

AUDIT & RISK ASSURANCE COMMITTEE

AGENDA

A meeting of the Audit & Risk Assurance Committee will be held at 15:00 hours on Wednesday, 18 April 2018 in the Boardroom, Milton Road Campus.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
2	DECLARATIONS OF INTEREST	Chair	
3	MINUTES OF PREVIOUS MEETING <i>for approval</i>	Chair	A
4	MATTERS ARISING REPORT	Chair	B
5	RESOURCE RETURN TO MARCH 2018	A Williamson	C
6	PROCUREMENT & COMMERCIAL IMPROVEMENT PROGRAMME REPORT attached	A Williamson	D
7	INTERNAL AUDIT		
7.1	Summary of Audit Recommendations	A Williamson	E
7.2	Internal Audit Report: Income & Debtors / Purchasing and Creditors	Scott-Moncrieff	F
7.3	Internal Audit Report: Estates Management	Scott-Moncrieff	G
7.4	Internal Audit Progress Report 2017/18	Scott-Moncrieff	H
<i>Item 7 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>			
8	RISK ASSURANCE		
8.1	Risk Management Report	N Croft	I
8.2	Commercial Income Report	J Grant	J
<i>Item 8 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>			
9	ANY OTHER COMPETENT BUSINESS		
9.1	Horizon Scanning Update	N Croft	Verbal

	9.2	Draft Committee Calendar 2018/19	Chair	K
10		FOR INFORMATION		
	10.1	Data Breach Incident Update attached	N Croft	L
11		DATE OF NEXT MEETING: 30 May 2018		

N.B: The minutes of the Audit & Risk Assurance Committee are reported directly to the Board of Management, with an accompany commentary from the Committee Chair.

AUDIT & RISK ASSURANCE COMMITTEE
18 APRIL 2018
PAPER D



For the future you want

FOR INFORMATION / DISCUSSION			
Meeting	Audit & Risk Assurance Committee 18.04.18		
Presented by	Alan Williamson		
Author/Contact	Alan Williamson	Department / Unit	Chief Operating Officer / Finance
Date Created	04.04.18	Telephone	-
Appendices Attached	Appendix 1: Edinburgh College PCIP Report - February 2018		
Disclosable under FOISA		Yes.	

PROCUREMENT & COMMERCIAL IMPROVEMENT PROGRAMME REPORT

1. PURPOSE

To provide the Audit & Risk Assurance Committee with an opportunity to review the Procurement and Commercial Improvement Programme (PCIP) Report.

2. BACKGROUND

The PCIP replaces the previous Procurement Capability Assessment (PCA) as a way of helping public sector organisations look at and improve how they carry out their procurement activities.

The PCIP focuses on the policies and procedures driving procurement performance and, more importantly, the results they deliver.

3. DETAIL

The PCIP score for the college has shown good improvement from 2016 to secure a score of 73% in January 2018, which equates to a 'Silver' performance band (2% short of a 'Gold').

The report (see Appendix 1) highlights that the 2016 PCIP was carried out at a time of considerable upheaval and change in procurement services and in college organisation. Further to the introduction of a fresh procurement strategy and action plan in 2017, significant developments have been made in expenditure analysis, risk management, contract and supplier management processes, contracting strategies and stakeholder engagement. The college procurement services are judged to have stabilised at an optimal level of capability although there is scope for some small improvements to take the College into the Gold performance band.

4. BENEFITS AND OPPORTUNITIES

In addition to the feedback provided as part of the assessment, the PCIP report provides routes towards achieving the Gold performance band.

5. STRATEGIC IMPLICATIONS

The Audit & Risk Assurance Committee is responsible for the oversight of college procurement.

6. RISK

Non-compliance may result in challenge and reputational damage to the college.

7. FINANCIAL IMPLICATIONS

Explicit in document.

8. LEGAL IMPLICATIONS

Not applicable.

9. WORKFORCE IMPLICATIONS

Not applicable.

10. REPUTATIONAL IMPLICATIONS

See 'Risk' above.

11. EQUALITIES IMPLICATIONS

Not applicable.

CONCLUSIONS/RECOMMENDATIONS

The Audit & Risk Assurance Committee are asked to NOTE the Procurement and Commercial Improvement Programme Report, and CONSIDER any matters arising.

PCIP Assessment Summary

Institution	Date of Assessment	APUC Assessors	In Attendance	
Edinburgh College	30/01/2018	Emma Nicholson Douglas Bell	Name	Position
			Ron Beckett	Head of Procurement EC
			Chris Naismith	Supply Chain Manager EC
			Lindsay Towns	Head of Finance EC
			Andrew Foulner	Chief Procurement Officer for the ERPT
			Alan Williamson	Chief Operating Officer EC

PCIP Assessment Type:	Lite	Performance Band
Overall Score (%)	73%	Silver

Performance Band:

Performance Band	% Score
Non-Conformance	<25%
Blue	26-40%
Purple	41-50%
Bronze	51-60%
Silver	61-75%
Gold	>75%

Summary Statement

The PCIP score for the College has shown good improvement from 2016 to secure a score of 73% in January 2018. It was noted that the 2016 PCIP was carried out at a time of considerable upheaval and change in procurement services and in College organisation. Further to the introduction of a fresh procurement strategy and action plan in 2017 (although lack of clarity around the provenance of that still persists - see the note against question 1.2), significant developments have been made in expenditure analysis, risk management, contract and supplier management processes, contracting strategies and stakeholder engagement. The College procurement services are judged to have stabilised at an optimal level of capability although there is scope for some small improvements to take the College into the Gold performance band. Suggested routes towards this are in the comments section of the report


Select Institution

The table below shows the scores achieved on the Assessment Day along with a projected score that would be feasible to achieve at the next assessment.

The Report tab provides a summary of the assessment with further commentary on the areas that could be improved to reach the projected scores.

Scores

			Assessment Day Score		Projected Score for 2018	
Assessment Area	# of Questions	Maximum Score	Score	% Score	Score - Projected	% Score - Projected
Leadership & Governance	6	18	13	72%	15.5	86%
Development & Tender	4	12	9	75%	10	83%
Contract	3	9	6	67%	6.5	72%
KEY PURCHASING PROCESSES	1	3	2.5	83%	3	100%
Grand Total	14	42	30.5	73%	35	83%

Question	Comments / Further Info	PCIP Score	Attained Level	Potential Projected Score	Feasible Aspiration Level
<p>1.1 What is the procurement representation and influence over major and routine procurement activity across the organisation and what does it deliver?</p> <p>Note: the PCIP is very much an evidence based assessment process. The file attached with this note sets out the possible evidence that may be mustered in respect of each question. The quality of that evidence will help the assessors determine the level of capability attained and the feasible aspiration level.</p> 	<p>Procurement policies and procedures are firmly embedded and the procurement influence is visible in specification development and sourcing. There is a regular (weekly) line of communication between the head of procurement through the Finance Manager to the Chief Operating Officer (COO) (fortnightly). Elements of Level 3 are also met and it is likely that this Level will be met in the near future as projects under way are completed and consolidated.</p>	2.5	<p>Level 2 Overview: The value of procurement control has been recognised by the organisation. Policies and procedures have been embedded and there is strong procurement influence.</p> <p>The member of staff with responsibility for procurement manages procurement activity and processes within the organisation. This responsibility is clearly defined and evidenced.</p> <p>There is evidence that the whole organisation has embedded corporate sourcing procedures established by the member of staff with responsibility for procurement.</p> <p>Procurement can evidence that it has been involved in or influenced the sourcing research and specification development of high value procurement activities.</p>	3	<p>Level 3 Overview: The strategic value of procurement has been recognised by the organisation. Organisation is monitoring compliance with policies and procedures. Procurement influence most of the spend.</p> <p>The member of staff with responsibility for procurement can evidence awareness of wider sector strategic initiatives/forums.</p> <p>The member of staff with responsibility for procurement is considered part of a senior 'peer group' with other business functions.</p> <p>Procurement takes a highly flexible approach to sourcing and spends time understanding the procuring department's objectives.</p> <p>Procurement is involved in the "in house vs. outsourced" decision before the sourcing process is initiated.</p>
<p>1.2 In what way is the Procurement Strategy linked to the organisation's corporate strategy and is it delivering the strategic objectives relevant to the sector. e.g. Local Economic Agenda, and/or National Outcomes etc.?</p>	<p>The introduction of a procurement strategy, mapped to institutional objectives, outcome agreement and national outcomes, and supported by a detailed action plan, warranted Level 1.5**. The action plan, complemented by progress reports, to show delivery / shortfall against existing strategic objectives needs to be developed to secure Level 2. Regular ERPT reports on team performance will also help in this regard. This level of more detailed reporting showing achievement of objectives, any shortfall in achievement with reasons and mitigating actions will be required in the institutional Annual Report. Consolidation of Level 2 should smooth the way to Level 3 thereafter.</p> <p>**It was noted that there was some lack of clarity around the strategy authorisation. Neither Policy and Resource Committee nor College Board of Management minutes reflect authorisation at these levels. It was also noted that the College's own Strategy was still at Board approval stage at November 2017 while the procurement strategy was issued in January 2017. It is not clear therefore how the procurement</p>	1.5	<p>Level 1 Overview: The organisation have a Procurement Strategy and it has been approved by Senior Management Team (SMT) or board.</p> <p>Evidence that the procurement strategic objectives have been defined and approved by the organisational SMT and reflect the organisation's corporate strategy, Scottish Model of Procurement, Local Economic Agenda and National Outcomes etc.</p> <p>Evidence that the Procurement Strategy acknowledges the Contract and Supplier Management approach that will be taken by the organisation.</p> <p>Evidence that objectives are being managed and delivered by Procurement and action plans are in place which are refreshed annually.</p>	2	<p>Level 2 Overview: The Procurement Strategy is linked to the strategic objectives and that these objectives are being achieved.</p> <p>Evidence that procurement strategic objectives are actively managed to achieve the goals and address any slippages or issues.</p> <p>Evidence that progress reports on objectives are submitted to the appropriate SMT on an ad-hoc or annual basis.</p> <p>Level 3 Overview: Procurement strategic objectives are being achieved with measurable benefits linked to the organisation's strategic goals.</p> <p>Evidence that the management of the objectives is overseen at the appropriate organisational SMT level, with performance reporting against the objectives submitted to the organisation's Board (or equivalent).</p>
<p>1.3 What resources and skills level requirements been identified to deliver the procurement strategy, associated strategic objectives and business needs?</p>	<p>The ERPT operation has settled into place quickly allowing improved processes to become consolidated. The staffing level is now settled at two which has been deemed to be the optimal level given anticipated workload and increased usage of frameworks. Level 3 was considered appropriate and this should be readily retained.</p>	3	<p>Level 3 Overview: The organisation has a succession plan in place, is being delivered and reviewed to meet the organisational procurement objectives for the next 3 years.</p> <p>Capacity or service planning is in place to proactively manage current and future workload, taking into account >2 year plans and procurement strategic objectives (as appropriate). This may include shared services/collaboration, where relevant.</p> <p>There is evidence that plans (as appropriate) include the skills and capacity requirements.</p> <p>Plans are put in place to address any trends identified from exit interviews.</p>	3	<p>Maintain Level 3.</p>

1.4 What does the organisation do to develop procurement individuals and future talent?	<p>The structure and resource of ERPT (with APUC resource underpinning that) provides capacity and support that meets Level 2 and much of Level 3.</p> <p>Level 2.5 is considered appropriate and is seen as the optimal operating standard for the College. For Level 3 to be fully met then this would require an operating profile of more complexity and resource than would be appropriate.</p>	2.5	<p>Level 2 Overview: Procurement understand capability of all Procurement staff including devolved. Some development opportunities exist.</p> <p>Some opportunities for development exist using tools such as mentoring, coaching, continuing professional development and secondments.</p> <p>The organisation has explored ways to retain core staff.</p>	2.5	<p>Level 3 Overview: Planning and delivery of future talent by organisation. Formal routes for professional development exist.</p> <p>Succession planning is in place to meet the organisational strategic objectives for the next 3 years.</p> <p>Internal and external training is aligned with the business strategy, individual skills assessments and training plans.</p> <p>Evidence that an integral part of the training and development of staff includes the use of tools such as mentoring, coaching, job shadowing, tailored training programmes, continuing professional development, in-house promotion and secondments.</p> <p>Evidence of benefits realised as a result of investment in training.</p> <p>Evidence that the organisation has considered future skills/talent requirements such as; modern apprenticeship, work placements, graduate trainee scheme (where such a scheme exists).</p>
1.5 What does the organisation do to ensure that it continually improves its procurement activity, promotes commercial competence, and ensures that these are embedded within its organisation and culture.	<p>Level 1 capabilities are met as are elements of Level 2 - a score of 1.5 is deemed appropriate. The reviews of the induction pack and of complex high value contracts - print, catering. media were cited - coupled with further customer surveys, look likely to assemble evidence enough for Level 2. The case for this would be strengthened by evidence of progress against objectives / KPIs/ actions as noted in Qu 1.2 commentary above.</p> <p>Level 2 seems to be the optimal operating level given present priorities and available resource.</p>	1.5	<p>Level 1 Overview: The organisation has identified some improvements and has an action plan in place.</p> <p>Evidence that procurement activity is referred to in the induction pack for all new employees.</p> <p>The organisation can evidence it has a procurement action plan in place to drive improvement.</p> <p>The impact of commercial decisions (assessment of costs, benefits and risks) are understood, measured, recorded and supported by senior management.</p> <p>There is a clear route and format for stakeholders to provide feedback to the member of staff with responsibility for procurement. Procurement also issue targeted customer feedback requests (e.g. by questionnaire) as a minimum on an annual basis to the appropriate internal and external stakeholders to inform continuous improvement of service delivery.</p>	2	<p>Level 2 Overview: Action plan is in place with some measureable benefits being delivered.</p> <p>Good understanding of sector performance and drivers. Understanding of key issues facing wider public sector. Understanding of key strategies of sector and organisation.</p> <p>Where there is a business improvement plan all staff are able to contribute to procurement continuous improvement activities.</p> <p>Evidence of a continuous review of an organisation's service provisions where make/buy /outsource/stop of service is considered. The member of staff with responsibility for procurement are involved in such reviews and consider social responsibility, environmental and economic sustainability. New collaboration opportunities are considered.</p> <p>The organisation has identified key performance indicators/measures and tracks Procurement activity against these, with evidence of performance improvement being documented.</p> <p>Post project reviews are conducted and lessons learned documented and circulated for all high value, high risk procurement exercises.</p> <p>Best practice from within own organisation and from other organisations has been sought and utilised.</p> <p>Can evidence subsequent changes, improvements or projects driven as a result of customer feedback.</p> <p>Level 3 Overview The organisation has achieved benefits and changes as a result of its implemented procurement action plan.</p> <p>Organisation can evidence activities that have resulted in outcomes benefiting stakeholders, for example evidence of cost efficiencies.</p> <p>Innovation ideas and actions driving improvements have been prioritised, resources allocated, with improvements realised and reported on.</p> <p>Benchmarking has presented performance improvement opportunities, these have been documented, an action plan put in place with improvements delivered and evidenced.</p> <p>The member of staff with responsibility for procurement regularly recommends opportunities for business improvement (not associated with the supply chain).</p>

1.6 How are the organisations processes and procedures adequate and effective in relation to managing risk and countering fraud.	<p>Counter fraud, bribery and corruption, hospitality and gifts and conflict of interest policies are in place. Detailed spend analysis connecting value and risk with C&SM has been consolidated. Level 2 is met and is underpinned by a recent clean audit in relation to procurement processes and controls.</p> <p>Procurement risk appraisal encompasses contractors affecting around 50% of institutional spend and the target is to extend this to 80%. This would make the attainment of Level 3 a feasible aspiration.</p>	2	<p>Level 2 Overview: Efforts made to proactively identify and manage risk.</p> <p>The member of staff with responsibility for procurement drives compliance with the scheme of delegation. Compliance with the scheme is subject to regular audit and can be evidenced.</p> <p>All risks and issues have clear mitigating actions, appropriate owners and a review date.</p> <p>A mechanism exists to ensure that risks and issues are collated centrally and highlighted to senior management.</p> <p>Evidence of regularly checking strategic and key supplier risks e.g. financial health, reputational risks with appropriate risks identified and flagged to the appropriate risk register.</p> <p>All members of staff with delegated purchasing authority (DPA) have undertaken Fraud Prevention Training.</p> <p>The organisation has a hospitality and gifts register (where gifts/hospitality are allowed).</p>	3	<p>Level 3 Overview: Risks are fully considered and managed.</p> <p>The separation of duties and authority levels are embedded into computer systems. Reports are available to demonstrate the separation between requisition and approval.</p> <p>Regular audits of Procurement have highlighted no significant (red or highest level) risks in the past 3 years.</p> <p>Risk Assessment of major procurement activity includes a process and mitigation plan to address:</p> <ul style="list-style-type: none"> • Fraud; • Serious Organised Crime; • Supply Base • Supplier Vulnerabilities; • Supply Chain; and • Damage to organisations reputation e.g. by unethical behaviours/sourcing. <p>The organisation promotes and operates a whistleblowing/fraud central point of enquiry/focal point.</p> <p>CFS (including anti-fraud, corruption & bribery) and Procurement principles are included in the organisations induction process and is part of all relevant staff's annual training plan.</p> <p>Where relevant the organisation vets potential suppliers to ensure that there are no links to organised crime.</p> <p>The organisation annually reviews its spend/activity profile to identify potential areas where fraudulent activities could occur and implements an action plan.</p>
2.1 How does the organisation understand its spend in order to drive best value?	<p>Robust expenditure analysis has been done where off-contract spend and further collaborative opportunities have been identified. Work with the biggest spending areas of College operations has pushed more expenditure onto existing frameworks.</p> <p>Level 2.5 is considered appropriate as the criteria for Level 2 are met as well as elements of Level 3.</p> <p>Level 3 should be readily realisable as the current approaches of analysis and contract planning are widened and deepened.</p>	2.5	<p>Level 2 Overview: The organisation understands and addresses spend in key categories and seeks collaborative opportunities.</p> <p>Evidence that the organisation is working towards some of the opportunities identified.</p> <p>The organisation has identified opportunities to collaborate with other public bodies and is actively working towards these.</p> <p>There are evidenced instances where expertise is applied to provide guidance and context to the development of strategies.</p> <p>Additional sources of intelligence are used.</p>	3	<p>Level 3 Overview: An organisation category/opportunity map has been identified.</p> <p>Detailed spend/market analysis is routinely carried out for all high risk/high value procurement exercises.</p> <p>Organisation can demonstrate a number of hard and soft benefits realised as a result of the opportunities identified through spend and market analysis i.e. wider economic or environmental goals, financial savings, added value, contribution towards National Outcomes and/or sector specific outcomes.</p> <p>Evidence of participation in collaborative category opportunities for C1 category.</p>

2.2 In what ways are specifications for procurement exercises (mini-competitions and Cat C procurement exercises) being developed to maximise value for the organisation and its customers?	Level 2 is scored. Specifications provided in advance information were of good quality, range and included sustainability. Influenced spend has been expanded substantially since the previous PCIP assessment and has been done with key stakeholder input e.g. FM, catering, print, media buying. Given the organisational profile and available resource, it is suggested that Level 2 is seen as the optimal Level of operation.	2	Level 2 Overview: Specifications incorporate requirements of wider organisation and beyond. Evidence of procurement's support to develop specification with stakeholder input, covering the majority of spend and high risk business areas. Evidence that specifications are being reviewed and refreshed where appropriate, when re-letting contracts and developed in line with market innovations and changes (based on market analysis gathered).	2	Level 3 Overview: Specifications are future proofed to fully meet business needs. Confidence that specifications are being developed to maximise value for the organisation and its customers and covers most of its spend. Evidence that specifications for recurring requirements are being reviewed continually and updated in line with market innovations/new developments and legal obligations. Evidence that specifications are reviewed periodically throughout the life of the contract to ensure the specification is still relevant to the business needs and to clarify with a view to termination of contract if required. [Note - It is difficult to see that these highlighted activities can be addressed adequately by the existing available procurement resource.]
2.3 What is the organisations approach to evaluation to maximise efficiency and effectiveness?	Level 2 is appropriate. Given the organisational profile and available resource, it is suggested that Level 2 is the optimal Level of operation. [see comment in column F above in 2.2.]	2	Level 2 Overview: Organisation understands lifecycle costs and can demonstrate how this secures best value. Sustainable procurement criteria appropriate to the commodity/project strategy are considered and reflected in the tender evaluation. Organisation can demonstrate objective methodology utilised to apply split in weightings between quality and cost.	2	Level 3 Overview: Organisation can demonstrate that forecast benefits are being achieved. Whole-life costs and total acquisition costs are incorporated for all appropriate regulated tenders and evaluation criteria also reflect lessons learnt from previous exercises within the organisation. Lessons learned from the Contract & Supplier Management process feed into the selection and/or award criteria development, where relevant.
2.4 What does the organisation deliver in relation to Environmental, Social and Economic sustainability in its procurement practices and processes?	The College has made considerable progress in securing community,local economic and environmental benefits. The success of the Procurement Sustainability Committee (chaired by the COO) was noted on a number of fronts, such as use of electric vehicles and flexible lighting controls, While the Flexible Framework is not used as a 'standard', care is taken to self assess how far environmental, social and economic sustainability is an outcome of the procurement processes. Level 2 is met as are elements of Level 3, so a score of 2.5 is deemed appropriate with Level 3 the target, given evidence of the types described in the highlighted parts of Level 3.	2.5	Level 2 Overview: The organisation has secured some community, local economic and environmental benefits. The organisation can demonstrate that procurement exercises have successful social, economic and environmental outcomes that are aligned to sustainable procurement aims in the Procurement Strategy. There is at least one contract placed or support provided to a supported business where the organisation has a requirement which can be met through this channel. There are clear objectives from the Flexible Framework action plan to build environmental, social and economic sustainability as an outcome of the procurement process. Organisations can evidence progress against the action plan.	3	Level 3 Overview: Sustainable procurement is embedded in the procurement process across all areas of influenceable spend. Evidence shows that sustainable procurement strategy and policies are embedded at appropriate stages of the procurement process across all areas of influenceable spend, covering supplies, services and works. The member of staff with responsibility for procurement can demonstrate the success of the above. The organisation has awarded two or more contracts to supported businesses over the last 12 months (where the organisation has requirements which can be met through this channel) and routinely considers whether a requirement can be met by a supported business as part of the Procurement Strategy.

3.1 What does the organisation do to manage contracts and suppliers?	Level 2 capability is met. Spend analysis is good and is used to make risk assessments, contracting plans and to develop appropriate contract and supplier management processes consistently across the College. Records are kept of supplier meetings and KPI are tracked for key contracts. Some elements of Level 3 are achievable but given the organisational profile and available resource, it is suggested that Level 2/2.5 would be more optimal. See highlighted element of Level 3 which needs to be done and appropriately evidenced for Level 3.	2	<p>Level 2 Overview: Contract and supplier management (CSM) process is consistently applied across all high value, high risk, and business critical contracts.</p> <p>The organisation has developed and documented a contract and supplier management process and is implementing it.</p> <p>The organisation has implemented some roles and responsibilities which are clearly defined for the contract management process. A training plan in place for all staff responsible for the management of contracts.</p> <p>The organisation can demonstrate that they contribute to sectorial and national balanced scorecards where requested and where appropriate.</p>	2.5	<p>Level 3 Overview: Benefits from CSM supplier management are being achieved and recognised by the organisation.</p> <p>Contract and supplier management (CSM) process is consistently applied across all high value, high risk, and business critical contracts.</p> <p>Regular contact takes place between the member of staff with responsibility for procurement and/or contract managers and high value, high risk, business critical suppliers.</p> <p>Procurement can demonstrate how savings from contract & supplier management are recognised by the organisation.</p>
3.2 What does the organisation do to work with key suppliers throughout the life of a contract to ensure contractual obligations are met and to identify and deliver additional benefits to both parties?	Level 2 capability is met. Given the organisational profile and available resource, it is suggested that Level 2 would be the optimal Level of operation. The highlighted element of Level 3 is challenging given present procurement resource.	2	<p>Level 2 Overview: Contract performance is consistently measured and compared.</p> <p>High value/high risk contracts are subject to regular review meetings between Procurement, customers and suppliers, with a named individual responsible for managing any corrective actions required.</p> <p>Processes and measures to ensure that key suppliers meet the terms set out in the contract.</p> <p>Exit strategies are considered at both pre-tender and pre-award stage for all high value requirements and are embedded within the organisations procedures.</p> <p>For high value/high risk contracts the organisation can evidence:</p> <ul style="list-style-type: none"> • The tracking and standardised reporting of performance is in place • Embedded two way process for monitoring KPI's/SLA's, reporting, and improvements. 	2	<p>Level 3 Overview: Continuous improvement approach to contract performance is in place.</p> <p>For high value/high risk contracts, the organisation systematically utilises supplier feedback to:</p> <ul style="list-style-type: none"> • Support continuous improvement of overall procurement processes • Develop products or services • Deliver additional savings and benefits during the life of the contract <p>Continuous improvement is expected and is a formal objective of supplier relationship.</p>
3.3 What does the organisation increase contract coverage, ensure contract compliance and reduce maverick spend?	The College has made considerable progress since the previous PCIP assessment in increasing the % of influenceable spend covered by contract and in reducing the 'maverick' spend. The data indicates that Level 2 is met comfortably and that is considered the optimal Level of operation for the College given the procurement resource profile.	2	<p>Level 2 Overview: Procurement has the majority of spend under contract and is tackling maverick spend.</p> <p>Contract coverage >65% of potential influenceable spend and can be evidenced by the contracts register and spend report or eProcurement system.</p> <p>Evidence provided that the organisation is working towards the contract coverage target.</p> <p>Activity to reduce maverick spend has been conducted and has been achieved.</p>	2	<p>Level 3 Overview: The organisation has the large majority of spend under contract and measures benefits.</p> <p>Contract coverage >80% of potential influenceable spend.</p> <p>Maverick spend accounts for <5%.</p> <p>Line item detail reporting is readily available and is utilised to reduce maverick spend.</p> <p>The organisation quantifies and reports the benefits delivered from moving off-contract on to contract.</p>

4.1 What does the organisation do to receive goods/ services/minor works, and what is the process for authorising payment?	Level 2 capability is met as are elements of Level 3, so 2.5 is scored. P2P processes are kept under regular review and the completion of invoicing capability should secure Level 3 by the time of the next assessment.	2.5	<p>Level 2 Overview: Some automation exists and opportunities to improve efficiency exploited.</p> <p>The organisation has some systems in place to manage raising orders, receipting goods and the payment of invoices.</p> <p>Appropriate staff in the organisation have access to the relevant systems and separation of duties exist.</p> <p>The payment process is partially automated within some systems performing a 3-way match as standard, prior to the invoice being approved and passed for payment.</p> <p>The organisation is reviewing its P2P processes to streamline workflow, lock-in efficiencies and deliver additional benefits.</p> <p>Processes are in place to identify and rectify over & under billing. The organisation has a process to identify suppliers who repeatedly issue duplicate invoices.</p>	3	<p>Level 3 Overview: Fully electronic processes in place.</p> <p>The organisation has electronic processes in place to manage the raising of orders, receipting of goods and the payment of invoices. Appropriate staff in the organisation have access to the relevant systems and separation of duties are embedded into the systematic workflow.</p> <p>The organisation has implemented other payment methods such as GPC, consolidated invoices, self-billing and e-invoicing where appropriate.</p> <p>The organisation has reviewed and implemented P2P processes delivering additional efficiencies and benefits.</p> <p>There is an automated process to manage invoice mis-matches.</p>
--	---	-----	---	---	--

AUDIT & RISK ASSURANCE COMMITTEE
18 APRIL 2018
PAPER L



FOR INFORMATION			
Meeting	Audit & Risk Assurance Committee 18.04.18		
Presented by	Nick Croft		
Author/Contact	Gordon Hope / Nick Murton	Department / Unit	IT
Date Created	05.04.2018	Telephone	0131 297 8112
Appendices Attached	None.		
Disclosable under FOISA		Yes.	

DATA BREACH INCIDENT(S) UPDATE

1. PURPOSE

This report provides a summary of data breach incidents within Edinburgh College for the reporting period from 01 February 2018.

2. INCIDENTS

There was **1** incident in the reporting period.

3. DETAIL

On 19 March 2018, the datacentre at Sighthill was discovered to be unlocked after maintenance on the electrical supply at the weekend.

4. BENEFITS AND OPPORTUNITIES

To monitor any trends that may occur and assess (where possible) areas of potential risk. Further to this, the report for remedial actions to be implemented to ensure the college meets legal compliance.

5. STRATEGIC IMPLICATIONS

In line with strategic planning and monitoring for cyber security.

6. RISK

Review of incidents assists in the monitoring of possible risk across the college.

7. FINANCIAL IMPLICATIONS

If the incidents/accident are not monitored and investigated accordingly to ensure no recurrence the college could be fined by the Information Commissioner's Office.

8. LEGAL IMPLICATIONS

Monitoring and carrying out investigations ensures that the college is operating in compliance with data protection legislation.

9. WORKFORCE IMPLICATIONS

None.

10. REPUTATIONAL IMPLICATIONS

To manage any possible negative media around any cyber-security incidents.

11. EQUALITIES IMPLICATIONS

Not applicable.

CONCLUSIONS/RECOMMENDATIONS

The datacentre access policy should be refreshed by IT in partnership with the Information Manager. A card access system should be installed at the Sighthill datacentre to bring it up to the same standard as the other campuses.