22	<p><b>Apologies for Absence</b> An apology was received in advance from D Anderson.</p>
16-22	<p><b>Declaration of any Potential Conflicts of Interest in relation to any Agenda Items</b> S Ross clarified her presence at the meeting as an Observer/ Guest by virtue of her new position as Chair of the Finance and Resource Committee.</p>
17-22	<p><b>Minute of Previous Meeting – 21 September 2022</b> The Minute was approved as a true and accurate record.</p>
18-22	<p><b>Matters Arising from the Previous Meeting</b> Members noted the Matters Arising Report with no additional comments noted.</p>
	<b>Matters for Discussion</b>
19-22	<p><b>Internal Audit Report – Health and Safety</b> D Archibald summarised the very healthy audit, and commented the report as being the most positive review seen in a long time. D Archibald also highlighted the near miss reporting as a particular strength, showing a prevention of accidents culture. Members expressed their praise for the Health and Safety team.</p>

20-22	<p><b>Internal Audit Report – Debtors/Income</b></p> <p>D Archibald summarised the Report as presented. Members noted the overall satisfactory score and the five priority three recommendations. D Archibald gave clarity on the sample size which follows best practise guidance. Discussions took place regarding current procedures for counter signatures, segregation of duties and reduction in resources. It was agreed that procedures require updating to enable the segregation of duties (and cover) to be documented.</p> <p><b>Action: Segregation of duties procedural documents to be reviewed to reflect recommendations.</b></p> <p>The completion date of the recommendations was considered, and it was agreed if business needs of the College allow these will be brought forward.</p> <p><b>Action: Recommendations to be completed ahead of schedule if possible. JK.</b></p>
21-22	<p><b>Audit Certification of Student Activity and Support Fund Year End Return:</b></p> <p>J Kirkwood summarised the many audits and gave Members additional information on the one recommendation regarding student withdrawals. Members also noted that both recommendations from the previous review are fully implemented.</p> <p>J Kirkwood also confirmed to Members that any underspend in Student Support Funds (which are ring fenced) will be clawed back by the Scottish Funding Council.</p>
22-22	<p><b>Audit BSI Assessment Report:</b></p> <p>J Kirkwood highlighted the excellent, for information only, independent audit report.</p>
	<b>Matters for Discussion (Reserved)</b>
23-22	<p><b>Strategic Risk Register:</b></p>
	<b>Matters for Decision (Reserved)</b>
24-22	<p><b>Draft Audited Financial Statements, 12 months to 31 July 2022 (Reserved item in conjunction with F&amp;R Committee)</b></p>

25-22	<b>Any Other Business</b> Members noted the comments by the Regional Chair that an additional meeting of the Audit & Risk Committee or the full Board may be required in response to the Scottish Draft Budget announcement due to be released on 15 December 2022.
26-22	<b>Summation of Actions and Date of Next Meeting</b> A summation of the actions was given by the Board Secretary. Members noted the date of next meeting of the Audit & Risk Committee is 31 May 2023 at 1000 hrs.

Agenda Item	Actions from Audit & Risk Committee 30/11/22	Responsibility	Deadline
20-22	<b>Internal Audit Report – Debtors/Income:</b> Segregation of duties procedural documents to be reviewed, with recommendations to be completed ahead of schedule if possible.	J Kirkwood	April 2023
23-22	<b>Strategic Risk Register:</b>		
24-22	<b>Draft Audited Financial Statements:</b>		

**AUDIT & RISK COMMITTEE**

An update on matters arising from the meeting of the Audit & Risk Committee held on 30 November 2022

Agenda Item	
20-22	<b>Action: Internal Audit Report – Debtors/Income:</b> Segregation of duties procedural documents to be reviewed, with recommendations to be completed ahead of schedule if possible.
	<b>Status: Ongoing</b> – work will continue to review this and report back to next Committee Meeting.
23-22	<b>Action: Strategic Risk Register:</b>
	<b>Status:</b>
24-22	<b>Action: Draft Audited Financial Statements:</b>
	<b>Status:</b>

AUDIT & RISK COMMITTEE	
Meeting of 31 May 2023	
<b>Title: Internal Audit Reviews</b>	
<b>Author:</b> S Thompson, Vice Principal – Finance and Resources	<b>Contributor(s):</b> Henderson Loggie
<b>Type of Agenda Item:</b> <b>For Decision</b> <input checked="" type="checkbox"/> <b>For Discussion</b> <input type="checkbox"/> <b>For Information</b> <input type="checkbox"/> <b>Reserved Item of Business</b> <input type="checkbox"/>	
<b>Purpose:</b> To enable the Committee to consider reports on internal audit assignments, together with recommendations and management responses.	
<b>Linked to Strategic Theme:</b> <b>5. Leading Sustainability</b>	
<b>Linked to Strategic Risk(s):</b> n/a	
<b>Executive Summary:</b> <p>The College's Internal Audit Programme for 2022-23 was approved by Committee. Reports resulting from that programme are attached, summarised as follows: -</p> <p><b>Financial Planning</b>  Overall Conclusion – Good  Number of Recommendations – none</p> <p><b>IT/Digital Strategy</b>  Overall Conclusion – Good  Number of Recommendations – One Priority 3 recommendation</p> <p><b>Follow-up Reviews</b>  Overall Conclusion – 12 of 14 recommendations “full implemented”; two “partially implemented”.</p> <p><b>2021/22 Student Support Funds</b>  Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return  Higher Education Discretionary and Childcare Fund; and</p>	

Education Maintenance Allowance Return

All fund statements for the year were certified and submitted to appropriate bodies without reservation.

**Recommendation:** It is recommended that the Committee consider the internal audit reports recommendations, and approve management responses, with any amendments, as necessary.

**Previous Committee Recommendation/Approval** (if applicable): n/a

**Equality Impact Assessment:**

**Positive Impact** ☒

**Negative Impact** ☐

**No Impact** ☐

**Evidence:**



# North East Scotland College

## Financial Planning

Internal Audit report No: 2023/08

Draft issued: 24 May 2023

Final issued: 24 May 2023



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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:

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

### Action Grades

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

## Management Summary

### Overall Level of Assurance

<b>Good</b>	System meets control objectives.
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### Risk Assessment

This review focused on the controls in place to mitigate the following risks on the North East Scotland College ('the College') Strategic Risk Register:

- Risk 3.1 – IF employers do not successfully engage with NESCol, THEN the College will not be able to identify and meet their needs (current risk rating – moderate: 9);
- Risk 5.1 - IF the College receives insufficient SFC income THEN the College's ability to achieve a balanced budget will be adversely affected and future credits targets may be reduced (current risk rating – high: 25);
- Risk 5.2 – IF sufficient non-SFC income levels are not achieved THEN the College will not be able to financially invest in innovation, staff and facilities (current risk rating – high:25);
- Risk 5.4 – IF candidate numbers are insufficient to meet SDS targets in relation to Modern Apprenticeships (MAs) and Foundation Apprenticeships (FAs), THEN the allocation of future places may be reduced (current risk rating – moderate: 16); and
- Risk 5.5 – IF challenges arise impacting our ability to deliver full FWDF allocation THEN the College may be exposed to clawback and reallocation of FWDF funding and experience reputational damage with employers as a result (current risk rating – high: 20).

### Background

As part of the Internal Audit programme at the College for 2022/23 we carried out a review of the College's financial planning 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 Regional Board and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Scottish Ministers expect every public body to deliver efficiency savings of at least 3% in each year of the spending review and to report publicly on the actions taken and the results achieved. This efficiency programme allows public bodies to demonstrate, where appropriate, how and to what extent they have used efficiencies to protect quality and level of services and maintained outputs and outcomes in the face of budget cuts.

In addition, as part of the financial plan colleges are increasingly required to deliver in-year cash releasing savings in order to meet financial targets.

The College undertakes a wide range of commercial and externally funded work, defined as any activity generating non-Scottish Funding Council (SFC) income. This includes leisure and short courses, education contracts with industry training bodies, local employer training, modern apprenticeships, and contracts to provide training for Skills Development Scotland (SDS). Income generation is managed by the Business Development Team in conjunction with academic staff from the curriculum area in which the income generating activities are undertaken.

## Scope, Objectives and Overall Findings

### ***Delivery of Efficiency Savings Plan***

The scope of this aspect of the audit was to review the College's approach for identifying, recording and reporting efficiency or cost savings.

### ***Growing commercial income streams***

The scope of this aspect of the audit was to review the processes in place within the College to maximise income generation and margin from commercial (non-SFC) activities.

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

Objective		Findings			
The objectives of our audit were to ensure that:		1	2	3	Actions already planned
		No. of Agreed Actions			
<b>Delivery of Efficiency Savings Plan</b>					
1.	the definition of what constitutes a saving has been clearly set out.	Good	-	-	-
2.	annual efficiency savings targets have been set.	Good	-	-	-
3.	there is a mechanism in place for quantifying and reporting on progress made to achieve the agreed efficiency savings targets.	Good	-	-	-
4.	the monitoring of delivery of the annual cash releasing savings required to achieve financial targets is robust.	Good	-	-	-
<b>Growing Commercial Income Streams</b>					
5.	an effective strategic and operational planning process has been established to grow commercial income, including identification of key markets and courses.	Good	-	-	-
6.	there is appropriate support in place to identify and promote commercial and external funding opportunities.	Satisfactory	-	-	-
7.	there is effective pricing in the marketplace, with full cost recovery as the target and careful consideration being given to activity which does not meet this target.	Good	-	-	-
8.	there is regular review of activities by College senior management, the Regional Board and its committees, including against targets set.	Good	-	-	-
<b>Overall Level of Assurance</b>		Good	System meets control objectives		

### Audit Approach

From discussion with the Vice Principal Resources & Estates, Acting Vice Principal – Finance and Risk and Director of Business Development, and review of relevant documentation, we considered whether the above objectives have been met.

### Summary of Main Findings

#### **Strengths**

- The College has developed a Financial Plan which is aligned to the Strategic Plan and associated objectives.
- Processes are in place for closely monitoring financial plans and budgets, factors which materially impact financial performance and revisiting assumptions which underpin the financial plans.
- Due to challenging economic circumstances the College has forecast a budgeted deficit position for the short to medium term. Staff and non-staff cost reductions and savings have been identified over the next two years which are to be achieved through implementation of efficiency measures identified by management, including cost savings achieved through procurement activity, reduced materials expenditure linked to reduction in Credits activity, and operational efficiencies resulting from changes to support department and teaching delivery processes.
- The College is actively exploring all opportunities for achieving savings across all areas of its operations. In addition to savings, the College is also looking at maximising returns from assets, including generating additional rental income from capacity within the College estate.
- The College has in place a Business Development Strategy for 2021-23 where the fundamental aim of the Strategy is to develop the College's approach to commerciality and increase the College's commercial income in order to reduce the reliance on SFC funding.
- The College maintains strong links with regional employers and trade organisations and is well placed to identify commercial training opportunities.
- Processes are in place for monitoring commercial activity volumes and margins regularly throughout the year, and updates are provided to management teams each month. Updates are also reported to the Regional Board, via the Curriculum & Quality Committee, twice a year.

#### **Weaknesses and Opportunities for Improvement**

- No significant weaknesses were identified during our review. The Business Development team, through its contacts with regional employers, feels that there are further Flexible Workforce Development Fund (FWDF) opportunities in the region that can be exploited, although further capacity within the Business Development team would be required to fully explore or support these if further FWDF funding becomes available. An internal Business & Community Development (BCD) review previously undertaken by the College acknowledged that commercial activity needs to increase, however further resources were needed to enable growth. Due to the current financial position of the College, and the Financial Plan which identifies savings to be made through reduction in staff costs, further BCD resources have not been identified. A further BCD review is planned over the course of the next year to explore how growth in commercial activity can be supported.

### Acknowledgments

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

## Main Findings

### ***Delivery of Efficiency Savings Plan***

#### **Objective 1: The definition of what constitutes a saving has been clearly set out.**

In June 2021, the Regional Board approved a new Strategic Plan for the College, covering the period 2021 to 2023. In September 2022 the College submitted the Financial Forecast Return (FFR) to the Scottish Funding Council (SFC), where the assumptions used in completing the FFR reflected the updated Strategic Plan and the SFC's guidance and standard assumptions. The FFR is aligned with the College's original Financial Plan and budget for 2022/23 which was approved by the Regional Board in June 2022.

A key component of the delivery of the Financial Plan is the £1.037m cost reduction in the College's staffing budget over years 2022/23 and 2023/24. Further non-staff cost reductions and savings of £3.882m have been identified over the same period in the FFR, which are to be achieved through implementation of efficiency measures identified by management, including cost savings achieved through procurement activity, reduced materials expenditure linked to reduction in Credits activity, and operational efficiencies resulting from changes to support department and teaching delivery processes.

The FFR and Financial Plan set out clearly the costs associated with the delivery of the voluntary severance (VS) scheme, which includes both academic staff and support staff, and also sets out the estimated recurring financial savings which this scheme will deliver. The VS scheme was approved by the College Human Resources Committee in May 2022.

The College is actively exploring all opportunities for achieving savings, including investment in IT infrastructure, such as the investment in systems to improve the efficiency of processing, and redeployment and reuse of existing equipment to maximise lifespans and utilisation. The changes to working practices driven by the COVID-19 pandemic, and the associated increase in online learning, and the College's continued development of Bring Your Own Device (BYOD) courses have identified further opportunities for the introduction of different delivery models which may deliver cash releasing savings going forward. In addition to savings, the College is also looking at maximising returns from assets, including generating additional rental income from capacity within the College estate.



### Objective 2: Annual efficiency savings targets have been set.

The 2022/23 budget position, as set out in the FFR, showed a forecast deficit position of £1.015m, rising to a forecast deficit of £2.870m in 2026/27. The year on year required efficiency savings included in the FFR was £2.126m for 2022/23, rising to £2.793m in 2023/24, £2.166m in 2024/25 and £1.766m in 2025/26 and 2026/27. After making adjustments for non-cash items such as depreciation, the Adjusted Operating Result position across the period 2022/23 to 2026/27 ranged from a deficit of £0.031m in 2022/23 to a deficit of £1.885m in 2026/27, although this is subject to realising projected staff costs savings.

The FFR included two alternative scenarios in relation to levels of teaching grant. The first reflected the final college sector funding allocations and a reduction in credit target. The second scenario (in an Appendix) utilised the college Finance Directors Network alternative set of assumptions in relation to reductions in Flexible Workforce Development Fund (FWDF) income, higher pay award increases, higher inflation levels, and larger increases in gas and electricity unit prices, which increased the forecast deficits significantly.

A Financial Plan update was presented to the Regional Board in March 2023 by the Acting Vice Principal – Finance and Risk, ahead of the SFC funding announcements in April 2023. The revised Financial Plan reflected adjustments to costs arising from the continued economic inflationary pressures, projected increases in staff costs arising from future pay settlements, and in-year adjustments to SFC funding which were confirmed after the original Financial Plan was devised. The update also set out how the College aims to deliver further cost reductions and achieve financial sustainability in light of these challenges.

As part of the updated Financial Plan, financial forecasts were revisited, and amendments were made to both the expenditure cost base and the estimated non-SFC income figures. This resulted in a forecast underlying financial position for 2022/23, including staff restructuring, of £1.130m deficit. The original FFR presented to the Regional Board in October 2022 assumed an estimated voluntary severance cost of £0.537m in 2022/23 (and a further £0.287m in 2023/24) which were factored into the forecast deficit budget position for 2022/23 of £1.015m. The revised forecast position for 2022/23 reported in March 2023 did not identify any changes to these estimates. The revised Financial Plan also set out a worst and best-case scenario largely based on any future decision made by the Scottish Government and SFC to provide additional funding to meet staff pay awards. No announcement had been made on this at the time of our audit. Under the best-case scenario, the College will receive all of the funds required to meet the pay award in its entirety resulting in a year end surplus of £0.456m. Alternatively, under the worst-case scenario, the final staff pay awards exceed the budgeted levels, in line with other nationally agreed awards experienced in other sectors, and energy costs continue to increase, resulting in a final deficit of £3.974m.

The revised Financial Plan, including best and worst-case scenarios, for 2023/24 will be re-considered by management in light of the SFC funding announcements for 2023/24 and any future announcements on funding of staff pay awards. Outcomes from these announcements are likely to have a significant impact on financial plans for future years. Should pay awards exceed the given estimates for public sector pay, the College has identified that further staff reductions will be necessary in future years. Meeting the Scottish Government requirement to deliver 3% efficiency savings is considered by management to be extremely challenging in the current economic climate.

**Objective 3: there is a mechanism in place for quantifying and reporting on progress made to achieve the agreed efficiency savings targets; and**

**Objective 4: the monitoring of delivery of the annual cash releasing savings required to achieve financial targets is robust.**

As outlined above, an update on the 2022/23 Financial Plan, including a forecast outturn based on existing amendments to SFC funding and inflationary cost pressures was presented to the Regional Board in March 2023. The updated Financial Plan outlined the further cost reduction measures identified by the College to contribute towards future financial sustainability. The in-year update to the Financial Plan and associated assumptions is considered prudent and reasonable. Further updates to the Financial Plan will be reported to management through the management accounts process and reported to the Finance and Resources Committee and Regional Board.

Going forward, variables which will impact on the financial position of the College are as follows:

- Inflationary pressure in the economy;
- Staff pay settlements;
- Unanticipated Scottish Government funding allocations; and
- The level of contribution which can be delivered by the College Business Development Team, and wholly owned subsidiary ASET, relating to non-SFC income.

There is a clear recognition that if the current SFC funding model is sustained, flat cash settlements continue in future years, and the level of staff pay awards increases above budgeted levels this will lead to increasing financial pressures which will impact the financial sustainability of the College, and the wider sector, in the short to medium term. The SFC funding decisions for 2023/24, announced in April 2023, include a flat cash settlement for the main teaching grant, although Credits targets have been reduced which may provide the College opportunities to achieve savings through reduced teaching activities.



### ***Growing Commercial Income Streams***

**Objective 5: an effective strategic and operational planning process has been established to grow commercial income, including identification of key markets and courses.**

The College has in place a Business Development Strategy for 2021-23 where the fundamental aim of the Strategy is to develop the College's approach to commerciality and increase the College's commercial income in order to reduce the reliance on SFC funding. The Strategy aims to position commercial income on an equal weighting with Credit income, where faculties are recognised and rewarded for commercial successes. A growth target of 10% has been set for commercial activity, measured against a baseline year of 2019/20, to reflect the economic impact of COVID-19. The College's wholly owned subsidiary, ASET, provides specialist training targeted at the oil and gas sector, for which a separate strategic plan exists, and therefore those activities are not covered by the Business Development Strategy.

The Business Development Strategy sets out the actions which will be taken to help support the strategic aims and goals identified in the College's Strategic Plan 2021-23. The Business Development Strategy identifies a number of key objectives grouped under four strategic themes, which are aligned with the College Strategic Plan 2021-2023. These include Employer Engagement, Brand Awareness, Product and Service Development and Use of Facilities. The Strategy also sets out the relevant responsibilities for business development for the Regional Board, the Executive Team, the Director of Business Development, Business & Community Development (BCD) Managers and Heads of Faculties.

Several training and business development initiatives are now well established, with the College working in partnership with local employers and organisations to continue to deliver national schemes, including:

- Shell Engineering Scheme;
- Girls in Energy;
- Modern Apprenticeships; and
- Flexible Workforce Development Fund.

We are therefore satisfied that an appropriate operational planning process is in place, aligned with the College's strategic objectives.

**Objective 6: there is appropriate support in place to identify and promote commercial and external funding opportunities.**

The monitoring and supporting mechanisms for the College's business development process are set out within the Business Development Strategy.

The College's Business Development Team receives support from other teams within the College. For example, the Marketing Team provides leaflets and prospectuses, as well as assistance with events for networking for existing and prospective commercial partners. The College's Finance Team provides support by creating and issuing customer invoices (as well as monitoring their payment).

Our discussions confirmed that this support meets the needs of the Business Development Team, and a good working relationship exists with these support functions.

The Business Development Strategy has been shared and promoted with curriculum teams, and regular meetings are held between the Business Development Team and curriculum teams to discuss current commercial activity / non-SFC activity and future commercial opportunities.

The FWDF has been identified by the Business Development team as an area for further growth. The scheme, which started in 2017, was worth £1.8m to the College in 2021/22 but only £1.6m was delivered due to a mix of local demand and limitations on College resources. The FWDF is subscribed for 2022/23 and College has lobbied the SFC to provide further funding to meet demand from employers in the region. The Business Development team, through its contacts with regional employers, feels that there are further opportunities in the region which can be exploited, although further capacity within the Business Development team would be required to fully explore or support these if further FWDF funding becomes available. An internal BCD review previously undertaken by the College acknowledged that commercial activity needs to increase, however further resources were needed to enable growth. Due to the current financial position of the College and the Financial Plan which identifies savings to be made through reduction in staff costs further BCD resources have not been identified. A further BCD review is planned over the course of the next year to explore how growth in commercial activity can be supported.

**Objective 7: there is effective pricing in the marketplace, with full cost recovery as the target and careful consideration being given to activity which does not meet this target.**

From discussion with management, and review of the commercial portfolios, we confirmed that a costing template is completed for commercial courses. Discussions on margin to be achieved are held between the Director of Business Development and the curriculum teams. The College aims to achieve a margin of 40% on commercial activities, although this can be flexed dependent on market conditions. The target margin for commercial activity has been communicated to and approved by the Leadership Team, Finance and Resources Committee and the Regional Board. A number of commercial and training courses are tailored or adjusted to meet specific client needs. The prices for such training courses are calculated based on market value, market forces, available teaching resources and the College's prior experience of both teaching input, method of delivery and costs in delivering such provision.

We reviewed a sample of commercial and full cost recovery courses, and the associated costing templates, and confirmed that for each activity the decision was based on consideration of the course viability taking into account resources available, staff time and costs, on-costs and achievement of a margin of at least 40%. For the sample of courses reviewed we noted that the margin far exceeded the 40% target rate.

Achievement of margins is monitored by the Director of Business Development and discussed during monthly meetings with Finance as part of the review of monthly budget performance reports. Discussions consider both the level of income generation and the overall costs of delivering commercial activity, and make that comparison. The majority of commercial courses are priced on a per course basis with fixed costs and income, meaning the margin is also fixed. For some of the College's Credit bearing part time open courses, costs are based on a per candidate basis, in which case, a minimum number of participants are required to achieve a target margin or ensure that the activity is commercially viable. Where minimum numbers cannot be achieved the College will take the decision to postpone or cancel courses. As such, margin potentially increases or decreases according to course participation.

**Objective 8: there is regular review of activities by College senior management, the Regional Board and its committees, including against targets set.**

The longer-term and annual (incorporated into the College's annual budget) targets are approved by the Regional Board, via the Finance and Resources Committee. The Director for Business Development provides updates on commercial activities by way of BCD reports to the internal Curriculum, Quality and Student Support (CQASS) Committee each month. Updates are also reported to the Regional Board, via the Curriculum & Quality Committee, twice a year. All Committee minutes are provided to the subsequent Board meetings. Ad hoc updates are reported to the Board during the year as required.

Monthly monitoring of the achievement of the financial targets is undertaken by the Director of Business Development, by Finance, and the Leadership Team through reports provided by the Director of Business Development.

The Acting Vice Principal Finance & Risk, Director of Business Development and Financial Controller meet regularly to monitor progress against both financial and business developmental targets. Significant variances against budgeted activity are included in the management accounts supporting commentary reported to the Leadership Team and Finance and Resources Committee.

We reviewed a sample of commercial activity updates reported to the CQASS and the Curriculum & Quality Committee and confirmed that the monitoring and reporting process is operating in line with the College's Business Development Strategy. The quality and timeliness of financial information was reviewed during our audit and was found to be adequate.

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# North East Scotland College

## IT / Digital Strategy

Internal Audit report No: 2023/07

Draft issued: 3 May 2023

Final issued: 23 May 2023



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## Level of Assurance

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

## Action Grades

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

## Management Summary

### Overall Level of Assurance

<b>Good</b>	System meets control objectives.
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### Risk Assessment

This review focused on the controls in place to mitigate the following risks on the North East Scotland College ('the College') Strategic Risk Register:

- Risk 4.3 – IF the SFC does not provide sufficient capital maintenance funding to maintain modern fit-for-purpose buildings, infrastructure and equipment, THEN the quality of the student experience will be reduced (current risk rating – high: 16); and
- Risk 6.3 - IF the College is the victim of a cyber-attack THEN the College may experience IT systems outages and / or data security breaches, both resulting in significant business disruption (current risk rating – high: 16).

### Background

As part of the Internal Audit programme at the College for 2022/23 we carried out a review of the development and implementation of the College's IT / Digital Strategy. The Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Regional Board and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

IT / Digital technology is changing the way in which we communicate, obtain services, and consume entertainment. Immersive technologies such as mixed and virtual reality are increasingly being deployed in training and education settings, and remote technology means a lecture can be delivered online and beyond the traditional on-campus environment. Digital technology can transform the way Colleges deliver education but, without strategic direction, opportunities can be missed, and staff, learners and other stakeholders can potentially be left behind. A focused IT / Digital Strategy can assist the College:

- prepare for a future where technology is connecting the physical and digital learning environments;
- support the creation of a digital culture that embraces digital innovation;
- enable inclusiveness through accessible IT and digital practice;
- support more flexible and inclusive programmes of study;
- capture and make use of data generated via digital learning environments to inform future provision; and
- streamline the learner journey, administrative and business processes.



## Scope, Objectives and Overall Findings

This audit reviewed the processes for the development of the IT / Digital Strategy within the College. We reviewed the adequacy and effectiveness of the governance, processes and key controls over the definition, maintenance and delivery of the IT / Digital Strategy to help the College meet its business objectives.

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

Objective		Findings		
		1	2	3
The objective of our audit was to obtain reasonable assurance that:		No. of Agreed Actions		
1. An application architecture is in place that ensures that the College has a suite of compatible applications that are aligned to the IT / Digital Strategy.	Good	-	-	1
2. An appropriate governance structure is in place that ensures that IT related projects, initiatives and requests are aligned to the IT / Digital Strategy.	Good	-	-	-
3. All internal and external stakeholders have been identified and provided opportunities to provide input and inform the identification of requirements of the IT / Digital Strategy.	Good	-	-	-
4. There is clear alignment of the IT / Digital Strategy objectives with the Strategic Plan and Regional Outcome Agreement objectives.	Good	-	-	-
5. There is regular reporting to stakeholders on progress with achieving the IT / Digital Strategy, including appropriate Key Performance Indicators and Key Risk Indicators in place to measure and report progress of the IT / Digital Strategy and associated risks.	Good	-	-	-
Overall Level of Assurance	Good	-	-	1
		System meets control objectives		

## Audit Approach

Through discussions with the Director of IT and Technical Services and other relevant managers and staff, and review of relevant documentation, we assessed whether the IT / Digital strategic planning process and monitoring controls accord with good practice. Applicable extracts from the Control Objectives for Information and Related Technology (COBIT) framework for information technology management and governance were used as benchmarks.

## Summary of Main Findings

### ***Strengths***

- The College IT Strategy 2021-2023 sets out a framework for the use of IT technologies to support the College's business and curriculum objectives;
- Structures have been established, such as the IT Steering Group and Business Systems User Groups, which provide opportunities for obtaining stakeholder views on IT service requirements, reviewing existing business processes for digitisation and developing an IT infrastructure and prioritising IT development projects;
- A system of formal accountability for IT projects has been established whereby working groups are set up, where required, for individual IT projects / investment decisions; and
- The IT & Technical Services (ITTS) team continually reviews the age, performance and capability of the IT infrastructure and monitors technological changes and trends which, in conjunction with the principles outlined in the College's IT Strategy and associated Roadmap, inform infrastructure investment and security decisions to ensure that the IT infrastructure can maintain and support the College's strategic and operational objectives.

### ***Opportunity for Improvement***

- A data architecture has still to be developed which defines how data is to be collected (including defining the purpose, of holding the data, and how and where data is to be stored), data security and data reporting capability. Development of a data architecture should complement the target state technology architecture outlined in the Technology Strategy and Roadmap and underpins the College's business intelligence requirements. We have recommended that in order to progress the Technology Strategy and Roadmap, the data architecture should be formally documented and assessed to identify systems and data dependencies, system capabilities and compatibilities. A future state data architecture should then be identified based on the organisation's business and user requirements and current systems and data limitations, and a Roadmap then developed to achieve a target architecture.

## Acknowledgments

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

## Main Findings and Action Plan

### **Objective 1: An application architecture is in place that ensures that the College has a suite of compatible applications that are aligned to the IT / Digital Strategy.**

An application architecture is a structural map of how an organisation's software applications are assembled and how those applications interact with each other to meet business or user requirements. An application architecture helps ensure that applications are scalable and reliable, and assists organisation's identify gaps in functionality. In general, application architecture defines how applications interact with databases and other applications.

Before implementing an IT Strategy, it is good practice to assess the performance of current internal business and IT capabilities; develop an understanding of the organisation's strategic drivers in terms of IT; identify issues currently being experienced; and develop recommendations in areas that could benefit from improvement. Management should define the target business and IT capabilities and required IT services. This should be based on an understanding of the College's environment and requirements; an assessment of the current business processes and IT environment and issues; and consideration of best practices and emerging technologies or innovations.

College internal systems and processes have been documented by the College, with key IT support requirements identified. These are regularly reviewed, and any identified weaknesses or technology requirements brought to the attention of IT & Technical Services (ITTS), through an annual requirements gathering exercise, the Business Systems User Groups, or direct discussions with ITTS staff. IT projects and systems development requirements are presented to the IT Steering Group (ITSG) in order that any IT projects and development requirements can be factored into the IT strategic planning process as well as IT and departmental plans.

The IT Strategy is supported by a Technology Strategy and Roadmap for key ICT infrastructure technologies, which is designed to inform medium and long-term project planning to ensure that the technology infrastructure evolves to support the College's strategic ambitions. The Technology Strategy and Roadmap includes: the IT strategic themes and objectives; how these will be achieved through project implementations; and the implications for the College as a result of implementing the Strategy. The Technology Strategy and Roadmap has been developed to be a rolling document which deliberately has not set resource or timescale targets as the pace of technological change in IT is such that the College's objectives may be achieved in a much shorter period of time or there may be delays if there are constraints on funding. We noted that the Roadmap takes account of organisational and technological changes, as well as changes in the operating environment, learning and teaching delivery, including:

- improving digital services: for internal teams and external stakeholders;
- improving accessibility to information and systems;
- continuing to improve the infrastructure to be able to adopt new technology and applications; and
- supporting mobile and remote working and user focused applications.

### **Objective 1: An application architecture is in place that ensures that the College has a suite of compatible applications that are aligned to the IT / Digital Strategy (continued).**

Key strategic decisions relating to IT infrastructure and business systems are discussed by the ITSG, Leadership Team and the Business Systems User Groups and agreed with ITTS, and where required built into departmental plans. ITTS continually reviews the age, performance and capability of the IT infrastructure and monitors technological changes and trends which, in conjunction with the principles outlined in the IT Strategy and associated Roadmap, inform infrastructure investment and security decisions to ensure that the IT infrastructure can maintain and support the College's strategic objectives. For example, additional remote access capability was implemented prior to the Covid-19 pandemic, although further capacity was added during the pandemic to support the increased number of staff and students working and studying from home. The overall infrastructure strategy for the College is to support cloud systems, services and applications for use by staff in support and teaching delivery. Cloud services are already in use for students which is aligned with the College's Bring Your Own Device (BYOD) programme.

Despite reductions in Scottish Funding Council (SFC) funding during the period covered by the IT Strategy, and pressures on internal budgeting arrangements due to competing priorities and cost pressures, the College has invested significant resources to support the IT Strategy. This spans investment in systems, applications, and digital tools, which are now available to staff and students. It also includes investment in the IT infrastructure and cyber security measures which underpin these services, and also the organisational structures and training for users.

**Objective 1: An application architecture is in place that ensures that the College has a suite of compatible applications that are aligned to the IT / Digital Strategy (continued).**

Observation	Risk	Recommendation	Management Response		
Data architecture translates business needs into data and system requirements and seeks to manage data and its flow through the organisation. A data architecture has still to be developed, which defines how data is to be collected (including defining the purpose, of holding the data, and how and where data is to be stored), data security and data reporting capability. Development of a data architecture should complement the target state technology architecture outlined in the Technology Strategy and Roadmap and underpins the College's business intelligence requirements.	The organisation's data requirements are not fully defined, which prevents delivery of the Technology Strategy and Roadmap and technology strategies, and overall IT Strategy.	<p><b>R1</b> In order to progress the Technology Strategy and Roadmap, the data architecture should be formally documented and assessed to identify systems and data dependencies, system capabilities and compatibilities.</p> <p>A future state data architecture should then be identified based on the organisation's business and user requirements and current systems and data limitations, and a Roadmap then developed to achieve a target architecture.</p>	<p>The College accepts the recommendation and will look to create a Data Strategy that will ensure a data architecture is fully documented for current and future business requirements.</p> <p>This work will be overseen by the College Data Management Group and led jointly by Linda Taylor (Director of Student Access and Information) and Scott Matthew (Director of ITTS).</p> <p>It is anticipated that the Strategy will be in place by December 2023.</p> <p><b>To be actioned by:</b> Director of Student Access and Information and Director of ITTS</p> <p><b>No later than:</b> 31 December 2023</p>		
			<table><tr><td>Grade</td><td>3</td></tr></table>	Grade	3
Grade	3				

### **Objective 2: An appropriate governance structure is in place that ensures that IT related projects, initiatives and requests are aligned to the IT / Digital Strategy.**

We confirmed that structures have been established at all levels of the College, from Regional Board, Leadership Team, ITSG, Business Systems User Groups, as well as project specific delivery teams coordinated by ITTS staff, which provide opportunities for reviewing existing business processes for digitisation, developing the IT and digital infrastructure, prioritising IT projects, and ensuring that these remain aligned with the wider strategic objectives.

Internal groups, including the Leadership Team, ITTS management group and the ITSG, act as the College's decision-making authorities for operational adjustments to IT services and projects; set the criteria for assessing and prioritising IT infrastructure and development projects; and monitoring of the effectiveness of implementation of projects as they come online. Feedback from forums such as the Business Systems User Groups, including staff views on systems, applications, and process improvements, are considered as part of future development of business systems and departmental activity plans.

The ITSG meets quarterly, with the minutes of each meeting clearly documented. The Group's representatives report back to their departmental teams and the ITSG formally reports to the Leadership Team on its activities.

A system of formal accountability for IT projects has been established whereby working groups are set up, where required, for individual IT projects / investment decisions.

**Objective 3: All internal and external stakeholders have been identified and provided opportunities to provide input and inform the identification of requirements of the IT / Digital Strategy.**

Management should create awareness and understanding of the business and IT objectives and direction, as captured in the IT Strategy and associated Roadmap, through communication to appropriate stakeholders and staff throughout the organisation. A copy of the IT Strategy and associated Roadmap is available to staff on the College's staff intranet. Details of approved IT projects are also communicated to staff via the intranet.

The ITSG consists of members from across the curriculum, Student Association and support teams, who provide feedback and direction to ITTS to ensure that the operational and strategic IT requirements of stakeholders are being met.

There is an established annual requirement gathering process, in January each year, between ITTS and the curriculum and support departments, which allows internal stakeholder groups to highlight IT support, service delivery and resource requirements which feeds into the College budget setting process when planning IT provision, the IT project programme and resources for the next academic year.

The ITSG oversees the effective delivery of the IT Strategy delivered via the annual programme of IT projects as well as the day-to-day IT service delivered to staff and students.

The College IT service operates in line with the ITIL (Information Technology Infrastructure Library) service standards, a generally accepted set of best practice guidelines for effective IT support service management. As part of this approach the College has developed a business partner model between ITTS and curriculum and support teams which allows ITTS to identify departmental requirements for IT service and technical support. This approach is aligned with the key themes of the IT Strategy of Engage; Provide; Support; Develop.

### **Objective 4: There is clear alignment of the IT / Digital Strategy objectives with the Strategic Plan and Regional Outcome Agreement objectives.**

When developing an IT / Digital Strategy management should consider the current business environment and business processes, as well as the organisation's strategy and future objectives. Consideration should also be given to external factors which affect the environment in which the organisation operates. COBIT5 recommends that IT strategic plans are aligned with the organisation's strategic objectives. The IT strategic objectives and the associated accountabilities should be clearly communicated so they are understood by all, with the IT strategic options identified in the Strategy integrated within departmental plans.

The College has a documented IT Strategy which covers the period from 2021 to 2023. The Strategy was developed in consultation with users from each of the College's curriculum and support sections and student representatives, via the ITSG, taking into account the College's Strategic Plan 2021-2023. The IT Strategy supports the Strategic Plan in using IT as an enabler in contributing to learner success through improving access and inclusion, and more generally improving collaboration and communication and delivering business efficiencies. The IT Strategy aims to deliver modern fit-for-purpose IT solutions for learning and teaching and to provide the College with the tools and services expected by staff and students.

The IT Strategy defines, in cooperation with key stakeholders (staff and students), how IT related goals will contribute to the College's strategic goals. This includes details of how ITTS will support IT enabled investment programmes, business processes, IT services and IT assets.

From our review of minutes of the ITSG and Regional Board committees we noted that clear discussion is had with regards the College's IT direction and resource requirements. Prior to its development these discussions were used to inform the IT Strategy to ensure that it is aligned with the College strategic aims and objectives and those of key stakeholders such as staff and students.

The SFC requires regional colleges to produce an Outcome Agreement annually, which demonstrates how colleges' utilise their SFC funding allocations to contribute to student and regional outcomes. At the time of our review the 2022/23 ROA had not been formally approved and published. However, we noted that the ROA for 2021/22 was clearly linked to the College Strategic Plan 2021-2023 and highlighted the College's ambition for delivering digital services and associated training for staff and students. A review of the draft 2022/23 ROA presented to the Regional Board in December 2022 noted that it remained linked to the Strategic Plan and the College's digital related objectives.



**Objective 5: There is regular reporting to stakeholders on progress with achieving the IT / Digital Strategy, including appropriate Key Performance Indicators and Key Risk Indicators in place to measure and report progress of the IT / Digital Strategy and associated risks.**

It is important that the progress of implementing the IT Strategy is monitored appropriately at the different levels of the implementation structure. Through discussion with management and ITTS staff, and review of Regional Board and committee papers, we identified that monitoring of the College's IT Strategy occurs on several levels, including:

- Regional Board and management groups review longer-term achievement of the strategic objectives;
- management and ITTS review ongoing progress of short to medium-term objectives; and
- departmental teams or project groups review shorter-term completion of outputs that are associated with IT service support and the IT project programme.

### **Regional Board and management groups**

Regional Board and management meetings ensure that agenda items and terms of reference of meetings relate to the College strategic objectives. We noted that decisions taken at Regional Board and committee meetings support management and enable them to integrate and coordinate the IT strategic objectives into operational plans and other organisational activities. The IT Strategy is reviewed annually by ITTS and management, and progress then reported to the Regional Board. The last update reported to the Regional Board in November 2022 provided details of IT Strategy achievements under each of the strategic themes of Engage; Provide; Support; Develop.

### **Departmental teams and project groups**

Operational plans are developed annually with actions linked to the strategic aims and objectives of the College Strategic Plan and supporting strategies. There is quarterly reporting to the ITSG on IT Strategy activity together with a current list of projects with target dates to track their on-going progress.

### **Management and ITSG**

Management teams ensure expectations regarding IT strategy deliverables and outcomes progress are agreed with the ITSG, ITTS and other members responsible for strategy implementation.

The ITSG oversees the implementation of the IT Strategy, with progress monitored through ITTS Team meetings and updates submitted to the ITSG and Leadership Team as appropriate, and in response to requests received from the Regional Board's Finance & Resources Committee. A set of risks which impact the successful implementation of the IT Strategy, along with key risk indicators, have been defined and these are monitored by the ITSG.

Specific performance metrics are not identified in the IT Strategy, and instead progress made in implementing the Strategy, and therefore its success, is monitored as noted above, focussing on IT project deliverables and the resulting impact on the College's strategic objectives.

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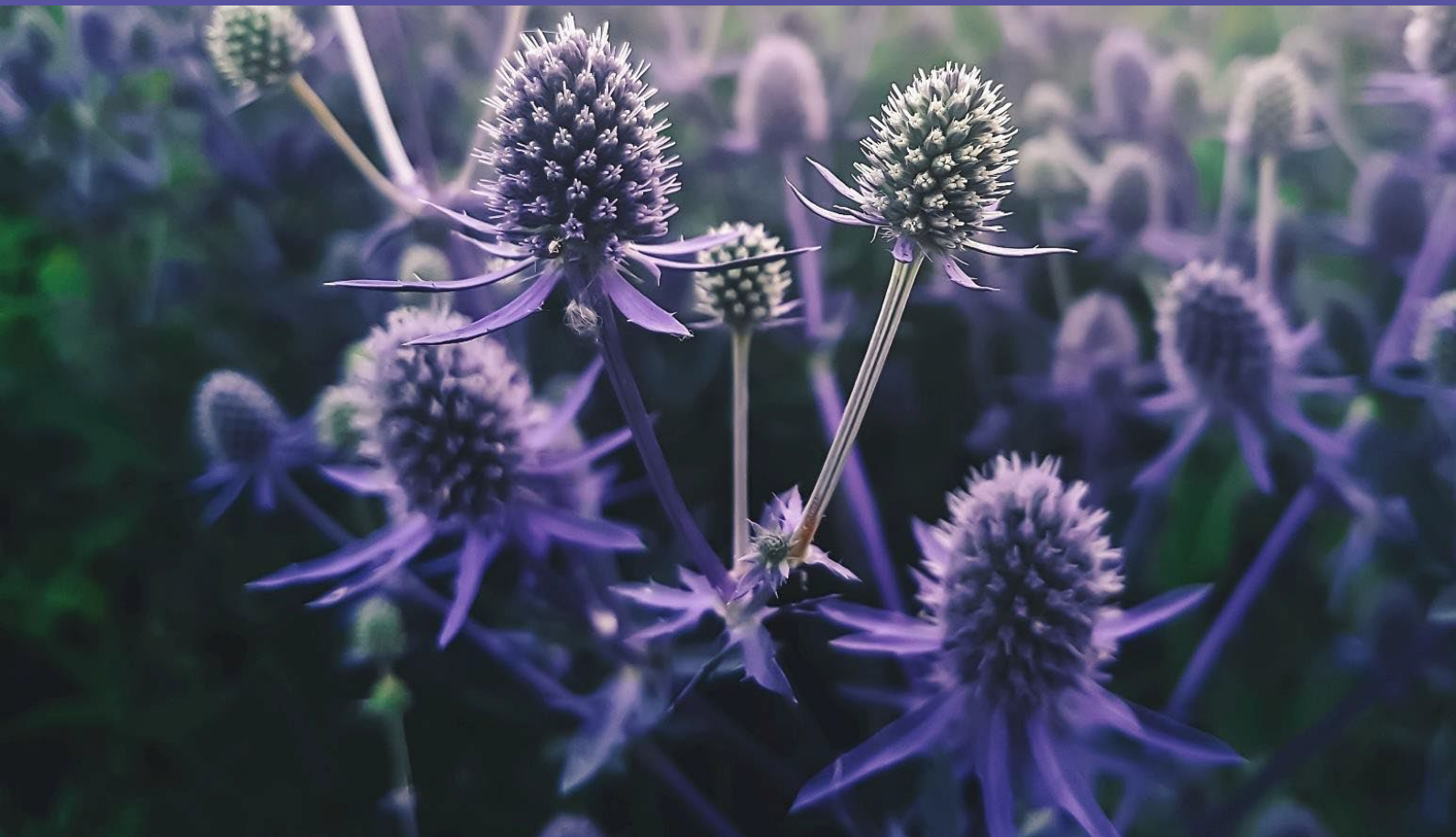
# North East Scotland College

## Follow Up Reviews 2022/23

Internal Audit report No: 2023/09

Draft issued: 23 May 2023

Final issued: 24 May 2023



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# Management Summary

## Introduction and Background

As part of the Internal Audit programme at North East Scotland College ('the College') for 2022/23 we carried out a follow-up review of the recommendations made in Internal Audit reports issued during 2021/22, and reports from earlier years where previous follow-up identified that recommendations were outstanding. These were:

- 2022/10 – Follow-Up Reviews 2021/22;
- 2022/05 - Estates and Facilities Contract; and
- 2022/06 - Aberdeen Skills and Enterprise Training (ASET) Limited - Income & Risk Management Arrangements.

Internal audit reports 2022/01 – Annual Plan, 2022/04 – Procurement and Creditors / Purchasing, 2022/07 – Curriculum Planning, 2022/08 – Payroll and 2022/11 – Annual Report, did not include any recommendations. Internal audit report 2022/09 – Timetabling and Registers Business Process Review (BPR) identified procedural improvements for management to take forward but as this was a BPR there were no agreed implementation dates. Recommendations included in internal audit reports 2022/02 – 2020/21 Student Activity Data and 2022/03 – 2020/21 Student Support Funds have already been followed-up as part of the internal audit programme for 2022/23 in internal audit reports 2023/02 - 2021/22 Student Activity Data and 2023/03 - 2021/22 Student Support Funds respectively.

## Objectives of the Audit

The objective of each of our follow-up reviews is to assess whether recommendations made in previous reports have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

## Audit Approach

For the recommendations made in each of the reports listed above we ascertained by enquiry or sample testing, as appropriate, whether they had been completed or what stage they had reached in terms of completion and whether the due date needed to be revised.

Action plans from the original reports, updated to include a column for progress made to date, are appended to this report.

## Overall Conclusion

The College has made good progress in implementing the recommendations followed-up as part of this review with 12 of the 14 recommendations being categorised as 'fully implemented'. Only two recommendations have been assessed as 'partially implemented' and these will be subject to follow up in the next formal Follow Up Review exercise.

## Overall Conclusion (Continued)

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

From Original Reports			From Follow-Up Work Performed				
Area	Rec. Priority	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	Not Past Agreed Completion Date	Considered But Not Implemented
2022/10 – Follow-Up Reviews 2021/22	1	-	-	-	-	-	-
	2	4	4	-	-	-	-
	3	5	3	2	-	-	-
	High	-	-	-	-	-	-
	Medium	-	-	-	-	-	-
	Low	1	1	-	-	-	-
<b>Total</b>		<b>10</b>	<b>8</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>
2022/05 - Estates and Facilities Contract	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	1	1	-	-	-	-
<b>Total</b>		<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2022/06 - Aberdeen Skills and Enterprise Training (ASET) Limited -Income & Risk Management Arrangements	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	3	3	-	-	-	-
<b>Total</b>		<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Totals</b>		<b>14</b>	<b>12</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>

The grades, as detailed below, denote the level of importance that should have been given to each recommendation within the internal audit reports:

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

## Overall Conclusion (Continued)

The grades, as detailed below, denote the level of importance that should have been given to each recommendation as defined by the College's previous Internal Auditors:

<b>High</b>	Major weakness that we consider needs to be brought to the attention of the Audit & Risk Committee and addressed by senior management of the College as a matter of urgency.
<b>Medium</b>	Significant issue or weakness which should be addressed by the College as soon as possible.
<b>Low</b>	Minor issue or weakness reported where management may wish to consider our recommendation.

## Acknowledgements

We would like to thank all staff at North East Scotland College for the co-operation and assistance we received during the course of our review.

## Appendix I - Updated Action Plan

### Internal Audit Report 2022/10 – Follow-Up Reviews 2021/22

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
<b>2017/18 – GDPR Compliance</b>							
<p><b>2017/18</b> We recommend that the College continue to work through the GDPR work plan and ensure all actions are completed.</p> <p><b>2018/19</b> We repeat our original recommendation.</p>	<b>Low</b>	<p>Agreed. The College is working to the GDPR work plan (as initiated by the Scottish Colleges Information Governance Group (SCIGG) and to its own internal work plan, both of which have been aligned for consistency of approach.</p> <p>Tasks have been prioritised and are addressed on a rolling basis. Progress towards the work plan will be ongoing, as current tasks are completed and new tasks are added (as legislative requirements are implemented, case law decisions are made, and new processing takes place). All original tasks are expected to be complete by end 2019.</p>	Yes	Data Protection Officer	31 March 2019	<p><b>April 2020</b> Work on the College GDPR action plan continues, with 41/72 actions fully complete and the remainder partially complete.</p> <p>The remaining actions have been incorporated into other pieces of College work (such as the Cyber Essentials + programme) and as such as monitored as part of that.</p> <p><b>May 2021</b> Work has progressed with 65 of 72 actions completed and the remaining seven partially completed.</p> <p><b>May 2022</b> The CCTV actions remain outstanding but have been scheduled for completion by end 2022.</p> <p><b>Revised completion date:</b> 31 December 2022</p> <p><b>(Continued on next page)</b></p>	<p>All actions from the GDPR work plan are now complete.</p> <p><b>Fully Implemented</b></p>



## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
2017/18 – GDPR Compliance (Continued)						<p>The action to ensure all requests for data comply with GDPR is mostly complete with procedures drafted and awaiting approval.</p> <p><b>Revised completion date:</b> 31 July 2022</p> <p>The action to prepare a process for data searches on College-wide systems e.g., e-mail as response to a Subject Access Request is mostly complete with a draft procedure with ITTS for finalisation.</p> <p><b>Revised completion date:</b> 31 July 2022</p> <p><i>Partially Implemented</i></p>	

## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
<b>2020/08 – IT Operations</b>							
<b>R1</b> In order to achieve the expected maturity level for IT Operations, the College should: <ul style="list-style-type: none"> <li>Define the expectations, objectives, and scope of the IT Operations, specifically the IT Service Desk, in line with the requirements of the College.</li> <li>Define the services provided by the IT Operations team to the College and document the processes associated with the delivery of these services.</li> <li>IT Operations should create and publish a detailed service catalogue for the Service Desk that clearly defines expectations, targets, and service level objectives for call resolution.</li> </ul>	<b>2</b>	<p>The observations noted are accurate and the recommendations detailed are accepted. Expectations, scope, and objectives of the I.T. Operations function will be reviewed to ensure they meet the needs of the College. They will be documented and shared on our staff Intranet and Student Portal.</p>	Yes	<p>Paul Smith, Director of ITTS</p> <p>New action owner: Director of IT</p>	31 March 2021	<p><b>May 2021</b> Initial process reviews were initiated but not completed. Significant changes to delivery of services necessitated a delay in carrying out these reviews and producing a service catalogue.</p> <p>This recommendation will now be picked up as part of the ITTS self-evaluation process for 2020/21 and be included as part of the ITTS enhancement plan for 2021/22.</p> <p><b>May 2022</b> Full review of all Service Desk services process and procedures have been concluded with contributions from the IT team with input from its customers.</p> <p>The IT Operations team structure has been enhanced with the addition of a Client Services Team lead role and two Helpdesk Analyst roles. The addition of these roles has strengthened the team's client facing 1st and 2nd line service with a focus on customer engagement, incident management and service request management and allowed 3rd line resources to focus on infrastructure management, problem management and service improvement.</p> <p><b>(Continued on next page)</b></p>	<p>An IT Support Service Expectations overview is now available on the IT &amp; Technical Services page within the staff intranet - COLIN.</p> <p><b>Fully Implemented</b></p>

## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
R1 (Continued)						<p>The IT Operations team and Helpdesk have a new location on the main campus with a dedicated Service Desk space to accommodate face to face support which was a key priority from customer feedback.</p> <p>The scope and services provided by the IT Service Desk have been defined and will be published on the IT &amp; Technical Services space of the staff intranet. This will be the final action to complete under this recommendation.</p> <p>As discussed previously, management do not believe that service level agreements for call resolution offer any value to the service and will not be defined.</p> <p><b><i>Partially Implemented</i></b></p> <p><b>Revised Implementation Date:</b> 30 June 2022</p>	

## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
<b>2021/07 - IT Security / Data Protection</b>							
<b>R1</b> It is recommended that awareness of the risks arising from the use of removable media is re-enforced to staff and students. This should then be followed up with the introduction of a College-wide requirement for all staff and students to use encrypted USBs only, leading to a restriction in the use of USBs enforced by policy (through whitelisting of devices and port restrictions) and to the ultimate full removal of the ability to use such devices.	<b>3</b>	<p>The recommendation is accepted.</p> <p>Risk associated with use of USBs will be communicated through our 'Keep It Safe' Information Security awareness campaign to all staff and students.</p> <p>College wide process reviews will be completed to understand where USBs are still in use and for what purpose.</p> <p>Where we cannot identify an alternative tool to use, encryption of USBs will be enforced.</p>	Yes	<p>IT Service Delivery Manager, Information Security Lead</p> <p>New action owner: Director of IT</p>	31 March 2022	<p><b>May 2022</b> Email and intranet comms sent out to College highlighting risks associated with removable media.</p> <p>Operations team investigating technical solution options, agree by 31/05/22.</p> <p>Communications will then start to inform that all removable media will be disabled on College devices in the new academic year 2022/23.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Implementation Date:</b> 31 August 2022</p>	<p>The use of USB and other removable storage devices on NESCol endpoints has been blocked via Group Policy. Read and write access is blocked on all device types except CD and DVD where read only access is allowed. This is due to a number of teams still using DVD video resources as part of course delivery.</p> <p>Communications were issued to all staff in June 2021 regarding the planned introduction of USB Drive Restrictions and Disk Encryption, and further followed-up in September 2022 regarding the implementation. A number of FAQs, reminders, guides and news of implementation of the information security measures were posted on the staff Intranet in 2022. Staff communications were also carried out through the ITSG which consists of senior management membership.</p> <p><b>Fully Implemented</b></p>

## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
<b>R4</b> Tools such as network intrusion detection and network intrusion prevention should be placed on the network and configured to monitor traffic for unusual or malicious incoming and outgoing activity that could be indicative of an attack or an attempted attack. Alerts generated by the system should be promptly managed by the ITTS team, trends analysed and where significant security issues are identified these should be reported to the ITTS management team.	3	<p>The recommendation is accepted.</p> <p>IDS and IPS solution deployment will be included in the IT project programme for 21/22. Delivery will be dependent on available technical resources and funding.</p>	Yes	<p>Director of ITTS, IT Programme Manager</p> <p>New action owner: Director of IT</p>	31 July 2022	<p><b>May 2022</b></p> <p>Windows Defender Advanced Threat protection (ATP) service is part of the College's cloud subscription. Windows Defender now rolled out to College end user devices.</p> <p>The College has also invested in a managed SIEM service from JISC.</p> <p>Investigated and demoed other dedicated IPS/IDS services, pricing for education sector, beyond the College's funding allocation.</p> <p>Investigation continues on how to further leverage possible IDS/IPS services within the College's current toolset Windows Defender ATP, Palo Alto Firewall and Palo Alto endpoint VPN services.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Implementation Date:</b> 31 August 2022</p>	<p>Office365 Defender / ATP has been deployed to all College laptops / PCs.</p> <p>Sentinel1 has been deployed to all servers.</p> <p><b>Fully Implemented</b></p>

## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
<b>R5</b> Administrator privileges should be reviewed to ensure that there are segregation controls in place with separate administrator accounts created for accessing domain controllers and for accessing back-ups, and in the event of a cyber-attack, to reduce the risk of lateral movement across network services and unauthorised encryption of back-up files via malware.	<b>2</b>	<p>The recommendation is accepted.</p> <p>A full review of administrator privileges will be completed with a particular focus on segregation of accounts used to administer backup systems.</p>	Yes	<p>IT Service Delivery Manager, Information Security Lead</p> <p>New action owner: Director of IT</p>	31 December 2021	<p><b>May 2022</b> Almost complete, an issue was discovered with SQL backups, a solution has now been found and will be implemented as a priority.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Implementation Date:</b> 30 June 2022</p>	<p>A review of the administrator accounts on the NESCol network was carried out - this found that there was a risk due to a number of ITTS team members having domain admin access and that these accounts were used whenever elevated privileges were required. The review was carried out following the principle of least privilege and aimed to differentiate the level of access the different users within the ITTS had and introduce multi factor authentication for the domain admin level accounts.</p> <p>Prior to the review, all IT users had two accounts - one standard staff account used for everyday logins, email, etc. - and an admin account which was used for server access and where elevated privileges were required to complete a task. Some standard developer accounts had been given elevated access to some servers and file shares to makes some tasks easier to complete. Following the review, a number of actions were identified:</p> <p><b>(Continued on next page)</b></p>

## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
R5 (Continued)							<ul style="list-style-type: none"> <li>Any elevated access rights assigned to a standard account would be removed;</li> <li>Team members who did not require admin rights for their job would have their admin accounts removed;</li> <li>Role based access would be established giving granular access to admin tasks, this would be set up for the following roles: <ul style="list-style-type: none"> <li>Helpdesk Engineer;</li> <li>2nd Line Engineer;</li> <li>3rd Line Engineer;</li> <li>Developers;</li> </ul> </li> <li>Domain admin access would be restricted to those who require it for their role and a separate account would be set up for this purpose. This account would use Multi Factor Authentication. This was established for the following groups. <ul style="list-style-type: none"> <li>3rd Line Engineers;</li> <li>Technical Architect; and</li> </ul> </li> <li>Separate accounts would be set up for accessing the backup system and only these accounts would be able to access the backup system.</li> </ul> <p>(Continued on next page)</p>

## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
R5 (Continued)							<p>Following the implementation of actions, the ITTS team were issued with a number of accounts with the appropriate privileges.</p> <ul style="list-style-type: none"> <li>• <b>Helpdesk:</b> Standard, Admin;</li> <li>• <b>2<sup>nd</sup> line:</b> Standard, Admin;</li> <li>• <b>3<sup>rd</sup> line:</b> Standard, Admin, Domain Admin, Backup;</li> <li>• <b>Developers:</b> Standard, Admin; and</li> <li>• <b>Managers:</b> Standard.</li> </ul> <p>Although four of the roles have an admin account, these have differing levels of admin access dependent on role e.g. 3rd line engineers have access to the Domain Controllers and lights out server management while 2nd line engineers and helpdesk do not.</p> <p><b>Fully Implemented</b></p>



## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
<b>R9</b> A review should be conducted around the need for scripting languages and steps should be taken to disable services that are not required.	<b>3</b>	<p>The recommendation is accepted.</p> <p>A full review will be completed and scripting services will only be enabled where a specific business need is identified.</p>	Yes	<p>IT Service Delivery Manager, Information Security Lead</p> <p>New action owner: Director of IT</p>	31 December 2021	<p><b>May 2022</b></p> <p>Review to be completed around scripting languages and disabling services and the recommendation highlighted within the audit report. At the moment the College has very robust anti-malware prevention through its O365 advanced threat protection (ATP) subscription and with the recent rollout of Microsoft Defender as its endpoint solution. As the College progresses with the SIEM integration in 2022 it will investigate the potential of the SIEM to alert to events related to unknown windows scripting and power shell applications on the server estate.</p> <p>A comprehensive investigation and review still has to be undertaken to assess impact this could have on the IT Development team who use scripting tools on a daily basis.</p> <p>End user PCs and laptops would not be able to run these tools as no end users have local admin privileges.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Implementation Date:</b> 31 December 2022</p>	<p>Endpoint PCs and laptops would not be able to run these tools as no end users have local admin privileges. Running scripts is disabled for end users without the appropriate privileges.</p> <p>Any teams who do require to run such tools (IT Admins &amp; IT Devs) have to run them via a secure Remote desktop Terminal server session.</p> <p><b>Fully Implemented</b></p>

## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
<b>R10</b> Automated data exfiltration monitoring solutions should be deployed to identify instances of unauthorised removal or transfer of data from the College's systems.	<b>3</b>	<p>The recommendation is accepted.</p> <p>Automated data exfiltration solution deployment will be included in the IT project programme for 21/22. Delivery will be dependent on available technical resources and funding.</p>	Yes	<p>Director of ITTS, IT Programme Manager</p> <p>New action owner: Director of IT</p>	31 July 2022	<p><b>May 2022</b></p> <p>Investigation continues on how to further leverage data exfiltration services within the College's current toolset Windows Defender ATP and endpoint, Palo Alto Firewall and Palo Alto endpoint VPN services.</p> <p>A project will be created to start defining the scope and the required work to complete this action. This scoping will have to be done in conjunction with the DPO and individual depts and respective business system owners who will be required to identify the type and sensitivity of the data they collect and what data they want to protect.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Implementation Date:</b> 31 August 2022</p>	<p>The Operations team is looking into data exfiltration alerting that may be applied to the firewall.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Implementation Date:</b> 30 November 2023</p>

## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
<b>R11</b> Full disk encryption should be deployed on all College managed devices to prevent data loss in the event of loss or theft of the devices.	<b>2</b>	<p>The recommendation is accepted.</p> <p>Work is underway with a project has been initiated to deploy disk encryption to all College managed devices.</p>	Yes	<p>IT Service Delivery Manager, Information Security Lead</p> <p>New action owner: Director of IT</p>	31 July 2022	<p><b>May 2022</b> Operations team has investigated and decided the technical solution that will be used. Internal testing and technical documentation creation has commenced, testing group will continue testing until 31/05/22.</p> <p>Communications will then start to inform that all staff devices will have disk encryption enabled in the new academic year 2022/23.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Implementation Date:</b> 31 August 2022</p>	<p>Microsoft Bitlocker is currently being used to encrypt the disks of the NESCol PCs. This is deployed as art of the build process for all newly built staff PCs.</p> <p>Communications were issued to all staff in June 2021 regarding the planned introduction of USB Drive Restrictions and Disk Encryption, and further followed-up in September 2022 regarding the implementation. A number of FAQs, reminders, guides and news of implementation of the information security measures were posted on the staff Intranet in 2022. Staff communications were also carried out through the ITSG which consists of senior management membership.</p> <p><b>Fully Implemented</b></p>

## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
<p><b>R12</b> To ensure that the College identifies the location of all data held on its systems, and to provide assurance that adequate security controls are in place, or to identify further potential security gaps, it is essential that the data audits and RoPAs are completed at the earliest opportunity, for both support and academic teams.</p> <p>This will also ensure that the College satisfies the requirements of Article 30 of the GDPR.</p>	<b>2</b>	<p>The recommendation is accepted.</p> <p>A revised data audit timetable will be agreed with work to be completed as a priority. Regular progress reporting to Leadership Team will be scheduled to ensure timescales are kept.</p>	Yes	Director of Student Access and Information, Data Protection Officer (HEFESTIS)	31 March 2022	<p><b>May 2022</b> The data audits for both support teams and curriculum teams have commenced and are progressing with returns regarding processing activities being entered into the RoPA.</p> <p>Progress for RoPA completion and subsequent ongoing updating will become the responsibility of the newly formed Data Protection Governance Group, which will allow for corporate ownership and accountability.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Implementation Date:</b> 31 December 2022</p>	<p>RoPAs have now been completed for the support and curriculum teams.</p> <p><b>Fully Implemented</b></p>

## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress Previously Reported	Progress at April 2023
<b>2021/09 – Risk Management and Business Continuity Planning</b>							
<b>R1</b> A training framework should be developed, and rolled out to relevant managers, to raise awareness on how to identify, manage and report on risks to NESCOL achieving its strategic objectives. In addition, regular refresher training should be developed and put in place for those with formal roles in the risk management process.	<b>3</b>	Agreed. Risk Management Training will be incorporated into training for Leadership Team members.	Yes	Learning and Development Manager	31 December 2021	<p><b>May 2022</b> This action remains in progress. Available courses will be assessed over the summer 2022 to be implemented by 31 December 2022.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Implementation Date:</b> 31 December 2022</p>	<p>NESCOL has indicated that the risk register requires improvement and should be made more strategic. The VP Finance &amp; Resources has been asked to review the risk register and suggest improvements. Since the risk register and the risk management process are due to be revised, a training framework and training provision will not be completed prior to the changes being made. The leadership training needs on risk assessment and risk management will be identified based on the updates made.</p> <p><b>Partially Implemented</b></p> <p><b>Revised Implementation Date:</b> 31 December 2023</p>

## Appendix II - Updated Action Plan

### Internal Audit Report 2022/05 - Estates and Facilities Contract

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress at April 2023
<b>R1</b> The reporting of the provision of the cleaning services should be integrated into the formal contract performance review process.	<b>3</b>	<b>Agreed.</b> Delivery of Cleaning Services will be included within monthly monitoring reports	Yes	Head of Facilities and Estates	30 April 2022	The reporting on the provision of cleaning services is now included within the monthly and quarterly monitoring reports. The Cleaning Manager also attends the weekly Facilities meeting.  <b>Fully Implemented</b>

## Appendix III - Updated Action Plan

### Internal Audit Report 2022/06 - Aberdeen Skills and Enterprise Training (ASET) Limited -Income & Risk Management Arrangements

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress at April 2023
<b>R1</b> The costings for the new Training Management Software System, including resource requirements for its implementation and ongoing management, should be revisited and refreshed and should consider the risks identified in the Strategy and Business Recovery Plan. This information should be fed into the next budget preparation exercise.	<b>3</b>	We are currently undertaking a software trial to ascertain whether the preferred software is suitable to meet our requirements, following which we should be better placed to revisit the assumptions made around cost and resourced required.	Yes	Finance & Quality Assurance Manager	31 October 2022	<p>The software trial of the Arlo Training and Events software was carried out between April and September 2022. The trial compared the software's features against ASET's functional requirements as detailed in the ITTS document and concluded that the software would meet the majority of ASET's business requirements.</p> <p>The results of the trial were presented to the ASET Management Committee meeting on 2 November 2022 along with the commercial quotation and pricing model, including implementation costs, from the software provider Arlo. The Management Committee approved the procurement of the Arlo software subject to completion of IT and GDPR Due Diligence. The cost of the new software has been factored into the budget forecasts.</p> <p><b>Fully Implemented</b></p>

## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress at April 2023
<p><b>R2</b> The format of the ASET Risk Register should adopt good practice. For example, as demonstrated in the format adopted in the College Strategic Risk Register which includes the following:</p> <ul style="list-style-type: none"> <li>▪ Risk descriptions should be enhanced with consideration around describing the risk as an issue and consequence, for example "IF.....THEN...".</li> <li>▪ Showing the inherent and residual scores of risks separately to clearly demonstrate the impact of mitigating actions and controls on the risk likelihood and significance; and</li> <li>▪ Defining timescales for monitoring purposes by risk owners.</li> </ul> <p>Strategic risks should be more clearly defined and linked explicitly to the goals set out in the Strategy and Business Recovery Plan or future strategies.</p>	3	Format of ASET risk register to be reviewed and presented to the ASET Management Committee at its next quarterly submission.	Yes	ASET Chief Executive	30 September 2022	<p>A 'New ASET Risk Register' paper was presented for discussion at ASET's Management Committee meeting on 22 September 2022. The ASET Chief Executive and ASET Senior Operations Manager met with the College VP Finance &amp; Resources on 15 August 2022 to review the current format and content of the NESCol Risk Register. The meeting concluded with agreement to adopt part of the format for ASET.</p> <p>The inherent and residual scores of risks are now shown separately, and a new Risk Register category has been added to define 'Strategic' risks. Further actions have been noted where relevant to control risk.</p> <p>Although some of the risk descriptions have been enhanced, the College "IF.....THEN..." format has not been used, and timescales have not been defined for monitoring by the named risk owners.</p> <p>The recommendation has been accepted as fully implemented given the consideration given to this by ASET senior managers and the Management Committee, and the changes made to the Risk Register format as described above.</p> <p><b>Fully Implemented</b></p>



## Follow-Up Reviews 2022/23

Original Recommendation	Priority	Management Response	Agreed	To Be Actioned By	No Later Than	Progress at April 2023
<p><b>R3</b> The risk appetite for the risk categories defined by management should be reviewed and the risk appetite for each risk category should be agreed by the ASET Board. Good practice for this exercise is defined in the HM Government 'The Orange Book - Management of Risk – Principles and Concepts' (most recently updated in 2020'.</p> <p>This will provide a framework for the treatment of risks should the residual score exceed the risk appetite set (such as to treat, tolerate, transfer, or terminate the risk).</p>	3	Risk appetite to be reviewed and presented to the ASET Management Committee at its next quarterly submission of the ASET Risk Register.	Yes	ASET Chief Executive	30 September 2022	<p>As noted under <b>R2</b> above, a 'New ASET Risk Register' paper was presented for discussion at ASET's Management Committee meeting on 22 September 2022.</p> <p>The ASET Management Committee confirmed at its meeting of 27 May 2022 that the overall risk appetite for the ASET business should remain "low". However, it was acknowledged that some areas of the ASET business had higher risk ratings than others.</p> <p>Each risk category ('Compliance', 'Operational', 'Financial' and 'Strategic') in the new Risk Register defines its risk appetite as either:</p> <ul style="list-style-type: none"> <li>• Averse – Avoidance of risk and uncertainty is a key organisation objective;</li> <li>• Minimal – Preference for ultra safe options that are low risk and only have a potential for limited reward;</li> <li>• Cautious – Preference for safe options that have a low degree of risk and majority have limited potential for reward;</li> <li>• Open – Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable reward and value for money; or</li> <li>• Hungry – Eager to innovate and choose options offering potentially higher business rewards despite greater inherent risk.</li> </ul> <p><b>Fully Implemented</b></p>

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# North East Scotland College

**2021/22 Student Support Funds**

**Internal Audit report No: 2022/03**

**Draft issued: 12 December 2022**

**Final issued: 24 May 2023**



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## Management Summary

### Introduction

Colleges receive **Discretionary Funds** from the Scottish Funding Council (SFC) and the Student Awards Agency for Scotland (SAAS) to provide financial help for students where access to, or continuance in, further or higher education would otherwise be denied due to financial hardship. The maximum payable from both the Further Education Discretionary Fund and the Higher Education Discretionary Fund is normally £4,000 however, as in 2019/20 and 2020/21, this limit was relaxed for 2021/22 to allow additional support to be provided to students financially impacted by COVID-19.

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

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

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

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

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

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

### Audit Scope

For the 2021/22 academic year three specific fund statements were required for audit:

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

### Audit Objectives

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- The information disclosed in each of the returns for the year ending 31 July 2022, is in agreement with underlying records.

### Audit Approach

The audit approach included:

- Reviewing new guidance from SFC, SAAS and the Scottish Government, including additional guidance issued in response to the COVID-19 pandemic, and identifying internal procedures;
- Agreeing income to letters of award;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing College analysis spreadsheets for large or unusual items, obtaining explanations where necessary; and
- Carrying out detailed audit testing, on a sample basis, on expenditure from the funds.

Audit guidance issued by the SFC was utilised.

### Findings and Conclusions

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

In our covering letter to SAAS enclosing the audited HE Discretionary and Childcare Fund Return we made one observation. The College does not operate a separate interest bearing bank account for the HE Discretionary Fund. Whilst the College does have a student funding bank account, some student funding income and expenditure is processed through the main College bank accounts, although this is fully reconcilable. The College utilises the Government banking service for all of its financial transactions, on instruction from the Scottish Funding Council, and these accounts do not pay interest.

In our covering letter to the SFC enclosing the audited EMA Return we made the following observation arising from our audit work. The College has noted on the EMA year-end statement that there has been an *'EMA underclaim of £120, which will be claimed in Oct 22. Total spend for 21/22 is £142,560'*. We noted that £90 of this relates to a deduction made in the monthly EMA return for September 2021 to correct an overclaim in 2020/21 and therefore the underclaim for 2021/22 was the balancing figure of £30.

### Findings and Conclusions (continued)

In addition, the following points were noted during the course of our audit:

#### ***FE Discretionary Fund, FE & HE Childcare Fund and Bursary Return***

##### **Bursary study expenses**

For 2021/22, the College's claim for Bursary study expenses included internal costs incurred by the College for the printing of essential texts £68,397 (approx. £27 per student).

We noted as an observation in 2018/19 that no detailed breakdown between staff costs, use of equipment, materials etc. was available to support the level of print costs charged, and in 2019/20 the College provided us with a calculation based on an analysis of the photocopy page count by Teaching and Other codes, with photocopy charges apportioned between Teaching and Non-Teaching. In 2020/21 the methodology was updated to apportion costs between Bursary and non-Bursary students however still assumed that all copying charged to the Teaching codes was for study materials (essential texts), where some of these charges may potentially have related to core teaching materials that should be covered by the core grant. For 2021/22 the calculation of print costs has been made on a similar basis to 2020/21 and therefore our previous recommendation has still not been fully implemented (see **R1** in Appendix IV), namely that the College should refine the print costs re-charge calculation to ensure that the cost of any core teaching materials, which should be covered by the core grant funding, are excluded.

Given that the costs claimed for the printing of essential texts were significantly reduced this year any potential error was clearly not material in the context of total Bursary expenditure of approximately £6.1 million for 2021/22 and accordingly we did not include an observation in our covering letter to the SFC.

##### **College Nursery**

As in previous years, the College's claim for the Childcare Fund includes a recharge for operating the College Nursery in Fraserburgh. The total costs recharged includes amounts paid to the external service provider and a share of College property costs based on square meterage. For 2021/22 this had been allocated proportionately between 18 children of students who used the College Nursery and who had applied for Childcare funding.

We were advised that 30 children have places at the Nursery and we discussed with College management whether it was appropriate for the full recharge to be allocated to the Childcare Fund. Management noted that the monthly invoices from the external service provider to the College are adjusted to reflect the use of non-College and non-Childcare funded places at the Nursery (local authority placements). We confirmed from a review of the invoices that deductions had been made during the year from the full standard monthly charge of approximately £21k. We received confirmation from College management that no other children used the College Nursery, other than the 18 Childcare funded places, and those places used by the local authority.

On the basis of our review and consideration of evidence provided we accepted that no adjustment to the Childcare Fund recharge was required this year.

##### **EMA spot checks**

As a condition of funding colleges are required to undertake spot-checks of 5% of EMA applications and payments, and our audit confirmed that the College had performed such checks during 2021/22. We noted as a minor point, in previous years, that the EMA spot-checks undertaken covered accepted applications only and did not include applications that were rejected and we recommended that sample testing should cover both accepted and rejected applications (see **R3** in appendix V). This recommendation has still to be implemented.

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

## Acknowledgments

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



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



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



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

## Appendix IV – Updated Action Plan – Student Support Funds 2019/20

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at November 2021	Progress at November 2022
<b>Bursary Fund</b>  <b>R1</b> The College should refine the print costs re-charge calculation to ensure that the cost of any core teaching materials that should be covered by the core grant and any costs relating to non-Bursary students are excluded.	2	Accepted	Yes	Muir Wilson, Financial Controller (External Affairs)	Mid-August 2021	<p>As noted on page 3 of this report, for 2020/21 the methodology used included apportionment of costs between Bursary and non-Bursary students, however the College has again assumed that all copying charged to the Teaching codes was for study materials (essential texts).</p> <p>Any books and newspapers that are not essential to the course e.g. additional reading materials would also not be eligible to be funded through the study expense allowance.</p> <p><b>Partially Implemented</b></p> <p><b>Revised implementation date:</b> 31 August 2022</p>	<p>For 2021/22 the calculation of internal costs incurred by the College for the printing of essential texts was made on the same basis as 2020/21 which included the assumption that all copying charged to teaching codes related to study costs for bursary students.</p> <p><b>Partially Implemented</b></p> <p><b>Revised implementation date:</b> 31 August 2023</p>

## Appendix V – Updated Action Plan – Student Support Funds 2018/19

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at November 2022
<b>EMA</b>  <b>R3</b> The College should ensure that sample testing covers both accepted and rejected applications.	3	Accepted.	Y	Katy Gilbert, Student Admissions & Funding Manager	Mid-August 2020	<b>October 2020</b> EMA spot-checks undertaken during 2019/20 again covered accepted applications and payments only and did not include applications that were rejected.  <b>November 2021</b> EMA spot-checks undertaken during 2020/21 again covered accepted applications and payments only and did not include applications that were rejected.  <i>Little or No Progress Made</i>  <b>Revised implementation date:</b> 31 January 2022	EMA spot-checks undertaken during 2021/22 again covered accepted applications only and did not include applications that were rejected.  <i>Little or No Progress Made</i>  <b>Revised implementation date:</b> 31 August 2023

## 2021/22 Student Support Funds

Gradings are as follows:

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

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College: NESCOL  
AY 2021-22

	Full Time students		Part Time Students						Maintenance		Administration				Payments made to College						
College	No of claims FT	Total maintenance FT	No of claims PT	Total maintenance PT	Total Maintenance	Admin Claim (Jan, Feb, July)	Headcount (Oct)	Notes	College Maintenance Adjustment	SubTotal Maintenance (=F+K)	College Admininstratio n Adjustment	Annual Admin payment to be made 2022	Total EMA Admin (=G+S+T)	Total EMA Spend (=L+U)		Month	Adminstration	Maintenance	Total	Balance	
August 2021	0	£0	0	£0	£0	£0	0		£0	£0	£0	£0	£0	£0		September 2021	£0	£0	£0	£0	£0
September 2021	81	£2,430	0	£0	£2,430	£0	0		£0	£2,430	£0	£0	£0	£2,430		October 2021	£0	£2,430	£2,430	£0	£0
October 2021	368	£11,040	0	£0	£11,040	£0	0		£0	£11,040	£0	£0	£0	£11,040		November 2021	£0	£11,040	£11,040	£0	£0
November 2021	554	£16,620	0	£0	£16,620	£0	0		£0	£16,620	£0	£0	£0	£16,620		December 2021	£0	£16,620	£16,620	£0	£0
December 2021	790	£23,700	0	£0	£23,700	£0	0		£0	£23,700	£0	£0	£0	£23,700		January 2022	£0	£23,700	£23,700	£0	£0
January 2022	350	£10,500	0	£0	£10,500	£0	0		£0	£10,500	£0	£0	£0	£10,500		February 2022	£0	£10,500	£10,500	£0	£0
February 2022	509	£15,270	0	£0	£15,270	£3,195	0		£0	£15,270	£0	£0	£3,195	£18,465		March 2022	£3,195	£41,270	£44,465	-£26,000	£0
March 2022	582	£17,460	0	£0	£17,460	£0	0		£0	£17,460	£0	£0	£0	£17,460		April 2022	£0	£0	£0	£0	£17,460
April 2022	252	£7,560	0	£0	£7,560	£0	0		£0	£7,560	£0	£8,000	£8,000	£15,560		May 2022	£8,000	£0	£8,000	£8,000	£7,560
May 2022	438	£13,140	0	£0	£13,140	£0	0		£0	£13,140	£0	£0	£0	£13,140		June 2022	£0	£12,160	£12,160	£12,160	£980
June 2022	578	£17,340	0	£0	£17,340	£0	0		£0	£17,340	£0	£0	£0	£17,340		July 2022	£0	£17,340	£17,340	£17,340	£0
July 2022	246	£7,380	0	£0	£7,380	£0	345		£0	£7,380	£0	£0	£0	£7,380		August 2022	£0	£7,380	£7,380	£7,380	£0
								EMA underclaim of £120, which will be claimed in Oct 22. Total spend for 21/22 is £142,560													
Totals	4,748	£142,440	0	£0	£142,440	£3,195	345		£0	£142,440	£0	£8,000	£11,195	£153,635			£11,195	£142,440	£153,635	£153,635	£0


Principal's declaration

I certify that the funds claimed by this college throughout the academic year, as detailed above, have been used in line with the requirements of the EMA programme.  
I confirm that 5% of applications have been checked for compliance with the programme and are enclosed as evidence in support of this return.

Principal's name (please print)

NEIL COWIE

Principal's signature



Date

26/10/2022



Our ref: ABER296/DA/STI

Your ref:

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

30 November 2022

Dear Sirs

**North East Scotland College  
Discretionary Fund, Childcare Fund and Bursary Return 2021/22**

On behalf of our above named client, we attach the audited Discretionary Fund, Childcare Fund and Bursary Return for the academic year 2021/22.

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

Yours faithfully



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

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# AUDITED FUND ACCOUNTS RETURN 2021/22

## DISCRETIONARY FUND AND/OR CHILDCARE FUND (if appropriate)

### Income and Expenditure

Name of institution: North East Scotland College

	Undergraduate Discretionary Fund	Postgraduate Discretionary Fund	Childcare Fund (HE only)	COVID-19 Discretionary Fund	TOTAL	ADVICE NOTES
	£	£	£	£	£	
<b>INCOME</b>						
a Funding carried over from previous academic year 2020/21	-	-	-		-	
b New allocation received for the academic year 2021/22	131,546.00	-	-		131,546.00	Received in two payments 70% (Jul 21) and 30% (Feb 22)
c Coronavirus Fund Received				95,227.00	95,227.00	Received June 2021
d Bank interest received in the academic year 2021/22	-	-	-	-	-	
e Virement/transfer from other funds (HE only)	-	-	-	-	-	
<i>(Enter positive and negative amounts to show transfer between relevant funds )</i>						
<b>f Total funds available for disbursement (a+b+c+d+e)=m</b>	<b>131,546.00</b>	<b>-</b>	<b>-</b>	<b>95,227.00</b>	<b>226,773.00</b>	

Validity Checks

<b>EXPENDITURE</b>						
g Funds disbursed (= grand total of k from Report on Funds Expenditure)	91,485.20				91,485.20	
h Winter COVID funds previously returned in March 2022					-	
i Unspent COVID-19 additional support to be returned to SAAS by 31 October 22				95,227.00	95,227.00	
j Remaining allocation from 2021/22: funds to be returned to SAAS by 31 October 2022	40,060.80				40,060.80	
<b>k Total disbursement of funds (g+h+i+j)=f</b>	<b>131,546.00</b>	<b>-</b>	<b>-</b>	<b>95,227.00</b>	<b>226,773.00</b>	Provide breakdown on Funds Expenditure tab

NAME: NEIL COWIE

(Principal)

SIGNED: Neil Cowie

DATE: 16/11/2022

### AUDITOR'S REPORT

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

\* Delete if not applicable

APPOINTED AUDITOR:

HENDERSON  
LOGGIE LLP

SIGNED:



DATE:

18/11/2022

DIRECTOR  
FOR AND ON BEHALF OF HENDERSON LOGGIE LLP, CHARTERED ACCOUNTANTS

# AUDITED FUND ACCOUNTS RETURN 2021/22

## REPORT ON FUNDS EXPENDITURE

Name of institution: North East Scotland College

	Undergraduate Discretionary Fund		Postgraduate Discretionary Fund		Childcare Fund	COVID-19 Fund	TOTAL
	Full Time	Part Time	Full Time	Part Time	Full Time		
	£	£	£	£	£	£	£
a General living expenses	84,385.20	-	-	-		-	84,385.20
b Travel	-	-	-	-		-	-
c Childcare	7,100.00	-	-	-	-	-	7,100.00
d Bursary /scholarship	-	-	-	-		-	-
e Short-term loans not repaid in the academic year	-	-	-	-		-	-
f Disability diagnosis costs	-	-	-	-		-	-
g Equipment	-	-	-	-		-	-
h Audit	-	-				-	-
i Advertising and publicity	-	-				-	-
j Other administration costs	-	-				-	-
<b>k Total</b> (= grand total of (i) from the Income & Expenditure accounts return)	91,485.20	-	-	-	-	-	91,485.20

Validity Checks

NAME:  
(Principal)

NEIL COWIE

SIGNED:

Neil Cowie

DATE:

16/11/2022

# AUDITED FUND ACCOUNTS RETURN 2021/22

## REPORT ON STUDENT NUMBERS

Name of institution: North East Scotland College

	Undergraduate Discretionary Fund		Postgraduate Discretionary Fund		Childcare Fund (HE only)	COVID-19 Fund	TOTAL
	Full Time	Part Time	Full Time	Part Time	Full Time		
SUMMARY OF STUDENT NUMBERS							
a Total number of students applying for assistance (= b+c)	70	-	-	-	-	-	70
b Total number of students assisted	67	-	-	-	-	-	67
c Total number of students refused assistance (= a-b)	3	-	-	-	-	-	3
For COVID Fund only: of the students in b above, how many were:							
d International Students						-	-
e Nursing Students						-	-
DETAIL OF STUDENT NUMBERS							
f General living expenses	66	-	-	-		-	66
g Travel	-	-	-	-		-	-
h Childcare	1	-	-	-	-	-	1
i Bursary /scholarship	-	-	-	-		-	-
j Short-term loans not repaid in the academic year	-	-	-	-		-	-
k Disability diagnosis costs	-	-	-	-		-	-
l Equipment	-	-	-	-		-	-

Validity Checks

NAME: NEIL COWIE

(Principal)

SIGNED: Neil Cowie

DATE: 16/11/2022

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

Our ref: ABER296/DA/STI

Your ref:

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

18 November 2022

Dear Sirs

**North East Scotland College  
Higher Education Audited Fund Accounts Return 2021/22**

On behalf of our above named client, we attach the audited HE Fund Accounts Return for the academic year 2021/22.

Although we have not raised any reservations in our Auditor's Report we have one observation to make arising from our audit work. The College does not operate a separate interest bearing bank account for the HE Discretionary Fund. Whilst the College does have a student funding bank account, some student funding income and expenditure goes through the main College bank accounts, although this is fully reconcilable. The College uses the Government banking service for all of its financial transactions, on instruction from the Scottish Funding Council, and these accounts do not pay interest.

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

Yours faithfully



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

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AUDIT & RISK COMMITTEE	
Meeting of 31 May 2023	
<b>Title: Code of Good Governance for Scotland's Colleges – Compliance Check</b>	
<b>Author:</b> Susan Lawrance	<b>Contributor(s):</b>
<b>Type of Agenda Item:</b> <b>For Decision</b> <input type="checkbox"/> <b>For Discussion</b> <input checked="" type="checkbox"/> <b>For Information</b> <input type="checkbox"/> <b>Reserved Item of Business</b> <input type="checkbox"/>	
<b>Purpose:</b> To enable the Committee to consider the Board's performance and compliance with the Code of Good Governance for Scotland's Colleges over the last 12 months.	
<b>Linked to Strategic Goal:</b>	
<b>Linked to Annual Priority:</b>	
<b>Executive Summary:</b> <p>It is a condition of the Financial Memorandum with the SFC that governing bodies comply with the principles of good governance set out in the Code of Good Governance for Scotland's Colleges. Colleges are required to include a statement in their annual Financial Statements confirming compliance, providing an explanation in the event that its practices are not consistent with particular principles.</p> <p>In setting the Programme of Business for the Audit &amp; Risk Committee for AY2022-23, it was agreed that an annual compliance check of the Board's performance against the Code should again be undertaken.</p> <p>Attached as Appendix 1 is a summary table, prepared by the Secretary to the Board, providing information on Board activities and behaviours demonstrating compliance against each of the Code's individual criteria.</p>	
<b>Recommendation:</b> <p>It is recommended that the Committee consider the information provided.</p>	
<b>Previous Committee Recommendation/Approval (if applicable):</b> <p>None</p>	
<b>Equality Impact Assessment:</b>	

**Positive Impact** ☐

**Negative Impact** ☐

**No Impact** ☐

**Evidence:**

Code of Good Governance Criteria	Evidence
<b>LEADERSHIP AND STRATEGY</b>	
<b>1. Board decisions and behaviour reflects the Boards Code of Conduct and Nine Principles of Public Life.</b>	<ul style="list-style-type: none"> <li>• Evidenced in Board and Committee minutes</li> <li>• Internal and external Board induction process highlighted Code and Principles</li> <li>• The Board continue to adopt the latest Standards Commission for Scotland Revised Code of Conduct</li> <li>•</li> </ul>
<b>2. We determine the vision, direction, educational character, values and ethos of the College.</b>	<ul style="list-style-type: none"> <li>• . Board Strategy Event in April 2023 considered: <ul style="list-style-type: none"> <li>○ The next Strategic Plan and a proposed timeline</li> <li>○ Discussions on the purpose of colleges</li> <li>○ Challenges and opportunities</li> <li>○ Regional and national factors</li> <li>○ The College's Future focused curriculum and key curriculum drivers</li> <li>○ The College's People and Places (Estates) and Strategic Aims</li> <li>○ How best to continue to invest in the development of staff to meet the demands of future curriculum</li> </ul> </li> <li>• Further Strategy Event planned for later in 2023.</li> <li>• Board's Interim Strategic Plan for the period 2021-2023 captures vision, direction and informs key College approaches, processes and practices – with work already started on the development of the new Strategic Plan.</li> <li>• Supporting Strategies were approved at Committee Meetings in May and June 2021 and continue to be appropriate.</li> <li>• .</li> <li>• The Board approved the Outcome Agreement document for AY2022-23 at their December 2022 meeting.</li> </ul>
<b>3. Our performance management system is adequate, identifying KPIs and we monitor progress.</b>	<ul style="list-style-type: none"> <li>• Data DashBoard using Microsoft Power Bi enhanced, providing 'live' data which can be filtered as required and is accessible by Regional Board through COLIN</li> <li>• Quality Assurance processes, including new layer of scrutiny and challenge introduced (Curriculum Spotlight Review process (overseen by the Curriculum Quality and Student Support Committee) outlined to Curriculum and Quality Committee at their February 2023 meeting.</li> <li>• Credits position and planning is presented at each Curriculum and Quality Meeting as a Standing Item.</li> </ul>



Code of Good Governance Criteria	Evidence
	<ul style="list-style-type: none"> <li>• Monthly updates on credits position and planning is discussed with the College's Leadership Team.</li> <li>• College's annual KPI publication includes sector benchmarking information, with an internal version produced to include sector benchmarking information at team and unit level to feed into quality improvement processes</li> <li>• A report on the College's Data Project was presented to the Curriculum and Quality Committee in May 2022.</li> </ul>
<b>4. Relevant stakeholders are engaged in compiling the outcome agreement.</b>	<ul style="list-style-type: none"> <li>• Outcome Agreement discussed with Community Planning Partnerships</li> <li>• Ongoing external engagement activities fed into Outcome Agreement process as appropriate, including labour market intelligence from direct engagement with employers, SDS, Local authorities, AGCC, DWP, and industry bodies.</li> <li>• Representation on regional groups such as CPA, PACE, Local employability partnerships, employability training providers forum, Aberdeen City and Aberdeenshire Hotels Association, NEDA and University links</li> </ul>
<b>5. We provide leadership on ethics, equalities, diversity and staff welfare.</b>	<ul style="list-style-type: none"> <li>• The Board's Equality and Diversity Champion is now the Regional Chair.</li> <li>• The Board's Equality and Diversity Champion attends regularly held Equality Committee meetings.</li> <li>• Regular Q&amp;A All Staff webinars held.</li> <li>• Wellbeing Matters Focus Groups held in person and virtually across all campuses.</li> <li>• NESCol Wellbeing Strategy 2021-23 published and available on COLIN which gives details of the wrap-around support services for staff and students.</li> <li>• Board reviews and approves the College's Equality and Diversity Policy, Equality Outcomes, and Mainstreaming Report, and Equal Pay Policy &amp; Statement</li> <li>• The Board continues to adopt the latest Standards Commission for Scotland Revised Code of Conduct into its Governance Manual which is reviewed annually by the Board.</li> <li>• "Our People" was a key discussion topic at the April 023 Board Strategy Event</li> </ul>
<b>6. We have regard to the social and economic needs of our area.</b>	<ul style="list-style-type: none"> <li>• Key discussions held at Board Strategy Events</li> <li>• Reflected upon as part of Board and Committee business</li> <li>• College works closely with the two local Community Planning Partnerships</li> </ul>

Code of Good Governance Criteria	Evidence
	<ul style="list-style-type: none"> <li>• Head of Planning and Academic Partnerships gives regular updates on current credit and planned activity to Curriculum and Quality Committee.</li> <li>• College is a key member of the Regional Economic Strategy Group.</li> <li>• College co-chairs, with SDS, the Regional Learning and Skills Partnership.</li> <li>• Post pandemic the College has been heavily involved in many regional partnership discussions regarding economic recovery.</li> <li>• The skills, networks and experiences of Board Members, established and new, add additional social and economic contextual information to Board and Committee discussions.</li> <li>• The College is a key partner in the Regional Pathfinder Delivery Board focusing on delivering pilot collaborative activity, on curriculum development, skills delivery, and close links with employers.</li> <li>• The Boards of NESCol, UoA and RGU met for a Joint Skills Seminar with a Seminar on Staff and Student wellbeing planned for June 2023.</li> <li>• New National Energy Skills Accelerator (NESA) established. Collaborative initiative between RGU, UoA and NESCol – supported by key regional partners, including SDS and ETZ Energy Transition Zone.</li> <li>• The Board have approved the partnership with ETZ and a local stakeholder, the lease of the new Energy Transition Skills Academy, located adjacent to the College's Altens Campus.</li> </ul>
<b>QUALITY OF THE STUDENT EXPERIENCE</b>	
<b>1. The voice of students and the quality of their experience is central to our decisions including monitoring student surveys and any resulting action plans.</b>	<ul style="list-style-type: none"> <li>• Students' Association has a standing item – Activity Report- at meetings of the Curriculum &amp; Quality Committee</li> <li>• Students' Association regularly asked to present at Strategy Events</li> <li>• Students' Association President has contributed to College "all staff" webinars.</li> <li>• Curriculum &amp; Quality Committee review the results of the First Impressions and Student Satisfaction &amp; Engagement Surveys</li> <li>• Curriculum &amp; Quality Committee received collated feedback from student-related quality processes – focus groups, peer-led reviews, lesson observations</li> <li>• Priority Projects updates supplied to Curriculum and Quality Committee.</li> <li>• Students' Association have representation on Curriculum, Quality and Student Support Group; Equality and Diversity Group; Health and Safety Group; IT Steering</li> </ul>

Code of Good Governance Criteria	Evidence
	<p>Group; Wellbeing Matters Group and Estranged Students and Student Carers Working Group.</p> <ul style="list-style-type: none"> <li>The Students' Association are also involved with Campus Futures Groups and other short-life working groups, eg MyNESCol accessibility.</li> </ul>
<p><b>2. We have open ongoing engagement with students, working in partnership and encouraging a strong independent student association having regard to the Student Association Framework.</b></p>	<ul style="list-style-type: none"> <li>Board Members interact with students through attendance at College virtual and in person events</li> <li>Board awareness of Framework</li> <li>Regular meetings held between Students' Association and Executive Team</li> <li>Student Partnership Agreement presented to Curriculum and Quality Committee in December along with Priority Projects for AY2022/23.</li> <li>Increased Student Engagement evidenced at Curriculum and Quality Committee.</li> <li>SA President and Vice President has contributed to College "all staff" webinars.</li> <li>SA refreshed constitution was approved by the Regional Board in June 2022.</li> </ul>
<p><b>3. Our Students' Association is adequately resourced, operates fairly and in a democratic manner, fulfilling its duties; it has a written constitution that the Board has reviewed in the last five years.</b></p>	<ul style="list-style-type: none"> <li>Board approved revised Students' Association Constitution at their December 2022 Board Meeting.</li> <li>Refreshed Constitution discussed at Curriculum and Quality Committee in May 2022.</li> <li>Refreshed Constitution presented, and approved by the Regional Board at their June 2022 meeting.</li> <li>Curriculum &amp; Quality Committee considers Association's budget proposal prior to its inclusion in the College budget</li> <li>Association Activity Report is a standing item at meeting of the Curriculum &amp; Quality Committee with update on Enhancement Plan also provided to Curriculum and Quality Committee.</li> <li></li> </ul>
<p><b>4. We are aware of and foster good relationships with partner organisations that help us provide coherent learning, including employability</b></p>	<ul style="list-style-type: none"> <li>Good relationships are maintained with the two local universities, two local authorities and regional schools</li> <li>Events are held with the local authorities and regional schools e.g. Developing the Young Workforce, Apprenticeships</li> <li>Enhanced partnership working agreement with RGU.</li> </ul>

Code of Good Governance Criteria	Evidence
	<ul style="list-style-type: none"> <li>• The College partnership with RGU has been strengthened through the development of a Joint Planning and Delivery Board with suggested pilot projects fully supported by SFC.</li> <li>• New and successful external engagement approaches have been developed such as The College are leading on two key strands of SFC Pathfinder: <ul style="list-style-type: none"> <li>◦ Strategic Partnership with RGU to explore joint planning, provision of programmes, development of programmes and some shared services.</li> <li>◦ Enhancing the School Senior Phase with Aberdeen City and Aberdeenshire, RGU and UoA.</li> </ul> </li> <li>• .</li> <li>• New Technology centre featuring new equipment, multi-media and flexible furniture (sitting alongside Fujitsu Innovation Hub in Fraserburgh) to engage with staff, students and local community (able to accommodate 60 learners) introduced in AY2021/22.</li> <li>• Opening Event for Futures Zone held in April 2022 and attended by Regional Board Members, staff, stakeholders and students.</li> <li>• Donation from local benefactor secured (third year) for Fraserburgh Campus to enable the College to purchase a range of equipment to benefit current and future NESCol students</li> <li>• Stakeholder bulletins launched in 2021 (regularly circulated to more than 500 stakeholders) continue to be circulated.</li> <li>• Following an initial Joint Skills Seminar the Boards of NESCol, RGU and UoA are scheduled to meet in June 2023 to discuss Student and Staff Wellbeing.</li> <li>• Regional Chair holds regular meetings with Chair of UoA and RGU</li> <li>• The College in conjunction with ECITB and ETZ launched the Energy Transfer and Wind Turbine Technician Scholarships.</li> <li>• Curriculum Planning Internal audit findings reported to Committee, who noted overall "good" grading.</li> </ul>
<b>5. Mechanisms ensure effective oversight of quality and inclusiveness of learning.</b>	<ul style="list-style-type: none"> <li>• Regional Board approve the College's Evaluative Report &amp; Enhancement Plan and receive an interim progress update and end of year progress update</li> <li>• Curriculum Business Priority Planning regularly reported to Regional Board and its Committees</li> </ul>

Code of Good Governance Criteria	Evidence
	<ul style="list-style-type: none"> <li>• KPI performance reported to the Regional Board and its Committees throughout the year, with any associated actions highlighted.</li> <li>• 1.</li> <li>• The Curriculum and Quality Committee receive regular Complaints Summary Reports.</li> <li>• Annual Quality Report presented to Curriculum and Quality Committee in December 2022.</li> <li>• Quality Enhancement Activities for 22-23 shared with Curriculum and Quality Committee, including: <ul style="list-style-type: none"> <li>◦ SFC Quality Arrangements for 2022-23</li> <li>◦ Awarding Bodies – additional OA</li> <li>◦ NESCol Quality Assurance Processes.</li> </ul> </li> <li>• Curriculum Planning Quality Assurance shared with Curriculum and Quality Committee in February 2023.</li> <li>• Equalities Mainstreaming Report (including approval of new Equality Outcomes) presented, and approved, by Regional Board in March 2023.</li> <li>• Progress ES Report presented to Regional Board at their June 2022 meeting.</li> </ul>
<b>ACCOUNTABILITY</b>	
<b>1. We fulfil our primary accountability to our funding body by:</b> <ol style="list-style-type: none"> <li><b>a. delivering our outcome agreement.</b></li> <li><b>b. fulfilling our statutory duty and terms of our grant.</b></li> </ol>	<ul style="list-style-type: none"> <li>• The College achieved its AY2021-22 Credits Target.</li> <li>• Annual returns to SFC completed by required deadlines and reported to Audit &amp; Risk Committee</li> <li>• College's Financial Statements for the year to 31 July 2022 include statement that the College complies with all the principles of the 2016 Code of Good Governance for Scottish Colleges, and it has complied throughout the year ended 31 July 2022.</li> <li>• Annual Certificate of Assurance for AY2022-23 completed with no areas of concern highlighted</li> </ul>
<b>2. We fulfil our accountability to students, public, employers and our community for provision of education that enhances social and economic wellbeing.</b>	<ul style="list-style-type: none"> <li>• Board and Committee meeting agendas, papers and minutes publicly available on College website</li> <li>• Key strategy and evaluation documents – Strategic Plan, Outcome Agreement, Evaluative Report &amp; Enhancement Plan – also available on College website</li> </ul>

<b>Code of Good Governance Criteria</b>	<b>Evidence</b>
	<ul style="list-style-type: none"> <li>Partnership working between the Board and key regional stakeholders to address social and economic wellbeing issues</li> </ul>
<b>3. We manage conflicts of interest and disclose our register of interests.</b>	<ul style="list-style-type: none"> <li>Declaration of potential conflicts of interest is a standing item on Board and Committee agendas</li> <li>Register of Interests maintained and reviewed twice a year, and made available on College website (last reviewed May 2023) with members updating changes through Board Secretary.)</li> </ul>
<b>4. Our decision making is transparent, informed, rigorous and timely and associated documentation is adequate.</b>	<ul style="list-style-type: none"> <li>Board and Standing Committee agendas, minutes and papers published on College website – accessible by public, staff and students (with exception of reserved items)</li> <li>Programme of Meetings and Programmes of Business reviewed annually to ensure there is alignment with the College's planning and business cycles ensuring that decision making is timely and that "the Board is serving the College rather than the College serving the Board"</li> </ul>
<b>5. Our scheme of delegation to staff and committees is clear and fit for purpose with appropriate two way communication with the Board. We ensure:</b> <ol style="list-style-type: none"> <li><b>we have audit, remuneration, finance and nominations/appointments committees.</b></li> <li><b>the staff charged with advising each committee are clear.</b></li> <li><b>committee minutes go to the next meeting of the Board.</b></li> </ol>	<ul style="list-style-type: none"> <li>The Governance Manual contains Schemes of Delegation, and Terms of Reference for the Board and its Committees, and is reviewed annually by the Regional Board.</li> <li>The Board operates the following Committees: Audit &amp; Risk, Curriculum &amp; Quality, Finance &amp; Resources, Human Resources, Remuneration Committee, Governance and Nominations Committee.</li> <li>Committee Terms of Reference include details of the senior staff member(s) who provide objective, specialist advice to support the Committee to discharge its remit</li> <li>Committee Terms of Reference are reviewed annually by Committee.</li> <li>Committee minutes go to the next meeting of the Board as part of the 'Report by Committee Chairs'</li> <li>Chairs Committee with agreed Terms of Reference established in light of the circumstances the College is operating in due to COVID-19 pandemic</li> </ul>
<b>6. We set the risk appetite, balancing risk and opportunity and this is known to senior staff.</b>	<ul style="list-style-type: none"> <li>The Board approved a refreshed approach to risk management at Strategy Event in November 2017</li> </ul>

Code of Good Governance Criteria	Evidence
	<ul style="list-style-type: none"> <li>• New Strategic Risk Register, including an overall risk appetite and a risk appetite for each Strategic Goal, developed and approved by Regional Board in June 2018</li> <li>• College's Risk Management Policy, approved by the Regional Board, includes a Risk Appetite Statement</li> <li>• The Leadership Team is aware of the College's risk appetite through its regularly monthly review of the Strategic Risk Register</li> <li>• The Strategic Risk Register is routinely reviewed by both the Audit and Risk Committee and the Regional Board.</li> <li>• The Risk Management Policy was updated in October 2021.</li> <li>•</li> </ul>
<b>7. We ensure sound risk management and supporting review systems.</b>	<ul style="list-style-type: none"> <li>• Internal Audit of Risk Management undertaken in June 2019 with outcome of 'Strong' and 3 low recommendations</li> <li>• Strategic Risk Register reviewed regularly by Leadership Team – this was previously undertaken by the Senior Executive Team, its reallocation to the Leadership Team ensures there is wider collective ownership of the document and risk across all areas of the College are recorded</li> <li>• Strategic Risk Register is a standing item for meetings of the Audit &amp; Risk Committee</li> <li>• Scenario planning undertaken for AY2020-21 and AY2021-22 in light of the Covid-19 pandemic to continue to ensure key risks and related mitigating actions are being comprehensively identified and shared regularly with the Board.</li> <li>• Risk Management Training provided in March 2021 by MHA Henderson Loggie to support further consideration of how the College's key risks are recorded and managed.</li> <li>• Meeting held in February 2023 with senior staff and members of Audit and Risk to discuss development of Strategic Risk Register</li> </ul>
<b>8. The Audit Committee:</b> <b>a. Reviews the comprehensiveness, reliability and integrity of all our assurances on the governance, risk and control frameworks, engaging with internal and external auditors and monitoring any actions recommended.</b>	<ul style="list-style-type: none"> <li>• Audit &amp; Risk Committee approves the annual Internal Audit Programme and the scope for each internal audit, and receives the reports from each internal audit to enable recommendations to be considered and approved</li> <li>• Audit &amp; Risk Committee reviews the annual External Audit Plan, carried out online for AY2022-23.</li> <li>• Audit &amp; Risk Committee approved the Internal Audit Plan 2022-23</li> <li>• A Member of the Committee is a chartered accountant, with other Members having significant financial and audit experience through job roles</li> </ul>

Code of Good Governance Criteria	Evidence
<p><b>b. Members are all non-executive, objective and independent with at least one having recent relevant financial or audit experience.</b></p> <p><b>c. Can hold all or some of its meetings in private, meeting internal and external auditors privately at least once a year.</b></p>	<ul style="list-style-type: none"> <li>Audit &amp; Risk Committee Members meet privately with both the internal and external auditors</li> </ul>
<p><b>9. The Remuneration Committee:</b></p> <p><b>a. Members understand their role and are trained in it: the chair is not also Board chair.</b></p> <p><b>b. Implements a procedure agreed by the Board for setting the principal's salary, including consulting staff and students.</b></p>	<ul style="list-style-type: none"> <li>Chair of Remuneration Committee is not Board Chair, office bearer is Chair of HR Committee</li> <li>Senior Staff Pay Policy established.</li> <li>Following Remunerations Committee recommendation the Regional Board agreed re-adoption of Senior Staff Pay Policy in June 2021.</li> <li>Remuneration Committee membership includes one staff member and one student member</li> </ul>
<p><b>10. We ensure our body's sustainability, including compliance with the Financial Memorandum and the Scottish Public Finance Manual, ensuring adequate reporting and monitoring and economic, efficient and effective use of our funds.</b></p>	<ul style="list-style-type: none"> <li>Board set a Strategic Goal in relation to 'Building Sustainability'</li> <li>Revised Strategic Theme 'Leading Sustainability' included in Interim Strategic Plan AY2021-23 and discussed at Board Strategy Event in April 2021.</li> <li>Revised Finance Strategy presented and approved by Finance &amp; Resource Committee in May 2021.</li> <li>Revised IT Strategy presented and approved in May by Finance &amp; Resource Committee for Approval.</li> <li>Reformatted Financial Regulations in line with CIPFA guidance approved by the Finance &amp; Resources Committee in January 2019</li> <li>Revised Statement Accounting Policies approved by Audit &amp; Risk Committee in April 2019</li> <li>Board at their March 2021 meeting formally endorsed and adopted the Scottish Colleges' Statement of Commitment on the Climate Emergency.</li> <li>Having been presented to various Committees and discussed at Board Strategy Event, the Regional Board at their June 2022 meeting approved the new Sustainability Strategy, produced following consultation with staff, students, and external stakeholders.</li> </ul>



Code of Good Governance Criteria	Evidence
	<ul style="list-style-type: none"> <li>BSI Assessment report carried out (ISO 14001:2015 standards) in October 2022 – findings presented to Finance and Resource Committee in November 2022.</li> </ul>
<b>11. We ensure compliance with charities provisions.</b>	<ul style="list-style-type: none"> <li>OSCR returns submitted by required deadlines</li> <li>OSCR publications and communications circulated to Board as appropriate</li> </ul>
<b>12. As an employer we:</b> <b>a. promote positive employee relations.</b> <b>b. ensure effective management: union partnerships.</b> <b>c. comply with the Staff Governance Standard.</b> <b>d. comply with any national collective agreements placed on us.</b> <b>e. ensure fair and effective staff management.</b>	<ul style="list-style-type: none"> <li>Regular updates provided to both Board and HR Committee on national collective bargaining developments and on local engagement with unions</li> <li>College represented at Employers' Association by Regional Chair and Principal and Director of People Services.</li> <li>Changes required through national agreements implemented as required and in line with legal advice received, and clearly communicated to all staff</li> <li>Effective consultation process established with local union representatives</li> <li>To strengthen partnership working with its local Trade Union Representatives the Local Joint Negotiating Committee (LJNC) self-selected two members to attend Regional Board Meetings as observers – commenced in AY2020-21. This is ahead of expected legislation to provide a mechanism for the election of TU nominees.</li> <li>Once published, new sector Staff Governance Standard will be discussed with Board and HR Committee</li> <li>Board and HR Committee ensure NESCol staff are well informed, appropriately trained, involved in decisions which affect them, treated fairly and consistently, and are provided with a safe working environment</li> <li>Results from staff surveys, internal and external, are shared with the HR Committee</li> <li>Revised People Strategy approved by H&amp;R Committee in May 2021.</li> <li>College retained Investors in People Gold Standard following an accreditation visit in April 2022</li> <li>A joint Staff and Student Health and Wellbeing Strategy has been launched along with well-developed programme of wellbeing initiatives through the Wellbeing Matters Group, including Wellbeing Training for Managers; Wellbeing Champions.</li> <li>Positive employee relations promoted through:</li> <li>Respect Campaign; Employee Assistant Programme; Menopause training (provided to Leadership Team and other staff); Flexible Working; Hybrid Working.</li> </ul>
<b>EFFECTIVENESS</b>	

Code of Good Governance Criteria	Evidence
<b>1. The Board chair provides leadership and ensures Board effectiveness, working well with the principal and Board secretary.</b>	<ul style="list-style-type: none"> <li>• Demonstrated by the Annual Appraisal of the Regional/Interim Chair undertaken by Vice Chair &amp; Senior Independent Member with input from all Board Members,</li> <li>• Regional Chair/Interim Chair meets regularly with Principal</li> <li>• Board Meeting pre meetings are held with Regional Chair/Interim Chair, Principal and Board Secretary</li> </ul>
<b>2. Our Board and committees have the right balance of skills, experience, independence and knowledge of the college to fulfil their role effectively.</b>	<ul style="list-style-type: none"> <li>• All Board Members, (including new Board Members) are in the process of completing national induction workshop delivered by CDN.</li> <li>• Training and development is discussed at Members' Annual Development Meetings with Regional/Interim Chair and at the recently established Annual Chairs Meeting</li> <li>• Board Member Skills Matrix kept under review by Governance and Nominations Committee and reflected upon ahead of the commencement of Board Member recruitment processes</li> <li>• Board Skills Matrix ensured that any skills gaps were considered when the most recent round of Board member recruitment was undertaken and will be taken into consideration for next Board Recruitment opportunity.</li> <li>• New Board members given the opportunity to undertake CDN Board Member training.</li> <li>• New Board recruitment applications opened in June 2022. Three new appointments made since last Governance Compliance Check completed.</li> <li>• Existing Board Member Skills Matrix to be discussed by Governance and Nominations Committee ahead of application opening (June 2023).</li> </ul>
<b>3. We abide by collective responsibility, taking decisions in the interests of the body and managing conflicts of interest appropriately.</b>	<ul style="list-style-type: none"> <li>• Evidenced in Board and Committee minutes</li> </ul>
<b>4. Staff and student members are treated as full Board members.</b>	<ul style="list-style-type: none"> <li>• Staff and student Members are treated as full Board Members. Staff and student Members are only asked to withdraw from any part of any meeting of the Board at which the appointment, promotion, conduct, suspension, dismissal, retirement or terms and conditions of employment of any employee of the College is to be considered</li> <li>• To strengthen partnership working with its local Trade Union Representatives the Local Joint Negotiating Committee (LJNC) self-selected two members to attend</li> </ul>

Code of Good Governance Criteria	Evidence
	Regional Board Meetings as observers – commenced in AY2020-21. This is ahead of expected legislation to provide a mechanism for the election of TU nominees.
<b>5. We have an open and transparent process for recruiting and setting the performance measures for our principal; staff and students can contribute to it.</b>	<ul style="list-style-type: none"> <li>• Comprehensive recruitment process implemented for recruitment of new Principal appointed in December 2019, process involved Board Members, Leadership Team members, students and external stakeholders</li> <li>• Progress against performance management objectives for Principal throughout the Academic Year regularly reported to Board Meetings</li> </ul>
<b>6. There is a clear understanding of the responsibilities delegated to the principal and the respective roles of the chair, Board members and executive staff.</b>	<ul style="list-style-type: none"> <li>• Defined in the Governance Manual which is reviewed annually by Board</li> <li>• Board is aware of its strategic rather than operational role</li> <li>• Regional/Interim Chair has provided clarification at meetings when required</li> </ul>
<b>7. The Board secretary is:</b> <ol style="list-style-type: none"> <li><b>a. appointed by the Board with the appropriate skills and experience and is not a member of the senior management team in any other capacity.</b></li> <li><b>b. available to advise all Board members and committees and has adequate time to fulfil the role.</b></li> </ol>	<ul style="list-style-type: none"> <li>• Board Secretary is not a member of the Senior Executive Team</li> <li>• Board Secretary is a member of the Governance Professionals Group to ensure the Board operates in line with any new sector requirements or good practice and is aware of sector developments relating to governance</li> <li>• Annual Appraisal of Board Secretary conducted by Regional/Interim Chair with feedback requested from all Board Members</li> <li>• Board Secretary contact details available to Board Members.</li> </ul>
<b>8. We have a formal and open Board member recruitment process that reflects Ministerial guidance.</b>	<ul style="list-style-type: none"> <li>• Board has established a Selection &amp; Appointments Policy in line with Ministerial Guidance which is reviewed annually</li> <li>• Vacancies advertised widely, with Members highlighting opportunities to their external networks</li> <li>• In October 2017, Board signed the Scottish Government 'Partnership for Change' pledge – 50/50 by 2020</li> <li>• Succession Planning discussed by Regional Board and Governance and Nominations Committee.</li> <li>• Board Member recruitment took place in Summer 2022, with robust selection and interviews scheduled.</li> <li>• External representation at interviews took place.</li> </ul>

<b>Code of Good Governance Criteria</b>	<b>Evidence</b>
<b>9. We have appropriate arrangements for student and staff member recruitment.</b>	<ul style="list-style-type: none"> <li>• Student Members are selected by the Students' Association</li> <li>• Board Secretary worked with Association to promote benefits of serving as a Student Member for most recent appointment</li> <li>• Board Secretary is responsible for the election process for staff Members Anonymous staff ballot held in Spring 2022 to appoint new Staff Board member</li> </ul>
<b>10. All members undertake training tailored to their needs (including committee training), new members receive formal induction tailored to their needs and there are records of training.</b>	<ul style="list-style-type: none"> <li>• Induction Policy for Board Members in place and reviewed annually</li> <li>• Training discussed at Members' Annual Development Meetings with Regional Chair</li> <li>• Training offered and undertaken at Board, Committee and individual levels-internal &amp; external courses, conferences, internal briefing sessions</li> <li>• Opportunities to access extensive catalogue of online training courses through the College highlighted to Members</li> <li>• Mandatory training and opportunities highlighted to new Board Members during inductions</li> </ul>
<b>11. We review the Board's effectiveness annually using a robust self-evaluation process, externally facilitated at least every three years.</b>	<ul style="list-style-type: none"> <li>• External Board Effectiveness Review carried out by MHA Henderson Loggie evidenced a high level of compliance with all aspects of the Code of Good Governance and highlighted no areas of non-compliance and no recommendations – a first in any review of Boards undertaken by MHA Henderson Loggie.</li> <li>• Evaluation process for AY2020-21 with Annual Board Member Development Meetings and Committee Evaluations took place in summer 2021,</li> <li>• Regional Chair, Board Secretary and Principal took part in CDN Research study for external College Governance Review in March 2023</li> </ul>
<b>RELATIONSHIPS AND COLLABORATION</b>	
<b>1. We work in partnership at a local, regional and national level to:</b> <ol style="list-style-type: none"> <li><b>a. secure coherent education provision in our locality.</b></li> <li><b>b. achieve commonly agreed outcomes.</b></li> <li><b>c. develop agreed priorities.</b></li> <li><b>d. address local needs as well as national priorities and specialisms.</b></li> </ol>	<ul style="list-style-type: none"> <li>• Local and regional – local universities and schools, local authorities, Community Planning Partnerships, AGCC, ONE, SCDI, third sector organisations</li> <li>• College is lead partner of the Regional Learning and Skills Partnership</li> <li>• College plays a key role in the delivery of the Regional Skills Strategy, the Regional Economic Strategy, and the region's approach to Developing the Young Workforce</li> <li>• Regional /Interim Chair is Chair of the College's Scotland Board, and a Member of the Employers' Association</li> </ul>

Code of Good Governance Criteria	Evidence
	<ul style="list-style-type: none"> <li>• Regular meetings scheduled with ASET/NESCOL to develop further closer collaboration and partnership working.</li> <li>• Closer working relationships forged with SFC and its Chief Executive presented Phase 1 Review at Strategy Event in November 2020.</li> <li>• Regular Meetings undertaken with SFC and NESCol Senior Management throughout AY2022/23.</li> <li>• Close working with SFC and member of the North East Tertiary Provision Pathfinder Delivery Board.</li> <li>• The College are leading on two key strands of SFC Pathfinder: <ul style="list-style-type: none"> <li>○ Strategic Partnership with RGU to explore joint planning, provision of programmes, development of programmes and some shared services.</li> <li>○ Enhancing the School Senior Phase with Aberdeen City and Aberdeenshire, RGU and UoA.</li> </ul> </li> </ul>

AUDIT & RISK COMMITTEE	
Meeting of 31 May 2023	
<b>Title:</b> Annual Procurement Report	
<b>Author:</b> S Thompson, Vice Principal – Finance and Resources	<b>Contributor(s):</b> C Brodie, Purchasing Manager
<b>Type of Agenda Item:</b> <b>For Decision</b> <input type="checkbox"/> <b>For Discussion</b> <input type="checkbox"/> <b>For Information</b> <input checked="" type="checkbox"/> <b>Reserved Item of Business</b> <input type="checkbox"/>	
<b>Purpose:</b> To enable the Committee to consider the College's Annual Procurement Report, covering the period 01 August 2021 to 31 July 2022.	
<b>Linked to Strategic Theme:</b> <b>5. Leading Sustainability</b>	
<b>Linked to Strategic Risk(s):</b> n/a	
<b>Executive Summary:</b> The Procurement Reform (Scotland) Act 2014 requires any public organisation with an estimated annual regulated spend of £5 million or more to develop a procurement strategy and then review it annually. This requirement took effect from 31 December 2016. Organisations (including HE and FE institutions) required to develop and publish a procurement strategy are also required publish an Annual Procurement Report, reflecting on the relevant reporting period of the procurement strategy.  The attached report covers the period 01 August 2021 to 31 July 2022 and was published by the statutory deadline of 30 November 2022.	
<b>Recommendation:</b> Paper is for information.	
<b>Previous Committee Recommendation/Approval</b> (if applicable): n/a	
<b>Equality Impact Assessment:</b> <b>Positive Impact</b> <input checked="" type="checkbox"/>	

**Negative Impact** ☐

**No Impact** ☐

**Evidence:** The College's Procurement Strategy includes the use of national framework agreements wherever possible, and also competitive tendering for all significant contracts. Both these routes to market ensure suppliers have in place their own equalities policies.



## **ANNUAL PROCUREMENT REPORT**

01 August 2021 – 31 July 2022



## Executive Summary

The Procurement Reform (Scotland) Act 2014 (PRA) requires any public organisation which has an estimated annual regulated spend of £5 million or more to develop a procurement strategy and then review it annually. This requirement took effect from 31 December 2016.

Organisations (including HE and FE institutions) required to develop and publish a procurement strategy were also required publish an Annual Procurement Report (APR), reflecting on the relevant reporting period of the procurement strategy.

This report covers the period of 01 August 2021 to 31 July 2022 and addresses performance and achievements in delivering the North East Scotland College's organizational procurement strategy.

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

North East Scotland College has analysed third party expenditure and has identified that over the period covered by this report the following expenditure has occurred:

- Regulated procurements [goods and services worth more than £189,330; works worth more than £4,733,252<sup>1</sup>] amounted to £6,292,500. There were 7 such procurements completed<sup>2</sup>.
- Lower value regulated procurements [goods and services worth more than £50,000, works worth more than £2 million] amounted to £552,733. There were 7 such procurements completed.

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

North East Scotland College has over 2000 active suppliers, of which 484 were used by the College during the reporting period. The total procurement expenditure was £15,487,063

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<sup>1</sup> Public contracts thresholds are revised every 2 years – next due on 01 /01/2024, the figures given were correct as of 01-08-2021

<sup>2</sup> Completed when the award notice is published or where the procurement process otherwise comes to an end - covers contracts and framework agreements

comprised of £13,170,951 of regulated expenditure (recorded on the Contracts Register) and £2,316,112 on non-regulated spend, of which £1,050,732 is non-influenceable spend.

The overall regulated influenceable spend total of 85% represents a 3% increase on the previous year. The College continues to strive to optimise its expenditure and utilises the use of national, sectoral, local or regional C1 collaborative contracts and frameworks where these will bring a benefit to the College. As well as bringing leverage-based savings, the burdens of risk, contract and supplier management are shared and the number of resource-intensive formal local tenders that need to take place is reduced significantly. 22.26% of the College's influenceable spend went through collaborative agreements.

This report comprises five sections:

- Section 1: Summary of Regulated Procurements Completed
- Section 2: Review of Regulated Procurement Compliance
- Section 3: Community Benefit Summary
- Section 4: Supported Businesses Summary
- Section 5: Future Regulated Procurements Summary

**Report Approved: 15 December 2022**

**By: North East Scotland College's Executive Team**

**Signed:**

**Position: Principal and Chief Executive**

## Section 1: Summary of Regulated Procurements Completed

North East Scotland College strongly believes in conducting its procurements in an open and inclusive manner with procurement objectives aligned to the College's Strategic Plan.

The detailed summary of regulated procurements completed is set out in Annex 1. That information, coupled with the publication of the institutional Contracts Register <http://www.apuc-scot.ac.uk/#!/institution?inst=32> and the systematic use of Public Contracts Scotland and Quick Quotes, provides complete visibility of the College's procurement activity over the reporting period.

In Annex 1, information is set out to show both lower value and higher value regulated procurements completed [if there have been any]. These are separated into contract categories and distinguish collaborative contracts from institutional ones. For each completed regulated procurement the information provided shows:

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

## Section 2: Review of Regulated Procurement Compliance

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

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

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

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

<b>Procurement Strategy Statement</b>	<b>Annual Report Commentary on strategy delivery/compliance</b>
To sustain and further develop partnerships within the sector, with other publicly funded bodies, with professional bodies and appropriately with supply markets that will yield intelligence, innovation and deliver value to users of procurement services.	<p>The College Procurement Team engages with internal and external stakeholders and suppliers to gain valuable feedback which informs the Procurement team of possible necessary adjustments and improvements to the procurement strategy and processes.</p> <p>For each procurement, the College considers the community affected by the resultant contract and ensures that any affected internal or external stakeholders are consulted (such as students or other local procurement bodies). Such consultation will always be on a scale and approach relevant to the procurement in question.</p> <p>The College contributes to sector contracting plans and has coordinated procurement efforts on a regional basis with both the University of Aberdeen and Robert Gordon University to deliver local collaborative contracts.</p> <p>The College Procurement Manager attends and contributes to APUC-led Procurement Strategy Groups and actively engages with other bodies through HE and FE specific events and other Scottish public-sector events.</p>
To work with internal academic budget holders, professional support service colleagues and suppliers to deliver	<p>Each regulated procurement is assessed, and a strategy is developed and agreed with the key stakeholders, end users and suppliers.</p> <p>This assessment is also used to deliver the most appropriate procurement route to market that yield best value outcomes</p>

<p>innovation and best value to the learning, research and service support communities through the development of an effective and co-ordinated purchasing effort within the Institution.</p>	<p>The College follows the guidelines set out in the <a href="#">Scottish Procurement Journey</a>.</p> <p>Procurement activities follow the guidelines set out in the Procurement Journey. This helps to manage the expectations of stakeholders, customers and suppliers alike and facilitates best practice and consistency with what other organisations do across the Scottish public sector.</p> <p>Following the Scottish Procurement Journey ensures that procurement operations align and support the College’s strategic objectives.</p>
<p>To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities.</p>	<p>The best balance of cost, quality and sustainability is consistently used to assess value for money delivered and to identify sensible aggregation opportunities through collaborative contracting.</p> <p>The College sorts regulated procurements into procurement categories. How these goods, services and works are bought - joint purchasing, use of local, regional and national framework agreements, consolidated contracting – is subject to annual review with Advanced Procurement for Universities and Colleges (APUC) and, through user consultation, optimal category strategies are agreed, sensible aggregation opportunities are exploited, category and commodity strategies are developed, recorded, signed off and processed.</p>
<p>To seek out professional development opportunities to enrich and enhance experience and capability of procurement practitioners and to work with the supply chains to ensure continued value, managed performance and minimal risk throughout the life of contracts for the benefit of customers and students.</p>	<p>The defined procurement process is managed through an experienced and dedicated procurement team with access to competency-based training, skills development programmes and career development opportunities. Devolved procurement competencies are assessed across the institution to secure optimum value delivery while managing supply side risks and opportunities.</p> <p>Post procurement reviews are carried out to check that tendering outcomes are delivering against category strategies/business case objectives, A “lessons learned” approach with stakeholders has seen a marked improvement in stakeholders approaching procurement well before their requirements are due.</p>

<p>To develop sound and useful procurement management information to measure and improve procurement and supplier performance in support of corporate planning conducted through fair and transparent process.</p>	<p>Internal governance procedures, policies and tools such as e-enabled workflow enhancements are introduced to effect improvements to procurement process and efficiency.</p> <p>Expenditure segmentation analysis and data located on the Hub, Hunter (including Contracts Registers).</p> <p>Where relevant, use is made of appropriate standards and labels in procurements to take account of fair and ethical trading considerations with due consideration given to equivalent tender offerings from suppliers. Use is made of PCS to publish procurement opportunities. Appropriate use is made of lotting, output based specifications and clear evaluation criteria to ensure that procurements are accessible to as many bidders (including SMEs) as possible.</p>
<p>To embed sound ethical, social and environmental policies within the Institution's procurement function and to comply with relevant Scottish and UK legislation in performance of the sustainable procurement duty.</p>	<p>The College's procurement procedures clearly map out the routes to procurement in line with the Scottish Government's Procurement Journey. The College's procedures ensure that regulated procurements are only awarded to businesses that are capable, reliable and, where relevant, meet high ethical standards and values in the conduct of their business. The College is committed to contracting only with suppliers that comply with all appropriate and relevant legislation.</p> <p>Where appropriate and, on a contract-by-contract basis, the institution will assess the legislation applicable to a procurement and take steps to ensure bidders comply with it e.g., Health and Safety, Late Payment legislation. Where relevant, the Living Wage and fair work practices of suppliers are promoted in tender documentation.</p> <p>The College is an accredited living wage employer.</p>

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

### Section 3: Community Benefit Summary

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

The general College policy on identifying community benefit requirements would be to conduct risk and opportunities assessments through stakeholder consultation and engagement. Where relevant and proportionate to the subject matter of the procurement, the requirement is then built into the procurement specification and into the eventual conditions of contract performance.

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

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

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

North East Scotland College has awarded no regulated procurement contracts over the reporting period. No contracts were over £4 million in value.

## Section 4: Supported Business

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

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

The College did not reserve any contracts for supported businesses in this period nor has it had any supported businesses bid through the standard open tendering route.



## Section 5 – Future Regulated Procurements

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

In preparing this forward projection of anticipated regulated procurements, it is difficult to be precise about providing details of actual requirements. Over a forecast period of two years, it is very probable that circumstances and priorities will change so the list of projected individual regulated procurement exercises outlined in Annex 4 should be viewed with this caveat in mind.

The information provided in Annex 4 covers:

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

## Annex 1 List of Regulated Procurements Completed in the Reporting Period 8/21 – 7/22

### Compliant Procurement

Category Subject	Supplier name	Date of Award	Cat A/B or C?	Start Date	End Date	Value over contract period	SME status	Supported Business
Security & Janitorial	ISS Facility Services	27/06/2022	C	01/08/2022	31/07/2026	3,320,000	N	N
Distance Learning Services	The Skills Network	20/07/2021	C	01/08/2021	31/05/2024	810,000	N	N
Student Accommodation Services	Robert Gordons University	23/07/2021	C	02/08/2021	01/08/2024	390,000	N	N
IT Related Parts & Accessories	Insight Direct	09/08/2021	B	09/08/2021	08/08/2024	48,000	N	N
Mobile Client Devices	Hewlett Packard	16/08/2021	A	16/08/2021	15/08/2025	800,000	N	N
Software Licence Resellers	Academia	01/09/2021	B	01/09/2021	31/08/2025	400,000	N	N
Gritting & Snow Clearing	Mitie Landscapes	23/09/2021	C	01/10/2021	30/09/2025	123,000	N	N
Pest Protection & Control	Rentokil Pest Control	23/09/2021	C	01/10/2021	30/09/2024	75,000	N	N
Kitchen Deep Cleans	Smith Services	04/10/2021	C	01/11/2021	31/10/2025	96,733	Y	N
Fresh Dairy Products	Grahams Family Dairy	26/11/2021	B	01/12/2021	30/11/2025	60,000	N	N
Auto & Roller Door Maintenance	Kone	04/10/2021	C	01/12/2021	30/11/2024	150,000	N	N
Apple Equipment & Services	Academia	03/05/2022	B	02/05/2022	01/05/2024	250,000	N	N
Waste Management	EIS Waste	07/04/2022	B	09/05/2022	08/05/2027	322,500	Y	N

Fuel Cards & Assoc. Services	Allstar Business Solutions	27/06/2022	B	01/07/2022	30/06/2026	48,000	N	N
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## Annex 2 List of Regulated Procurements with Community Benefit Requirements Fulfilled

There were no regulated procurements placed with Community Benefits requirements during the reporting period.

## Annex 3 List of Regulated Procurements placed with Supported Businesses

There were no regulated procurements placed with Supported Businesses during the reporting period.

## Annex 4 List of Regulated Procurements planned to commence in next two F/Ys 22/23 & 23/24

Category Subject	Cat A/B/C or C1	New. Extended or Re-Let Procurement	Contract Length	Expected Contract Notice Publication Date	Expected Date of Award	Expected Start Date	Expected End Date	Estimated Value Over Contract Period
Laboratory Equipment	B	Re-Let	2+2	Framework Award	01/02/2023	01/08/2023	31/07/2025	80,000.00
Hospitality Uniforms and Equipment	B	Re-Let	4+2	Framework Award	01/05/2023	01/08/2023	31/07/2026	200,000.00
Building Management System Maint.	C	Re-Let	3+2	01/03/2022	03/05/2022	01/08/2022	31/07/2025	55,000.00
Washroom Solutions	B	Re-Let	4	01/04/2022	11/05/2022	01/08/2022	31/07/2026	75,000.00
Fire & Intruder System Maint.	C	Re-Let	4	01/03/2022	01/06/2022	01/08/2022	31/07/2026	80,000.00
Desktop & Notebook NDNA	B	Re-Let	3+1	Framework Award	01/06/2022	01/09/2022	31/08/2025	350,000.00
Human Resources & Payroll System	C	Re-Let	5+5	Framework Award	01/08b/2022	01/10/2022	01/10/2027	350,000.00
Water Quality Management	B	Re-Let	4	01/07/2022	01/09/2022	01/10/2022	31/07/2026	40,000.00
Liquid Fuels	A	Extended	2+2	01/09/2022	01/09/2022	21/10/2022	20/10/2023	80,000.00
Industrial Gasses	B	Re-Let	3	01/09/2022	01/11/2022	15/01/2023	14/01/2026	75,000.00
Furniture	B	Re-Let	2+2	01/10/2022	01/11/2022	01/01/2023	31/12/2025	90,000.00
Fresh Fruit & Vegetables	B	Extended	2+2	Extended	16/12/2022	16/01/2023	16/01/2025	40,000.00
Fresh Butcher Meat	B	Re-Let	4	Framework Award	09/06/2022	01/08/2023	31/07/2027	60,000.00

Hair & Beauty	B	Extended	2+2	Extended	08/01/2023	17/02/2023	16/02/2024	140,000.00
Workshop Equipment Maintenance	C	Extended	3+3	Extended	01/03/2023	03/05/2024	02/05/2027	185,000.00
Nursery Service - Fraserburgh	C	Re-Let	2+1	01/02/2023	01/04/2023	26/08/2023	25/07/2026	270,000.00
Stationery	A	Re-Let	2+2	Framework Award	01/04/2023	01/08/2023	31/05/2026	40,000.00
Temporary Lecturing Services	C	Re-Let	2+2	10/01/2023	04/04/2023	03/05/2023	02/05/2025	3,600,000.00
Grounds Maintenance	C	Re-Let	4	01/02/2023	01/05/2023	01/08/2023	31/07/2027	90,000.00
Sports Facilities Hire	C	Re-Let	4	02/02/2023	02/05/2023	01/08/2023	31/07/2027	160,000.00
Travel & Student Travel Services	A	Re-Let	3+1	Framework Award	01/07/2023	01/01/2024	01/02/2027	100,000.00
Associate Trainers Lots 1-14	C	Extended	3+3	Extended	01/02/2024	01/04/2024	31/03/2027	390,000.00
Hair & Beauty Lots 1-9	B	Re-Let	4	Framework Award	01/12/2023	16/02/2024	15/02/2028	270,000.00
Servers, Storage and Solutions	B	Re-Let	5	Framework Award	20/01/2023	27/02/2023	26/02/2028	500,000.00
Occupational Health Services	C	Extended	3+2	Extended	20/01/2023	01/04/2023	31/03/2024	170,000.00
Catering Equipment Maintenance	C	Extended	3+2	Extended	20/05/2023	01/08/2023	31/07/2025	175,000.00
Audio Visual Equipment	B	Re-Let	4	Framework Award	20/05/2023	01/08/2023	31/07/2027	200,000.00
Signage Consultancy & Production	C	Re-Let	4	01/02/2023	07/05/2023	01/08/2023	31/07/2027	180,000.00
Mobile Voice & Data	A	Re-Let	4	Framework Award	02/08/2023	05/10/2023	04/10/2027	55,000.00
Natural Gas	A	Extended	3+3	Extended	02/02/2024	01/04/2024	31/03/2026	700,000.00
Electricity	A	Re-Let	3+3	Framework Award	01/02/2024	01/04/2024	31/03/2027	2,500,000.00
Water & Wastewater	A	Extended	3+1	Extended	01/02/2024	01/05/2024	30/04/2025	800,000.00
Electrical Sundries	B	Re-Let	4	Framework Award	08/05/2023	01/08/2023	31/07/2027	70,000.00
Apple Equipment	B	Extended	2+3	Extended	01/04/2024	01/05/2024	30/04/2027	250,000.00
Distance Learning Services	C	Extended	3+2	Extended	01/02/2024	01/06/2024	31/05/2026	1,360,000.00
TQFE	B	Extended	2+2	Extended	03/07/2023	04/12/2023	03/12/2024	80,000.00
Photographic Print & Consumables	B	Re-Let	2+2	Framework Award	11/12/2023	01/02/2024	31/01/2026	100,000.00

## Annex 5 - Glossary of Terms

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

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

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

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

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

Social, equality and / or environmental improvements

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

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

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

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

**Contract management** or contract administration is the management of contracts made with customers, suppliers, partners, or employees. Contract management activities can be divided into three areas: service delivery management; relationship management; and contract administration.

**Regulated procurements** are those whose values require that they are conducted in compliance with the Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014.

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

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

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

This information means that individual organisations and Centres of Expertise can identify where collaborative opportunities might exist and where transactional efficiencies could be made.

For more information, visit the Scottish Government's [Hub](#) page.

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

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

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

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

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

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

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

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

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

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

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

**Small and Medium Sized Enterprises (SMEs)** encompass –

Micro enterprises: enterprises which employ fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed £1.57 million.

Small enterprises: enterprises which employ fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed £7.86 million.

Medium enterprises: enterprises which are neither micro nor small, which employ fewer than 250 persons and which have an annual turnover not exceeding £39.28 million, and/or an annual balance sheet total not exceeding £33.78 million.

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

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

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

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

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



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

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