

Royal Botanic Garden Edinburgh

2018/19 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Royal Botanic Garden Edinburgh and the Auditor General for Scotland

9 October 2019

Who we are

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

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



About us

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

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

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

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Key messages

2018/19 annual report and accounts

- 1 The financial statements of Royal Botanic Garden Edinburgh (RBGE) give a true and fair view of RBGE and its group as at 31 March 2019 and of the net income for the year then ended; and were properly prepared.
- 2 The expenditure and income in the financial statements were incurred or applied in accordance with the applicable enactments and guidance issued by the Scottish Ministers.
- 3 The trustees report and governance statement were consistent with the financial statements and were properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

Financial management

- 4 RBGE has appropriate and effective arrangements in place for financial management with scope for improvements in some areas. Our testing of the operation of the key financial controls relating to the main financial systems concluded that these were operating effectively.

Financial sustainability

- 5 RBGE's financial position remains challenging but sustainable in the short term. Increasing reliance is being placed on self-generated income to break even.
- 6 The Edinburgh Biomes project outlines that significant investment is required to some of RBGE's properties and infrastructure over the medium term to sustain existing operations and improve self-generated income.
- 7 A medium-term financial plan is currently being prepared which will be aligned to the objectives and assumptions contained in the five-year corporate plan.

Governance and transparency

- 8 RBGE has effective governance arrangements in place that support the scrutiny of decisions.
- 9 The Framework Document has not been reviewed since 2014. RBGE are working with the Scottish Government so that it can be updated to reflect current arrangements, however, this is progressing slower than RBGE would wish.
- 10 Transparency could be improved by making committee minutes and papers available on the website.

Value for money

- 11 RBGE has well-established performance monitoring arrangements in place.

- 12** Performance reporting would be improved if all key measures and outcomes contained in the corporate plan/ transition plan were included in the Trustees Report or an alternative report that is accessible to the public. This, together with further progress in benchmarking with other bodies would enable RBGE to better demonstrate achievement of value for money and continuous improvement in the way services are delivered.

Introduction

1. This report summarises the findings from our 2018/19 audit of Royal Botanic Garden Edinburgh (RBGE).

2. The scope of our audit was set out in our Annual Audit Plan presented to the 13 February 2019 meeting of the Audit Committee. This report comprises the findings from:

- an audit of RBGE's annual report and accounts
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

Exhibit 1 Audit dimensions



Source: *Code of Audit Practice 2016*

3. The main elements of our audit work in 2018/19 have been:

- a review of RBGE's main financial systems
- an audit of RBGE's 2018/19 annual report and accounts including the issue of an independent auditor's report setting out my opinions
- consideration of the four audit dimensions of public audit.

Adding value through the audit

4. We add value to the RBGE through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
- reporting our findings and conclusions in public
- sharing intelligence and good practice through our national reports ([Appendix 4](#)) and good practice guides
- Providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

5. In so doing, we aim to help RBGE promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

6. RBGE has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual report and accounts that are in accordance with the accounts direction from the Scottish Ministers. RBGE is also responsible for establishing appropriate and effective arrangements for governance, propriety and regularity that enable the board to successfully deliver its objectives.

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

8. As public sector auditors we give independent opinions on the annual report and accounts. Additionally, we conclude on:

- the appropriateness and effectiveness of the performance management arrangements,
- the suitability and effectiveness of corporate governance arrangements,
- the financial position and arrangements for securing financial sustainability.

9. In doing this we aim to support improvement and accountability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

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

11. Our annual audit report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, responsible officers and dates for implementation. It also includes any outstanding actions from last year and progress against these.

12. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2018/19 audit fee of £16,700 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

13. This report is addressed to both the RBGE and the Auditor General for Scotland and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

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

Part 1

Audit of 2018/19 annual report and accounts



Main judgements

The financial statements of RBGE give a true and fair view of the state of affairs as at 31 March 2019 and of the net income for the year then ended; and have been properly prepared in accordance with the financial reporting framework.

The expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

The Trustees Report and governance statement were consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

The annual report and accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

Audit opinions on the annual report and accounts

15. The annual report and accounts for the year ended 31 March 2019 were approved by the board on 9 October 2019. We reported within the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared
- expenditure and income were regular and in accordance with applicable enactments and guidance issued by Scottish Ministers
- the Trustees' Report and governance statement were all consistent with the financial statements and properly prepared in accordance with the accounts direction.

16. We have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records and the information and explanations we received.

Submission of annual report and accounts for audit

17. We received the unaudited annual report and accounts on 29 July 2019 in line with our agreed audit timetable.

18. The working papers provided with the unaudited financial statements were of a good standard and finance staff provided support to the audit team which helped ensure the final accounts audit process ran smoothly.

Risk of material misstatement

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

20. We have no issues to report from our work on the areas we identified in our 2018/19 Annual Audit Plan as being at risk of material misstatement in the financial statements. Our Annual Audit Plan also identified risks from our wider responsibility under the Code of Audit Practice. These relate to:

- The increasing reliance on self-generated income to meet costs and achieve a balanced budget.
- The significant funding required for the Edinburgh Biomes project in order to upgrade the glasshouses and other infrastructure within the gardens so that RBGE can continue to deliver its innovative work.
- The need for a longer-term financial plan which is linked to RBGE's five-year corporate plan and demonstrates how the organisation aims to respond to the financial challenges over the medium term.
- Some governing documents, including the Framework Document, have not been updated for a while.

21. We have commented on these in part 3 and [Appendix 2](#) of this report and, where appropriate, are included in the action plan at [Appendix 1](#).

Materiality

22. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement and involves considering both the amount and nature of the misstatement.

23. Our initial assessment of materiality for the annual report and accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 2](#). With regards to the annual accounts, we assess the materiality of uncorrected misstatements both individually and collectively.

24. On receipt of the unaudited annual report and accounts we reviewed our materiality calculations and concluded that they remained appropriate

Exhibit 2 Materiality values

Materiality level	Amount
Overall materiality	£0.185 million
Performance materiality	£0.074 million
Reporting threshold	£0.005 million

Source: Audit Scotland, Annual Audit Plan 2018/19

Significant findings from the audit in accordance with ISA 260

25. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the subjective aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.

26. The significant findings are summarised in [Exhibit 3](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included.

Exhibit 3 Significant findings from the audit of financial statements

Issue	Resolution
<p>1. Energy costs processed in 2018/19 that related to 2017/18</p> <p>Our audit testing of expenditure identified energy bills for £0.043 million covering the period January to March 2018 that were accounted for as 2018/19 expenditure.</p> <p>The impact of this is that expenditure in 2017/18 is understated by £0.043 million and expenditure in 2018/19 is overstated by the same amount.</p>	<p>RBGE did not receive these bills until August 2018 and there were ongoing issues with the accuracy of the bills from the energy supplier over this period, which have subsequently been addressed.</p> <p>As this is below the auditor's performance materiality level, and has no impact on the year end reserves held at 31 March 2019, no adjustment has been made to the accounts.</p> <p>We have included this in the schedule of uncorrected misstatements at Appendix 3.</p>
<p>2. Expenditure incurred in 2018/19 that was also accrued in 2017/18</p> <p>Capital expenditure in 2018/19 was understated by £0.018 million and revenue expenditure overstated by £0.018 million. This related to the payment for water tanks which was accrued in 2017/18, however when the payment was processed in 2018/19 it was erroneously charged to revenue expenditure and the credit was processed to a land and buildings suspense account.</p>	<p>An adjustment has been made to the 2018/19 accounts. The impact of this is to reduce expenditure recorded in the Statement of Financial Activities by £0.018 million and increase tangible fixed assets recorded in the balance sheet by £0.018 million. This results in the unrestricted fund reserve increasing by £0.018 million at 31 March 2019.</p>
<p>3. Year end cut off</p> <p>Our audit testing of expenditure identified that a payment for software maintenance licensing costs of £0.018 million was accounted for as expenditure in 2018/19 - however eight months of the costs (2/3rds) related to 2019/20.</p>	<p>An adjustment was made to the accounts and a prepayment of £0.012 million has now been processed. The impact was an increase in net income recorded in the Statement of Financial Activities and an increase to unrestricted reserves at the year end.</p> <p> Recommendation b/f 3 (refer appendix 1, action plan)</p>
<p>4. Assets under construction – Edinburgh Biomes</p> <p>RBGE are in the process of securing funding for the Biomes project to safeguard its national plant collections and future proof its status as a world leading centre for plant science, education, horticulture and conservation. Significant</p>	<p>RBGE will continue to review all costs connected to the Biomes to ensure that work done and capitalised to date is directly attributable to the approved project.</p> <p> Recommendation 1 (refer appendix 1, action plan)</p>

Issue	Resolution
<p>refurbishment and extension of the glasshouses is required at an estimated cost of £70 million.</p> <p>An outline business case was presented to the Scottish Government during 2018/19 and the full business case is currently being finalised and will be presented soon. Planning consent has been received from the City of Edinburgh Council.</p> <p>Assets under construction at 31 March 2019 include £3.123 million relating to the Biomes project. This increased by £1.433 million in 2018/19 from £1.680 million at 31 March 2018. Most of the expenditure to date relates to design costs, surveys, professional fees and some preliminary work. The Scottish Government provided RBGE with restricted funding of £1.6 million in 2018/19 to carry out preliminary feasibility work including design of the project and to prepare a business case. However, the future funding and magnitude of this project is still uncertain.</p> <p>RBGE have reviewed the expenditure to date within assets under construction and consider that this has a capital value on the basis of the future economic benefit that this project will bring to RBGE. However, this is dependent on receiving the approval of the full business case to proceed with this significant project and securing the funding required to undertake it.</p> <p>RBGE need to review the value of the cumulative Biomes expenditure when the full business case is considered by the Scottish Government to ensure that work done and capitalised to date is directly attributable to the approved project.</p>	

5. Provision for Bad Debts.

RBGE has provided for all debts over one year where future recovery is considered to be problematic. However, there is no provision against any balances aged between four months and a year. These balances totalled £0.175 million at 31 March 2019. This accounting treatment is consistent with previous years.

We were advised that these balances are being actively pursued and that steps will be taken to increase the pace of recovery. We have accepted management assurances that they consider these debts to be recoverable, combined with the low level of debts requiring to be written off over the past few years.



Recommendation b/f 4
(refer [appendix 1](#), action plan)

Source: Audit of 2018/19 annual accounts.

How we evaluate misstatements

27. It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected although the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. There were no material adjustments to the unaudited Annual Report and Accounts arising from our audit.

28. There were three misstatements which exceeded our reporting threshold of £0.005 million. These have been described in detail at significant findings 1, 2, and

3 in [Exhibit 3](#) above. The 2nd and 3rd findings have both been adjusted in the audited accounts. The first finding at Exhibit 3 has not been adjusted and is reported in [Appendix 3](#) uncorrected misstatements and their impact.

Follow up of prior year recommendations

29. We have followed up actions previously reported and assessed progress with implementation, these are reported in [Appendix 1](#) and identified by the prefix b/f (brought forward).

30. In total, six agreed actions were raised in 2017/18. Of these:

- three have been fully implemented
- one has been partially implemented
- two are progressing towards implementation and continue to be relevant.

31. Overall RBGE has made reasonable progress in implementing these actions. For those actions not yet implemented, revised responses and timescales have been agreed with management as set out in [Appendix 1](#).

Part 2

Financial management



Main judgements

RBGE has appropriate and effective arrangements in place for financial management with scope for improvements in some areas.

Our testing of the operation of the key financial controls relating to the main financial systems concluded that these were operating effectively.

Financial management is about financial capacity, sound budgetary processes and ensuring control environment operates effectively.

Financial performance in 2018/19

32. The main financial objective for RBGE is to achieve a break-even position on its cash income/spend. As a charitable Non-Departmental Public Body, RBGE is primarily funded by the Scottish Government by way of grant-in-aid. For 2018/19, the single entity accounts for RBGE show that it received £11.095 million from the Scottish Government. This comprised an operating budget of £8.495 million and a capital budget of £2.600 million.

33. This was supplemented by other income of £7.451 million from donations, charitable activities and other trading activities including gains on investments. This also included gift aid from RBGE's wholly owned trading subsidiary, the Botanic Trading Company Ltd, of £1.350 million.

34. Expenditure in 2018/19 totalled £17.348 million resulting in net income of £1.198 million. This is analysed between unrestricted, restricted and endowment funds in [Exhibit 4](#).

Exhibit 4 Performance against DEL in 2018/19

Performance	Income £m	Expenditure £m	Net Income £m
Unrestricted	13.226	12.566	0.660
Restricted	5.241	4.776	0.465
Endowment	0.079	0.006	0.073
Total	18.546	17.348	1.198

Source: RBGE Statement of Financial Activities 2018/19

35. The net income on unrestricted funding for 2018/19 is £0.660 million. This is partly due to the impact of a prior year adjustment relating to the change in accounting treatment required by Financial Reporting Standard 102 (FRS 102 – The Charities Statement of Recommended Practice) which highlights that donations from a subsidiary company should only be recognised by the parent company when there is a legal obligation to do so. This contributed to RBGE receiving gift aid from Botanics Trading Company Limited (BTC) of £1.350 million in 2018/19 compared to £0.566 million in 2017/18.

36. The Consolidated Statement of Financial Activities discloses net income of £0.944 million, which is £0.254 million less than the single entity net income for RBGE (£1.198m). This is due to BTC having an accounting loss of £0.254 million in 2018/19 due to them accounting for two gift aid payments to RBGE in 2018/19 as a result of the prior year adjustment.

2018/19 financial position

37. The Statement of Financial Position summarises what is owned and owed by RBGE. This shows taxpayers' equity – an accounting measurement of the amount invested that has continuing public benefit. It shows how much of this has arisen from the application of revenues and that which has resulted through changes over time in the value of physical assets.

38. The financial statements show that RBGE:

- has net assets of £57.320 million at 31 March 2019, an increase of £2.349 million from the previous year. This is attributable to increased valuations in property, plant and equipment due to indexation (£1.151 million); and the net income referred to above
- has a general fund balance at the end of the year of £0.137 million.

Donation to the Botanics Foundation

39. The Botanics Foundation was set up in 1997 to hold and manage funds to support RBGE, with the Foundation allocating these funds after reviewing applications and business cases. In June 2017 the Board of Trustees decided that any legacy income, which does not form part of RBGE's overall forecast, should be redirected to the Foundation, whilst ensuring the original wishes of the legator are maintained. In 2018/19, RBGE donated £0.719 million (2017/18: £0.612 million) of legacy income to the foundation. This has been recorded as expenditure in the accounts.

Budgetary processes

40. We reviewed RBGE's budgetary processes and budget monitoring arrangements. Senior management and trustees receive regular, timely and up to date financial information on the financial position.

41. Budget monitoring reports provide an effective picture of the budget position and supports trustees and senior staff to carry out effective scrutiny of its finances.

Systems of internal control

42. As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that RBGE has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

43. We did not identify any significant control weaknesses during our audit work that required to be reported to the Audit Committee.

Internal audit

44. We reviewed RBGE's internal audit arrangements in accordance International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors) to determine the extent we could use the work of internal audit.

45. To avoid duplication of work we seek to use the work of internal audit wherever possible. While we did not use their work regarding our audit of the council's financial statements, we did use internal audit's work as part of our wider dimension work in their review of RBGEs data protection arrangements. Internal Audit reported their findings from this work to the Audit Committee in February 2019. Further details of this work can be seen in Part 4 of this report.

46. Internal audit completed all significant elements of the work contained in their 2018/19 audit plan and provided assurance on the council's overall framework of control for the year to 31 March 2019.

Standards of conduct for prevention and detection of fraud and error

47. We have reviewed the arrangements in place to maintain standards of conduct including the Staff Handbook and Civil Service and Members' Codes of Conduct. There are established procedures for preventing and detecting any breaches of these standards including any instances of corruption.

48. RBGE has appropriate arrangements in place for the prevention and detection of fraud, error and irregularities, bribery and corruption. We are not aware of any issues that we need to bring to your attention, although some of the procedure and policy documents require to be reviewed to ensure they are up to date.

National Fraud Initiative

49. The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise coordinated by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, on different systems, to identify 'matches' that might suggest the existence of fraud or irregularity.

50. NFI activity is summarised in [Exhibit 5](#). Good progress has been made in reviewing the matches from the 2018/19 exercise with 44 of 46 matches having already been processed during the year. No frauds or errors have been identified during the review process.

Exhibit 5 NFI activity



46

Matches



7

High Risk Matches



44

Completed/closed
investigations

51. No updates on NFI have been provided to the Audit Committee/ Trustees in 2019. Furthermore, from a review of the various policy documents in place at RBGE covering its approach to potential fraud (e.g. the theft and fraud policy), there is no mention of the body's participation in the NFI process.



Recommendation 2

RBGE should report NFI progress to the Audit Committee on a periodic basis. RBGE should also update its appropriate policy documents to demonstrate its approach to the NFI process.

Dependency on key suppliers

52. The impact of a failure or collapse of a key supplier can be significant to an organisation and can result in either delays or non-completion of major contracts or, disruptions in the continued provision of vital services. This has brought into focus the risk of key supplier failure and the risk of underperformance in suppliers that are experiencing difficult trading conditions.

53. As part of our wider scope audit work in 2018/19, we identified that RBGE have two suppliers that would be considered a key supplier. Significant suppliers are subject to financial due diligence prior to contracts being awarded. The performance of RBGE's main suppliers is periodically reviewed to ensure they continue to comply with the terms of the contracts. We note, though, that the dependency on key suppliers is not included as a risk in the risk register and hence the performance of key suppliers is not routinely reported to the Audit Committee.



Recommendation 3

RBGE should monitor the performance of key suppliers through the risk register which is reported to the Audit Committee every quarter.

ICT controls

54. As part of our audit work in 2018/19, we have reviewed the ICT control environment within RBGE. This work included a review of the ICT framework documents, the security arrangements in place and consideration of the business continuity and disaster recovery plans.

55. As part of this work, we identified that the ICT Strategy expired in March 2016 and that the ICT Policy hasn't been updated since March 2003. It is important that RBGE have an up to date ICT Strategy which identifies how RBGE will use ICT to drive improvements across the organisation. The ICT strategy should outline RBGE's plans for future years and provide details on how this links to the Corporate Plan 2020-25.



Recommendation 4

RBGE should update its ICT Strategy and ensure it outlines its plans for future years and provides details on how this links to the Corporate Plan 2020-25.

Part 3

Financial sustainability



Main judgements

RBGE's financial position remains challenging but sustainable over the short term. Increasing reliance is being placed on self-generated income to break even.

The Edinburgh Biomes project outlines that significant investment is required to some of RBGE's properties and infrastructure over the medium term in order to sustain existing operations and improve self-generated income.

A medium-term financial plan is currently being prepared which will be aligned to the objectives and assumptions contained in the five-year corporate plan.

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

Financial planning

56. RBGE published its 2019/20 draft budget in February 2019. The budget is set to meet an expenditure requirement of £14.348 million from the following income sources:

- Grant in aid - £8.879 million
- Self-generated income - £5.389 million

57. Grant in aid from the Scottish Government in 2019/20 has increased by £0.384 million, however, this is required to cover increased pension cost contributions. Excluding this, the grant in aid allocation from the Scottish Government has been held at £8.495 million since 2016/17. As this represents an annual reduction in real terms this means RBGE is increasingly reliant on self-generated income to break even.

58. Self-generated income is projected to increase by 34% in 2019/20 when compared to the 2018/19 budget (£4.030 million). Self-generated income includes funding from the Botanics Trading Company Limited in 2019/20 which is projected to be £0.818 million.

59. The rise in self-generated income will be used to cover an expected increase in staff costs of £0.659 million and other increases in operational expenditure. The budget is forecast to deliver an overspend of £0.080 million at the end of the financial year.

Edinburgh Biomes project

60. Management note that the continuing ability of RBGE to increase or sustain self-generated income is critical to future financial sustainability. This could be impacted if the necessary repairs and improvements to the condition of RBGE's buildings and infrastructure are not addressed over the next few years. RBGE

have projected that, without major investment, the research and heritage glasshouses could require to be closed in 2025. This could have a significant impact on the services RBGE provides and its ability to generate income.

61. In order to address these issues, RBGE have created the Edinburgh Biomes project. Edinburgh Biomes will involve the installation of a new glasshouse and other research facilities within the garden. An outline business case was presented to the Scottish Government during 2018/19 and the full business case is currently being finalised and will be presented soon.

62. On 31 July 2019 the project received the backing of City of Edinburgh Council, who granted planning permission for the project. The estimated cost of Edinburgh Biomes is £70 million and RBGE are aiming to fund at least 25% of the cost. RBGE will require the Scottish Government to fund the remainder of the project and discussions on the matter are ongoing.

63. In the most recent progress report to the Board it was highlighted that there is significant risk to RBGE and the fulfilment of its purpose if the programme does not go ahead and that the project is dependent on Scottish Government funding and underwrite. Formal and informal communication between RBGE and the Scottish Government continues to reinforce this.

64. RBGE secured a capital grant of £2.8 million for 2019/20 (2018/19: £2.6 million) of which £1.8 million has been allocated to the Edinburgh Biomes project, with the remainder being allocated to core RBGE projects.

65. Further information regarding the costs incurred to date on this project have been reported at [Exhibit 3](#).

Medium to long term financial planning

66. There are various significant factors which impact RBGEs ability to produce meaningful long-term financial plans. These include:

- funding from the Scottish Government is provided annually. While funding beyond this period is not known, it is not expected to rise in future years
- if the Edinburgh Biomes project is approved, this would result in areas of the gardens and the glasshouse being temporarily closed. This would significantly impact future financial planning as it would have an impact on visitor numbers and income.
- the Corporate Plan 2020-25 is in the process of being developed.

67. Prior to the annual grant in aid funding settlement being known, RBGE carry out high level scenario planning to highlight the impact using flat cash, 5% reduction and 10% reduction. The scenario planning used for 2019/20 assumed that the 5% funding reduction was the most appropriate basis to follow and identified potential savings options to address this scenario. However, this covers one year only. A range of high level financial assumptions for the next 10 years have been incorporated into the Business Case for the Edinburgh Biomes project. These include the impact of this project being approved or not approved to proceed in 2020.

68. Currently, RBGE has a one-year Interim Corporate Plan for 2019-20. Work is underway to produce the Corporate Plan covering the period 2020-25. RBGE intends to produce a five-year financial plan which will be aligned to the Corporate Plan 2020-25. Preparatory work on this is expected to commence soon.



Recommendation 5

A longer-term financial plan should be prepared which is aligned to the objectives and key assumptions contained in the 2020-25 Corporate Plan.

EU Withdrawal

69. There remains significant uncertainty surrounding the terms of the UK's withdrawal from the European Union (EU). EU withdrawal will inevitably have implications for devolved government in Scotland and for audited bodies. It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas:

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

70. RBGE recognises the risk of EU withdrawal in its risk register and has identified three main issues which could impact RBGE going forward:

- Reduced access to EU science and education funding.
- Negative impact of currency and supply chain obstacles.
- Reduced talent pool and loss of EU (non-UK) national staff.

71. The high level actions being taken to mitigate the impact to RBGE are recorded in the risk register and periodic reports on progress are provided to the Board. RBGE participates in the Scottish Government's EU Exit Group and adjusts core planning in response to advice and guidance as it emerges from that Group.

Part 4

Governance and transparency



Main judgements

RBGE has effective governance arrangements in place that support the scrutiny of decisions.

The Framework Document has not been reviewed since 2014. RBGE are working with the Scottish Government so that it can be updated to reflect current arrangements, however, this is progressing slower than RBGE would wish.

Transparency could be improved by making committee minutes and papers available on the website.

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

Governance arrangements

72. RBGE has a Board of Trustees in place which is underpinned by clear roles and responsibilities for trustees and management. The Board is supported by the Science Advisory Committee, the Investment Committee and the Audit Committee.

73. The Framework Document between the Scottish Government and RBGE sets out the broad framework within which RBGE will operate and defines key roles and responsibilities which underpin the relationship between RBGE and the Scottish Government. It also outlines the responsibilities of the Board, Chair, Board Members, Regius Keeper and Accountable Officer. There are also details regarding the role and responsibilities of internal audit and the Audit Committee. The Framework Document was last updated in 2014 and there is ongoing discussion with the Scottish Government to work towards updating this, however a deadline for completion has not been set.



Recommendation 6

RBGE should continue to work with the Scottish Government to update the Framework Document to reflect current arrangements between the body and the Scottish Government.

74. From our attendance at Audit Committees, we note that committee papers are prepared in advance of each meeting, and sufficient time is made available at each meeting to allow appropriate discussion of each item on the agenda. Committee members are well-prepared and provide effective scrutiny to RBGE officers and auditors.

Openness and transparency

75. There is an increasing focus on how public money is used and what is achieved. In that regard, openness and transparency supports understanding and scrutiny. Transparency means that the public have access to understandable, relevant and timely information about how the board is taking decisions and how it is using resources such as money, people and assets.

76. RBGE's website is the principal means by which information is made available to the public. RBGE committee and Board meetings are not open to the public. Board minutes are published on the website, but Board and committee papers and committee meeting minutes are not available publicly.

77. With increasing public expectations for more openness in the conduct of public business, RBGE should consider whether there is scope to enhance transparency and keep this area under review.



Recommendation 7

With increasing public expectations for more openness in the conduct of public business, RBGE should consider whether there is scope to enhance transparency.

General Data Protection Regulation

78. The new General Data Protection Regulation (GDPR) came into force on 25 May 2018. This replaced the UK Data Protection Act 1998 (DPA). As a Regulation, all EU member states must implement it in the same way. GDPR sets out more requirements than the DPA and has introduced new and significantly changed data protection concepts. Failure to comply with new GDPR data handling arrangements could result in RBGE incurring significant fines.

79. In January 2018, RBGE hired an external consultant to undertake a review of data protection and steps that would require to be taken in order to comply with GDPR. As a follow up exercise to this work, Internal Audit completed a review of the actions undertaken to implement and embed the data protection requirements within RBGE. Internal Audit identified a number of areas where further work is required to address issues raised by the external consultant's report. These issues have been included in the Internal Audit Action Tracker which is reported to each meeting of the Audit Committee.

Cyber Security

80. The Scottish Government issued a Public Sector Action Plan on Cyber Resilience in November 2017. This requires all public sector bodies to carry out a review to ensure their cyber security arrangements are appropriate

81. RBGEs existing data security systems receive regular software updates and RBGE have installed an anti-ransomware security software system. In 2017/18 we reported that RBGE had failed the pre-assessment for Cyber Essentials and had contracted IT specialists Network ROI Ltd to assist with the overall objective of enhancing cyber security. A report was produced following the pre-assessment which provides details of the areas that require to be addressed and an action plan is in place to monitor this.

82. Work is currently underway to remove outdated systems no longer in use and to update existing systems. RBGE needs to address these issues as part of their aim to achieve Cyber Essentials accreditation by January 2020 from the Scottish Government.

Part 5

Value for money



Main judgements

RBGE has well-established performance monitoring arrangements in place.

Performance reporting would be improved if all key measures and outcomes contained in the corporate plan/ transition plan were included in the Trustees Report or an alternative report that is accessible to the public. This, together with further progress in benchmarking with other bodies would enable RBGE to better demonstrate achievement of value for money and continuous improvement in the way services are delivered.

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

Performance management

83. The performance of RBGE is monitored by the Board and the SMT against a number of performance actions which support the delivery of the Scottish Government's national performance framework. The Board is kept well informed of performance across all areas of activity.

84. RBGE is keen to develop its performance reports to incorporate refined targets which focus more on key indicators, direction of travel, and comparison with relevant other bodies. Sickness absence performance relative to other bodies is being reported, however, more detailed comparison against other bodies (e.g. Kew Gardens) on information such as scientific research and statistics, income generation etc is still not reported and is used, instead, to collect baseline statistics and intelligence. Further progress is required to provide trustees with more information on direction of travel and benchmarking with similar bodies.

85. A quarterly Performance Report is presented to both the Board and SMT that reports against the outcomes and key measures that were included in the yearly Operational Delivery Plan (ODP) which aligns broadly to the previous Corporate Plan 2015/20. The ODP for 2019/20 is based on the Transition Plan for 2019/20 and this year's performance reports are based on this ODP.

86. The RBGE Transition Plan has three strategic pillars. This highlights the outcomes that RBGE aims to achieve and the key measures of how success will be gauged. The Trustees Report provides updates and outcomes relating to some of the key measures contained in the Transition Plan, however, there is no explicit reporting against all of these measures; either in the Trustees Report or other reports that are available to the public.



Recommendation 8

Performance reports for Trustees should be refined to include key indicators or actions which show performance over time against the RBGEs key measures contained in the Corporate Plan or Transition Plan.

National performance audit reports

87. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. In 2018/19 several reports were published which are of direct interest to the RBGE. These are outlined in [Appendix 4](#).

88. The Head of Finance reviews national Audit Scotland reports and brings any important issues to the attention of the Audit Committee whenever appropriate. There is a standing agenda item to the Audit Committee on any relevant issues highlighted in Audit Scotland technical bulletins.

Appendix 1

Action plan 2018/19



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Edinburgh Biomes project</p> <p>RBGE have incurred £3.123 million on the Edinburgh Biomes project. The future funding and magnitude of this project is still uncertain and is dependent on receiving the approval of the full business case to proceed.</p> <p>Risk:</p> <p>If the project is not approved, or is approved on a smaller scale then expenditure capitalised to date may not be directly attributable to the approved project and will require to be impaired.</p>	<p>RBGE need to review the value of the cumulative Biomes expenditure when the full business case is considered by the Scottish Government to ensure that work done and capitalised to date is directly attributable to the approved project.</p>	<p>Agreed Action: RBGE will review the cumulative Biomes expenditure once the outcome of the full business case is known.</p> <p>Responsible Officer: Head of Finance.</p> <p>Target Date: 31 March 2020.</p>
2	<p>National Fraud Initiative</p> <p>No updates on NFI progress have been provided to Trustees. Furthermore, relevant policy documents in place at RBGE do not mention the approach to, or participation in, the NFI process.</p> <p>Risk</p> <p>There is a risk that Trustees are not aware of RBGEs approach to, or outcomes from the NFI work.</p>	<p>RBGE should report NFI progress to the Audit Committee on a periodic basis. RBGE should also update its appropriate policy documents to demonstrate its approach to the NFI process.</p> <p>Paragraph 51</p>	<p>Agreed Action: A report will be prepared for the February Audit Committee and policies will be reviewed to include our NFI approach.</p> <p>Responsible Officer: Head of HR.</p> <p>Target Date: February Audit Committee.</p>
3	<p>Dependency on Key Suppliers</p> <p>While key suppliers are subject to financial due diligence prior to contracts being agreed, the dependency on key suppliers is not included as a risk in the risk register and hence the performance of key suppliers</p>	<p>RBGE should monitor the performance of key suppliers through the risk register which is reported to the Audit Committee every quarter.</p> <p>Paragraph 5353</p>	<p>Agreed Action: A new risk that covers this will included in the risk register.</p> <p>Responsible Officer: Head of Finance.</p> <p>Target Date: 31 December 2019.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>is not routinely reported to the Audit Committee.</p> <p>Risk</p> <p>RBGE may not be fully aware of the performance of, or the issues impacting, its key suppliers.</p>		
4	<p>ICT Strategy</p> <p>The ICT Strategy and ICT Policy have not been updated for several years. It is important that RBGE have an up to date ICT Strategy which identifies how RBGE will use ICT to drive improvements across the organisation.</p> <p>Risk</p> <p>The ICT strategy may not be aligned to the Corporate Plan and RBGE may not be making effective use of its ICT systems.</p>	<p>RBGE should update its ICT Strategy and ensure it outlines its plans for future years and provides details on how this links to the Corporate Plan 2020-25.</p> <p>Paragraph 55</p>	<p>Agreed Action: Work is ongoing to update the ICT Strategy.</p> <p>Responsible Officer: Head of ICT.</p> <p>Target Date: 31 March 2020</p>
5	<p>Medium to Long Term Financial Planning</p> <p>Although financial scenario plans are prepared which show the impact on the following financial year, there are no medium to long term financial plans in place which outline key financial assumptions linked to the corporate plan and the impact on future spending and savings requirements.</p> <p>Risk</p> <p>RBGE may not be able to respond to the financial challenges over the medium term or meet its corporate plan objectives.</p>	<p>A longer-term financial plan should be prepared which is aligned to the objectives and key assumptions contained in the five-year corporate plan.</p> <p>Paragraph 68</p>	<p>Agreed Action: A 10-year plan has been included with the Biomes Full Business Case. A 5-year financial plan that aligns with the Corporate Plan will be prepared once progress has been made with the key assumptions.</p> <p>Responsible Officer: Head of Resources & Planning.</p> <p>Target Date: 31 March 2020.</p>
6	<p>The Framework Document</p> <p>The Framework Document between RBGE and the Scottish Government was last updated in 2014.</p> <p>Risk</p>	<p>RBGE should continue to work with the Scottish Government to update the Framework Document to reflect current arrangements between the body and the Scottish Government.</p> <p>Paragraph 74</p>	<p>Agreed Action: RBGE is in constant communication with the SG to try and get the Framework Document updated. It is hoped that a new document will be in place by the end of the financial year.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	The Framework Document could refer to outdated resulting in staff at trustees not being aware of their responsibilities or their role with the Scottish Government.		Responsible Officer: Head of Resources & Planning. Target Date: 31 March 2020.
7	Transparency RBGE Board and Audit Committee meetings and papers are not accessible to the public. Board minutes are published on the website, but Board and committee papers and committee meeting minutes are not available publicly. Risk RBGE is not viewed as being open and transparent.	With increasing public expectations for more openness in the conduct of public business, RBGE should consider whether there is scope to enhance transparency. Paragraph 76	Agreed Action: The Regius Keeper and RBGE Board will keep under regular review whether there is scope to enhance transparency. Responsible Officer: Head of Finance. Target Date: December 2019.
8	Performance management There is no explicit reporting against all of the measures contained in the Corporate Plan/ Transition Plan; either in the Trustees Report or the performance reports to the Board or SMT. Risk RBGE is not able to demonstrate achievement of value for money and continuous improvement in the way services are delivered.	Performance reports for Trustees should be refined to include key indicators or actions which show performance over time against the RBGEs key measures contained in the Corporate Plan or Transition Plan. Paragraph 84	Agreed Action: Quarterly reports to both the Board and SMT show the key measures and deliverables in our Transition Plan and measure performance. These are all aligned to our strategic objectives. The trustees report within the accounts will be reviewed to ensure it reports on our performance in line with the new strategic pillars. Responsible Officer: Head of Resources & Planning. Target Date: 31 July 2020.

Follow up of prior year recommendations

b/f 1	Capital revaluation reserve There is no analysis or summary breakdown of the capital revaluation reserve of £24.040 million. Risk RBGE are unable to accurately account for any downward revaluations if they cannot demonstrate that there is sufficient revaluation reserve	RBGE should quantify the breakdown of the capital revaluation reserve and the fixed assets that it refers to.	Fully Actioned: A breakdown of the capital revaluation reserve has now been provided per asset and this agrees back to the financial statements. Responsible officer: Finance Manager Revised date: Implemented
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No.	Issue/risk	Recommendation	Agreed management action/timing
	to fully cover any subsequent downward revaluations.		
b/f 2	<p>Bank reconciliations</p> <p>Payments processed after the year end were accounted for as if they had been processed and paid before the year end.</p> <p>Risk</p> <p>The bank balance reported in the accounts could be wrongly stated.</p>	<p>Only payments processed up to 31 March should be included in the year end bank reconciliation.</p>	<p>Fully Actioned: The bank reconciliation was properly prepared in 2018/19.</p> <p>Responsible officer: Finance Manager</p> <p>Target date: Implemented</p>
b/f 3	<p>Income and expenditure processed in the wrong accounting year</p> <p>Audit testing identified income and expenditure recorded in the wrong financial year and two accruals that were processed twice. All of these (except for one item for £0.005 million) related to cut off between 2016/17 and 2017/18 and do not therefore impact the closing balance sheet figures. We reported this in our interim report and there were controls in place at the year end to prevent any significant year end cut off errors.</p> <p>Risk</p> <p>Income and expenditure could be processed in the wrong accounting year.</p>	<p>Going forward, RBGE should ensure that procedures are in place to ensure that income and expenditure is accounted for in the correct accounting year.</p> <p>Exhibit 3</p>	<p>Fully Actioned: We encountered some non material cut off issues in 2018/19, however, we acknowledge that improvements have been made to mitigate against this.</p> <p>Responsible officer: Finance manager</p> <p>Target date: Implemented</p>
b/f 4	<p>Provision for bad debts</p> <p>There is no provision for bad debts in the accounts despite £0.053 million of debts being over three months old.</p> <p>Risk</p> <p>All debts over three months old may not be fully recoverable.</p>	<p>A policy for providing for bad debts should be determined and applied consistently each year.</p>	<p>Partially Actioned: Balances over one year were provided for in 2018/19, however, balances between four months and one year old were not provided. We have accepted management assurances that they consider these debts to be recoverable and there is ongoing pursuit.</p> <p>Revised action: All debts over 3 months should be assessed for potential bad debt provision.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
b/f 5	<p>Medium to long term financial planning</p> <p>Although RBGE carries out scenario planning, this is not linked to a more detailed medium to long term financial plan that sets out the steps that require to be taken to meet the most likely scenario over this term, linked to corporate priorities.</p> <p>Risk</p> <p>RBGE may not be able to respond to the financial challenges over the medium to long term.</p>	<p>A medium to long term plan should be prepared based on the sensitivity analysis and scenario planning currently in place.</p>	<p>Responsible officer: Finance manager.</p> <p>Target date: ongoing</p> <p>Not Implemented: A medium term financial plan will be prepared and aligned to the Corporate plan 2020-25.</p> <p>Revised action: See Action Plan 5 above</p> <p>Responsible officer: Head of Finance</p>
b/f 6	<p>Transparency</p> <p>RBGE committee meetings and Board meetings are not open to the public. Detailed Board minutes are published on the website, but Board and committee papers and committee meeting minutes are not available publicly.</p> <p>Risk</p> <p>RBGE is not viewed as being open and transparent.</p>	<p>With increasing public expectations for more openness in the conduct of public business, RBGE should consider whether there is scope to enhance transparency and keep this area under review.</p>	<p>Not implemented: There were no changes in 2018/19.</p> <p>Revised action: See Action Plan 7 above.</p> <p>Responsible officer: Head of Finance</p>

Appendix 2

Significant audit risks identified during planning

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

Audit Risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Risk of management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>No unusual or inappropriate transactions were identified as part of detailed testing of journal entries.</p> <p>A review of accounting estimates did not show any instance of bias.</p> <p>Focussed testing of regularity and cut-off assertions showed controls were operating effectively.</p> <p>No significant transactions outside the normal course of council business were identified.</p> <p>Conclusion: there is no evidence of management override of controls.</p>
<p>2 Risk of fraud over income</p> <p>RBGE receives a significant amount of income in addition to Scottish Government funding. The extent and complexity of income means that, in accordance with ISA240, there is an inherent risk of fraud.</p>	<p>Regular budget monitoring reports are provided to the Board.</p> <p>Fraud and loss updates are provided at each Audit Committee meeting.</p>	<p>Detailed testing of income transactions confirmed these were normal business transactions and had been accounted for in the correct year.</p> <p>Analytical procedures were carried out over income and satisfactory reasons were provided for all variances.</p> <p>No significant frauds specific to RBGE were reported to the Audit Committee.</p> <p>Conclusion: there is no evidence of fraud over income.</p>
<p>3 Risk of fraud over expenditure</p> <p>Most public-sector bodies are net expenditure bodies and therefore the risk of fraud is more likely to occur in expenditure.</p>	<p>Financial control systems covering expenditure are in place.</p> <p>Fraud and loss updates are provided at each Audit Committee meeting.</p> <p>RBGE takes part in the National Fraud Initiative with</p>	<p>Detailed testing of expenditure transactions confirmed these were normal business transactions and had been accounted for in the correct year.</p> <p>Completion of the NFI audit questionnaire identified good</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>The Code of Audit Practice requires consideration of risk of fraud over expenditure. RBGE incurs significant expenditure on a range of activities which will require audit coverage.</p>	<p>recommended matches reviewed for potentially fraudulent activities.</p>	<p>progress had been made by RBGE in following up matches.</p> <p>A review of the Internal Audit Annual Report provided assurance on fraud over expenditure.</p> <p>Conclusion: there is no evidence of fraud over expenditure.</p>
<p>4 Income and expenditure processed in the wrong accounting year.</p> <p>Audit testing in 2017/18 identified income and expenditure that was recorded in the wrong accounting year. This related mainly to transactions crossing the beginning of the financial year.</p>	<p>New measures have been put in place around cut off and this worked well for the 2017/18 year end. This will continue in forthcoming years to ensure income and expenditure are correctly accounted in the appropriate year.</p>	<p>Focused audit testing over income and expenditure items identified that all material transactions had been processed in the correct financial year.</p> <p>Conclusion: Income and expenditure has been processed in the correct year.</p>
<p>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</p>		
<p>5 Financial Sustainability - 2019/20</p> <p>RBGE continue to face budget pressures. Initial forecast scenarios for 2019/20 indicate a deficit of £0.077 million. RBGE requires to increase self-generated income and reduce costs in order to break even. This is based on Grant-in-Aid of £8.879 million from the Scottish Government, which has remained at the same level for each of the two previous financial years. This follows a similar increase in self-generated income and cost reductions that were required in 2018/19 to break even.</p> <p>RBGE are forecasting a deficit of £0.029 million for 2018/19, hence any additional income or recurring efficiency savings not achieved will increase savings requirements for future years and will present a risk to future financial sustainability.</p>	<p>RBGE undertakes an appropriate level of sensitivity analysis and scenario planning, particularly in relation to potential changes in government funding.</p> <p>In advance of Grant in Aid announcements, different funding scenarios are modelled, and the leadership team/Board discuss options to manage a reduced funding situation. Income sources are reviewed and challenged. The impact and mitigation of any potential cost reductions are identified.</p>	<p>RBGE has satisfactory monitoring and control arrangements that facilitate effective scrutiny of finances by Trustees and senior staff.</p> <p>RBGE and BTC Ltd are actively seeking to increase their income streams through increased commercial activity e.g. events such as Christmas at the Botanic, consultancy and educational courses.</p> <p>RBGE received an additional £0.384 million grant funding in 2019/20 from the Scottish Government to fund the increase to employer pension contributions.</p> <p>Conclusion: RBGE has sufficient funding in place to meet its 2019/20 objectives.</p>
<p>6 Edinburgh Biomes programme (previously North East Corner)</p> <p>There are a number of buildings within RBGE, including the A-listed glasshouses, that require</p>	<p>Progress reports on the Edinburgh Biomes programme are taken to each Board Meeting.</p> <p>Review the risk register reported to Trustees which provides updates on the</p>	<p>RBGE has allocated £1.8 million of its £2.8 million capital grant funding for 2019/20 to continue to progress the Biomes project.</p> <p>The impact on the programme and budget for the work required to the glasshouse, surrounds and</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>significant maintenance work to be carried out in order to ensure they continue to be operational.</p> <p>The October 2018 Board meeting projected the cost to address the Edinburgh Biomes is £63.5 million over a six year period, although this could continue to rise further in future years.</p> <p>If the required maintenance work cannot be carried out there is a risk that the glasshouses will no longer be in a suitable condition for RBGE to continue to deliver its innovative work.</p>	<p>Edinburgh Biomes programme.</p> <p>RBGE aim to finance at least 25% of the costs, and are requesting the Scottish Government to underwrite the project and fund the remainder.</p>	<p>related infrastructure has been assessed and is estimated at £70 million. The programme is expected to complete in 2026/27 assuming construction commences in 2020/21.</p> <p>RBGE will shortly present its full business case to the Scottish Government outlining its specifications and costings for this project. City of Edinburgh have recently backed the proposals made by RBGE and planning permission has been granted for the project.</p> <p>Conclusion: RBGE have made progress in developing their full business case for the Edinburgh Biomes project. Management consider that this project and the required funding are essential for RBGE to continue to deliver its innovative work.</p>
<p>7 Medium to long term financial planning</p> <p>Although RBGE carries out scenario planning, this is not linked to a more detailed medium to long term financial plan that sets out the steps required to meet the most likely scenario over this term, linked to corporate priorities.</p> <p>There is a risk then that RBGE may not be able to respond to the financial challenges over the medium term.</p>	<p>RBGE is reviewing the scenario planning work carried out as part of a review of the planning and budgeting arrangements with the intention of improving the longer-term focus.</p> <p>Longer term financial planning will be aligned to the next longer-term corporate plan covering the period 2020 - 2025.</p>	<p>Work is underway to produce the Corporate Plan covering the period 2020-25. RBGE intends to produce a five-year financial plan which will be aligned to the Corporate Plan 2020-25. There is uncertainty regarding the Edinburgh Biomes project and funding, and the impact this has on the five-year plan.</p> <p>Conclusion: Progress is being made towards a five-year financial plan. This will be reviewed as part of the 2019/20 audit.</p>
<p>8 Framework Document</p> <p>The Framework Document has not been updated since 2014. Furthermore, there are a number of other governing documents which require to be updated.</p> <p>There is a risk that some governance documents could relate to outdated practices and staff members may not be aware of the current governance arrangements in place as they have access to out-of-date documents.</p>	<p>RBGE is currently carrying out a review of a number of the out-of-date documents and intend to approve updated versions over the course of 2019.</p>	<p>Discussions are ongoing with Scottish Government who indicated that they will review the Framework Document in 2019/20. This is under discussion however a deadline for completion has not been set.</p> <p>A number of the other policy documents of RBGE remain out of date - these include the ICT Strategy and the ICT Policy.</p> <p>Conclusion: RBGE should review the out of date policies and ensure that these are refreshed during 2019/20.</p>

Appendix 3

Summary of uncorrected misstatements

We report all uncorrected misstatements in the annual report and accounts that are individually greater than our reporting threshold of £0.005 million and request they be corrected.

There is only one uncorrected misstatement above the reporting threshold. This is below our performance materiality level and is highlighted below.

- Our audit testing of expenditure identified energy bills for £0.043 million covering the period January to March 2018 that were accounted for as 2018/19 expenditure that should have been accounted for as expenditure in 2017/18. If this were adjusted, it would have the impact that expenditure reported in 2018/19 is overstated by £0.043 million and expenditure reported in 2017/18 is understated by the same amount. This has no impact on the general fund balance at 31 March 2019 disclosed in the Consolidated Balance Sheet.

Appendix 4

Summary of national performance reports 2018/19

		 2018/19 Reports	
Local government in Scotland: Challenges and performance 2018		Apr	
Councils' use of arm's-length organisations		May	 Scottish Fire and Rescue Service: an update
Scotland's colleges 2018		Jun	
		Jul	 The National Fraud Initiative in Scotland 2016/17
Forth Replacement Crossing		Aug	 Major project and procurement lessons
Children and young people's mental health		Sept	 Superfast broadband for Scotland: further progress update
NHS in Scotland 2018		Oct	
Health and social care integration: update on progress		Nov	 Local government in Scotland: Financial overview 2017/18
		Dec	
		Jan	
		Feb	
		Mar	 Local government in Scotland: Challenges and performance 2019

Central Government relevant reports

[*Scottish Fire and Rescue Service: an update*](#) – May 2018

[*Scotland's colleges 2018*](#) – June 2018

[*The National Fraud Initiative in Scotland 2016/17*](#) – July 2018

[*Forth Replacement Crossing*](#) – August 2018

[*Major project and procurement lessons*](#) – August 2018

[*Superfast broadband for Scotland: further progress update*](#) – September 2018

Royal Botanic Garden Edinburgh

2018/19 Annual Audit Report

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