

Royal Botanic Garden Edinburgh

2023/24 Annual Audit Report



 AUDIT SCOTLAND

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

December 2024

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Key messages

2023/24 annual report and accounts

- 1 Audit opinions on the annual report and accounts are unmodified, i.e. the financial statements and related reports are free from material misstatement.
- 2 Material adjustments have been made to the financial statements as a result of the audit process.

Financial management

- 3 Unrestricted expenditure exceeded unrestricted income resulting in a net deficit of £0.025 million and a closing balance on unrestricted reserves of £0.181 million.
- 4 RBGE has appropriate and effective financial management in place, with regular budget monitoring reports provided to the Board.
- 5 RBGE continues to develop its IT arrangements as it remains an area of focus.

Financial sustainability

- 6 At the start of 2024/25, RBGE had a budgeted deficit of £0.6 million which is being closely monitored by management and the Board.
- 7 £4.3 million of capital funding was not drawn down from the Scottish Government as a result of slippage due to unforeseen challenges on the Edinburgh Biomes programme which has led to increased costs. RBGE has been proactive in securing supplementary income from fundraising activities.
- 8 Delivery of the Edinburgh Biomes programme remains challenging due to the specialised nature of the work and materials required, as well as the annual nature of Scottish Government capital funding.

Vision, leadership, and governance

- 9 RBGE has clear plans in place to implement its vision, strategy and priorities.
- 10 Governance arrangements at RBGE are effective and appropriate.

Use of resources to improve outcomes

- 11 RBGE has appropriate arrangements in place for securing Best Value.
- 12 Effective performance management arrangements are in place.

Introduction

1. This report summarises the findings from the 2023/24 audit of Royal Botanic Garden Edinburgh (“RBGE”). The scope of the audit was set out in an Annual Audit Plan presented to the 13 March 2024 meeting of the Audit Committee. This Annual Audit Report comprises:

- significant matters arising from an audit of RBGE’s annual report and accounts
- conclusions on the following wider scope areas that frame public audit as set out in the [*Code of Audit Practice 2021*](#):
 - Financial Management
 - Financial Sustainability
 - Vision, Leadership, and Governance
 - Use of Resources to Improve Outcomes.

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

Audit appointment

3. I, Pauline Murray, have been appointed by the Auditor General for Scotland as auditor of RBGE for the period from 2022/23 until 2026/27.

4. My team and I would like to thank Board members, Audit Committee members, senior leadership team, and other staff, particularly those in finance, for their cooperation and assistance in this year’s audit, and we look forward to working together constructively over the remainder of the five-year appointment.

Responsibilities and reporting

5. RBGE has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing an annual report and accounts that are in accordance with the account’s direction from the Scottish Ministers. RBGE is also responsible for establishing appropriate and effective arrangements for governance, propriety, and regularity.

6. My responsibilities as the independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000, the Code of Audit Practice

2021, supplementary guidance and International Standards on Auditing in the UK (ISAs).

7. Weaknesses or risks identified are only those which have come to the attention of the audit team during our normal audit work and may not be all that exist. Communicating these does not absolve management of RBGE from its responsibility to address the issues we raise and to maintain adequate systems of control.

8. This report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officers, and dates for implementation.

Auditor Independence

9. I can confirm that the audit team comply with the Financial Reporting Council's Ethical Standard. I can also confirm that I have not undertaken any non-audit related services and therefore the 2023/24 audit fee of £24,480 as set out in my 2023/24 Annual Audit Plan remains unchanged. I am not aware of any relationships that could compromise our objectivity and independence.

10. The annual audit adds value to RBGE by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.
- sharing intelligence and good practice identified.

1. Audit of 2023/24 annual report and accounts

Public bodies are required to prepare annual reports and accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

Main judgements

Audit opinions on the annual report and accounts are unmodified.

Material adjustments have been made to the annual report and accounts as a result of the audit process.

Audit opinions on the annual report and accounts are unmodified

11. The Board approved the annual report and accounts for RBGE and its group for the year ended 31 March 2024 on 11 December 2024. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- expenditure and income were in accordance with applicable enactments and guidance
- the audited part of the Remuneration and Staff Report was prepared in accordance with the Government Financial Reporting Manual
- 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.

Overall materiality was assessed as £462,000

12. Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

13. My initial assessment of materiality was carried out during the risk assessment phase of the audit. This was reviewed and revised on receipt of the unaudited annual report and accounts and is summarised in [Exhibit 1](#).

Exhibit 1 Materiality values

Materiality level	RBGE	Group
Overall materiality	£462,000	£510,000
Performance materiality	£300,000	£332,000
Reporting threshold	£23,000	£26,000

Source: Audit Scotland

14. The overall materiality threshold was set with reference to gross expenditure which I judged as the figure most relevant to the users of the financial statements.

15. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 65% of overall materiality, reflecting audit findings reported in the prior year and risks identified at planning.

16. It is my responsibility to request that all misstatements are corrected other than those below the reporting threshold. The final decision on making the correction lies with those charged with governance.

Significant findings and key audit matters

17. Under ISA (UK) 260, I communicate significant findings from the audit to the Board, including my view about the qualitative aspects of the Board's accounting practices.

18. The Code of Audit Practice also requires me to highlight key audit matters which are defined in ISA (UK) 701 as those matter judged to be of most significance.

19. The significant findings are summarised in [Exhibit 2](#).

Exhibit 2

Significant findings and key audit matters from the audit of the annual report and accounts

Issue	Resolution
<p>1. Recognition of capital grant income</p> <p>In the course of income and debtors testing, we identified a capital grant of £0.8 million, which was accounted for in 2023/24. We concluded that the income recognition criteria for this grant were not met until 2024/25 and therefore it was incorrect to include this amount within 2023/24 income.</p>	<p>An adjustment was made to the accounts, decreasing income and debtors each by £0.8 million.</p>
<p>2. Timing of income recognition</p> <p>The audit team identified 10 further income transactions with a cumulative value of £0.6 million which were accounted for in the wrong year. In some cases this was due to late information being received from partner organisations, however testing identified incorrect classification of income across both 2022/23 and 2023/24, and across 2023/24 and 2024/25. The majority of these income transactions relate to restricted funding projects.</p> <p>The errors which affected 2022/23 totalled £0.480 million, however they net to £0.371 million which is under our materiality threshold. This includes £0.355 million relating to 2021/22 and 2022/23, which RBGE finance team had discovered and informed the audit team of prior to the start of the financial statements audit.</p> <p>The errors which affected 2023/24 and 2024/25 were cumulatively £0.142 million.</p> <p>Identified errors which exceed our reporting threshold are set out in Appendix 2. As no prior year restatement was required, these appendices do not include amounts relating to 2021/22 and 2022/23.</p>	<p>The audit team extended testing across the account codes where cut off errors were identified. Management also undertook an exercise to investigate further errors in the remaining untested population.</p> <p>We obtained sufficient assurance that the total error relating to prior years was not material, therefore no restatement was required of 2022/23 balances.</p> <p>Management processed £0.142 million of adjustments for the errors across 2023/24 and 2024/25.</p> <p>As part of year-end closedown procedures, RBGE should perform an exercise to assess whether all earned income has been fully recognised, and whether income accounted for meets the income recognition criteria per its accounting policy and IFRS 15.</p> <p>Recommendation 1</p> <p>(Refer Appendix 1, action plan)</p>

Source: Audit Scotland

Audit work responded to the risks of material misstatement we identified in the annual report and accounts

20. My team and I have obtained audit assurances over the identified significant risks of material misstatement in the annual report and accounts. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements identified in my 2023/24 Annual Audit Plan. It also summarises the further audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3

Identified Significant risks of material misstatement in the annual report and accounts

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively</p>	<ul style="list-style-type: none"> • Assessed the design and implementation of controls over journal entry processing. • Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Tested journals at the year-end and post-closing entries and focus on significant risk areas. • Considered the need to test journal entries and other adjustments throughout the year. • Evaluated significant transactions outside the normal course of business. • Assessed the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements. • Assessed any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. • Reviewed subsidiary accounts at year end and consider whether management override of controls at a subsidiary level could materially impact the consolidated accounts. 	<p>We found no instances of material misstatement due to fraud caused by management override of controls.</p>

21. In addition, I identified “areas of audit focus” in my 2023/24 Annual Audit Plan where I considered there to be risks of material misstatement to the financial statements. These areas of specific audit focus were:

- **Estimations in the valuation of land and buildings** – a desktop review of valuations took place in 2023/24, consistent with accounting policies. The sensitivity of estimates to changes in key assumptions presents an inherent risk in this area. We reviewed management’s indexation process and confirmed that land and buildings values in the accounts are free from material misstatement.

We identified material misstatements which were corrected in the financial statements

22. All misstatements relating to 2023/24 above our reporting threshold were corrected. One of these misstatements was the recognition of the capital grant income as detailed in [Exhibit 2](#). Two further misstatements relating to the recognition of income were identified. Further details of all corrected misstatements above the reporting threshold are included at [Appendix 2](#).

23. Adjustments were processed to the financial statements and further audit procedures were conducted as detailed in [Exhibit 2](#).

The unaudited annual report and accounts were received in line with the agreed audit timetable

24. The unaudited annual report and accounts were received in line with the agreed audit timetable on 30 September 2024.

Good progress was made on prior year recommendations

25. RBGE has made good progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

2. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

Conclusion

Unrestricted expenditure exceeded unrestricted income resulting in a net deficit of £0.025 million and a closing balance on unrestricted reserves of £0.181 million.

RBGE had appropriate and effective financial management in place, with regular budget monitoring reports provided to the Board.

RBGE continues to develop its IT arrangements as it remains an area of focus.

RBGE operated within its revised budget in 2023/24

26. The main financial objective for RBGE is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers. As a charitable Non-Departmental Public Body, RBGE is primarily funded by the Scottish Government by way of grant-in-aid.

27. For 2023/24, RBGE was allocated £31.3 million (£22.1 million in 2022/23) from the Scottish Government. This comprised a revenue budget of £11.5 million (£11.2 million in 2022/23) and a capital budget of £19.8 million (£10.9 million in 2022/23).

28. This was supplemented by other income of £11.5 million (£6.3 million in 2022/23) from donations, charitable activities and other trading activities including gains on investment.

29. The increase in the capital budget in 2023/24 was largely in relation to the development of the Edinburgh Biomes, a significant capital programme with a total baseline cost of £89.9 million over six years, of which 2023/24 is year three. There was some slippage in year due to unforeseen challenges, which resulted in £4.3 million not drawn down from the Scottish Government. See [paragraph 64.](#) for further details.

30. In 2023/24 unrestricted expenditure marginally exceeded unrestricted income resulting in a net deficit of £0.025 million and a closing balance on unrestricted reserves of £0.181 million. Unrestricted reserves represent accumulated surpluses on unrestricted income over unrestricted expenditure, commonly referred to as General Funds.

31. RBGE's financial performance against fiscal resources is shown in [Exhibit 4](#).

Exhibit 4

Performance against fiscal resource in 2023/24

Performance	Income £m	Expenditure £m	Gain/(loss) on investments £m	Net income/ (expenditure) 2023/24 £m
Unrestricted	16.037	16.062		(0.025)
Restricted	20.140	7.058		13.082
Endowment	0.035	0.009	0.109	0.135
Total	36.212	23.129	0.109	13.192

Source: RBGE Statement of Financial Activities

32. The financial statements show that RBGE has net assets of £92.9 million at 31 March 2024, an increase of £14.5 million from the previous year. This is mainly attributable to an increase in assets under construction of £9.5 million and an increase in debtors of £2.7 million.

Budget processes were appropriate

33. The Board approved the budget for 2023/24 in March 2023.

34. We observed that the Board and the Audit Committee continued to receive regular and accurate financial information on RBGE's financial position throughout 2023/24. Receiving regular, timely and up to date financial information supports sound decision making and effective scrutiny.

The Botanics Energy Company started trading in 2023/24

35. RBGE has two wholly owned subsidiaries, the Botanics Trading Company Limited (BTC) and the Botanics Energy Company Limited (BEC). BTC carries out retail, catering, events and consultancy activities across the four gardens. BTC donates its taxable annual profits available for distribution to RBGE, in accordance with the Government's Grant Aid legislation.

36. 2023/24 is the first year for which a set of accounts was prepared for BEC, which has commenced trading. BEC is constructing and will operate a new sustainable energy centre that will reduce RBGE's carbon emissions. Both companies' financial results are consolidated into the RBGE Annual Report and Accounts.

37. Total Group income for 2023/24 was £38.5 million (£30.5 million in 2022/23) with expenditure totalling £25.6 million (£22.9 million in 2022/23), resulting in net income of £13.1 million, including £0.1 million gain on investment. This is analysed between unrestricted, restricted and endowment funds.

Donation to the Botanics Foundation

38. The Botanics Foundation was set up in 1997 to hold and manage funds to support RBGE. The Foundation allocate these funds after reviewing applications and business cases. Since 2018, it has been RBGE policy 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 2023/24, RBGE donated legacy income of £0.7 million (£0.2 million in 2022/23) to the Foundation. This has been recorded as expenditure in the accounts.

RBGE has appropriate financial control arrangements in place

39. Our responsibilities under the Code of Audit Practice requires us to assess the system of internal control put in place by management. We seek to gain assurance that RBGE:

- has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements
- has systems of internal control which provide an adequate means of preventing and detecting error, fraud, or corruption
- complies with established policies, procedures, laws, and regulation.

40. From a review of the design and implementation of key controls within RBGE's systems of internal control (including those relating to IT) relevant to our audit approach, we did not identify any significant internal control weaknesses which could affect RBGE's ability to record, process, summarise and report financial and other relevant data and result in a material misstatement in the financial statements.

RBGE continues to develop its IT arrangements as it remains an area of focus

41. Audit work on the general IT environment considered RBGE's arrangements for: strategy and staffing, network structure and security, cyber security, Business Continuity Plans and Disaster Recovery Plans and system development and acquisition.

42. Continuity and security of IT operations remains an area of development and focus for RBGE. Efforts are continuing to respond to internal audit recommendations from the review carried out in 2021/22. A key action from this was conducting penetration testing which was carried out in February 2024 by an external supplier.

43. RBGE has developed a Network Vulnerability Action Plan which brings together all planned actions to address the risks identified from this testing. A target completion date was set as March 2025 to remediate critical and high-risk findings. However, this remains challenging given the number and scale of actions.

44. RBGE's ongoing Digital Transformation Programme is central to the development of its continuity and security of IT operations, particularly cyber resilience. Management acknowledge that considerable investment is required through digital transformation to take this forward.

45. We also noted that RBGE does not receive formal assurances regarding the IT control environment for systems which are externally hosted. RBGE should ensure it has arrangements in place to receive formal assurance from third parties on the control environment for these systems.

46. We recognise RBGE has invested significant efforts around IT and these are continuing. Management remain committed to implementing internal audit's recommendations but barriers such as capital investment and resources remain. This has meant that the pace of implementing recommendations in some areas has been slow meaning that key risks remain.

47. Alongside actioning internal audit recommendations, management have 280 actions to implement as a result of the penetrating testing completed earlier this year. This is against the backdrop of digital transformation and ensuring business as usual activities continue.

48. RBGE has an overarching IT project which has a multi-year roadmap in place which includes estimated costs. There is a lot of IT activity to manage whilst ensuring the resources and expertise needed are in place to enable delivery. A review of IT staffing and clear mapping of roles and responsibilities would help identify any skills gaps.

Recommendation 2

RBGE should formalise a clear action plan which captures all IT projects and their progress. This plan should include formalising arrangements for obtaining and reviewing assurances from external system suppliers.

Standards of conduct and arrangements for the prevention and detection of fraud and error are appropriate

49. In the public sector there are specific fraud risks, including those relating to tax receipts, welfare benefits, grants and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

50. As part of our review of the design and effectiveness of controls in 2023/24, we identified that there is appropriate recognition of the need for segregation of duties in transaction approvals, and journal processes.

51. The RBGE Staff Handbook has established procedures for preventing and detecting any breaches of conduct standards, including instances of corruption. There is also a designated Whistleblower Trustee, who oversees governance relating to fraud policies, which are available to staff in the Staff Handbook on the intranet.

52. RBGE also has a Theft and Fraud Response Group in place who are responsible for investigating theft and fraud. The group must inform the Accountable Officer of all reported instances of theft and fraud and make an annual report to the Audit Committee. Significant issues are reported to the Board as soon as is practical. The process followed by the group to investigate reports is outlined in the Theft and Fraud Policy.

53. We have concluded that RBGE has adequate arrangements in place to prevent and detect fraud and other irregularities.

3. Financial sustainability

Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Conclusion

At the start of 2024/25, RBGE had a budgeted deficit of £0.6 million which is being closely monitored by management and the Board.

£4.3 million of capital funding was not drawn down from the Scottish Government as a result of slippage due to unforeseen challenges on the Edinburgh Biomes programme which has led to increased costs. RBGE has been proactive in securing supplementary income from fundraising activities.

Delivery of the Edinburgh Biomes programme remains challenging due to the specialised nature of the work and materials required, as well as the annual nature of Scottish Government capital funding.

54. [Exhibit 5](#) sets out the wider scope risk relating to Financial Sustainability identified in my 2023/24 Annual Audit Plan. It summarises the audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Audit work has addressed the wider scope risks identified in the Annual Audit Plan

Exhibit 5

Risks identified from my responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p>1. Financial sustainability</p> <p>The Edinburgh Biomes capital project is ongoing and is expected to be completed at its earliest in October 2027.</p>	<ul style="list-style-type: none"> Assess any updates to the medium-term financial strategy Review any organisation-wide or project specific scenario planning 	<p>The medium term financial forecast continues to show recurring deficits over the next five years, even with the assumption that self-</p>

Audit risk	Assurance procedure	Results and conclusions
<p>Due to Scottish Government's infrastructure investment planning running on a five-year cycle (currently 2020/21-2025/26) the full funding of the project has not yet been guaranteed.</p> <p>There is a risk that project costs will continue to increase due to market conditions, and there could be slippage in the project timelines if funding is not in place to progress.</p>	<ul style="list-style-type: none"> Review the financial monitoring reports presented to the Board of Trustees Ongoing review of Royal Botanic Garden Edinburgh's financial position. 	<p>generated income will increase.</p> <p>The projected costs for the Edinburgh Biomes programme have increased by £10.7 million since 2022/23.</p> <p>The Biomes programme experienced slippage due to unforeseen circumstances in 2023/24 with £4.3 million not drawn down from the Scottish Government.</p>

Source: Audit Scotland

RBGE have projected a deficit of £0.6 million for 2024/25

55. The Board considered the 2024/25 budget at its meeting in March 2024. The budget was set to meet an unrestricted expenditure requirement of £16.5 million from the following income sources:

- core Grant in Aid of £11.5 million
- other income of £5.0 million.

56. The budget projected a deficit of £0.6 million for 2024/25, which exceeds the unrestricted reserves currently held by RBGE. The most recent budget monitoring report shows a decrease of £0.175 million in the forecast deficit.

57. In 2022/23 we reported that self-generated unrestricted income was forecast to increase to £4.2 million in 2023/24. This forecast was exceeded and the unrestricted self-generated income was £4.6 million. This was despite an underperformance in year in the profits of BTC.

58. Uncertainty around the Scottish Government budget continues to present a challenge for financial planning. This is increased due to the current context of significant cost pressures from inflation and the cost of living increases. RBGE recognises the financial challenges facing the organisation and continues to assess and monitor financial sustainability effectively.

59. In addition, RBGE continues to prioritise ways to develop and identify new income streams to generate future income.

Delivery of the Edinburgh Biomes programme in the current market, together with the annual nature of Scottish Government funding continues to show delays to programme completion and increases in overall costs

60. RBGE incurred capital expenditure of £14.3 million in 2023/24 (£10.8 million in 2022/23). The most significant expenditure in the year was the Edinburgh Biomes project. In 2023 construction work commenced on the energy infrastructure work, whilst renovation on the Victorian Palm House continued.

61. The Edinburgh Biomes programme is an infrastructure project to restore the public and research Glasshouses, which are over 200 years old. This aims to ensure that the Glasshouses continue to provide a safe environment for RBGE's plant collection. The Edinburgh Biomes will also include new facilities including an efficient, cost-effective energy centre, designed to significantly reduce RBGE's carbon emissions, and a new plant health hub which will provide a safe bio-secure propagation environment.

62. The programme commenced in August 2021 and was originally projected to span seven financial years, with completion during 2027/28. The latest completion date is now March 2030 for Phase 1. The projected overspend on the programme has increased to £21.4 million in 2023/24 (£10.7 million in 2022/23). Reasons for the increase include discovery of further works required for the Victorian Palm House, and increased costs of labour and materials. An updated Full Business Case is being prepared by the Edinburgh Biomes Programme Board, due to be completed in November 2024.

63. The cost movement in the Edinburgh Biomes programme is set out below in [Exhibit 6](#).

Exhibit 6 Cost movement in Edinburgh Biomes project

Budget heading	Cost £m	Cost £m
External costs (December 2020 Baseline)	£89.9	
Overspend	£21.4	
External costs (sub-total)		£111.2
RBGE internal costs (staff, furniture, fixtures & equipment, and visitor experience costs)		£13.4
Inflation prediction		£8.8
Total		£133.4

Source: RBGE Edinburgh Biomes Programme Board October 2024

Slippage due to unforeseen challenges in 2023/24 resulted in £4.3 million of capital funding not being drawn down from the Scottish Government

64. RBGE did not draw down £4.3 million of capital funding from the Scottish Government as RBGE were not able to spend it in year. The risk that the Edinburgh Biomes programme cannot meet the desired spend within the 12 month period of a given financial year is reflected in the Major Risks to RBGE Strategy section of the Governance Statement in the annual report and accounts. The £4.3 million will not be carried forward and added to a future capital grant allocation, in line with Scottish Government policy.

65. The Scottish Government committed £58 million in capital funding to the Edinburgh Biomes programme over the period 2021-2026. This is split into five annual amounts, which cannot be carried over or drawn down early by RBGE.

There is robust oversight and governance over the Edinburgh Biomes programme

66. The Edinburgh Biomes Programme Board (EBPB) meets quarterly and is concerned with operational strategic planning and financial monitoring of the ongoing works. As well as monitoring the progress of the project, EBPB perform financial monitoring with the aid of an external consultant who provides quarterly cost reports, including updates to cost and timing forecasts.

67. EBPB reports are considered in detail by the Edinburgh Biomes Oversight Committee (EBOC), whose purpose is to “*provide assurance to the Board for the successful development and implementation of Edinburgh Biomes, to make decisions within the delegated authority of the Board of Trustees, and to challenge, guide and support the Senior Responsible Officer on the delivery of Edinburgh Biomes*”.

68. EBOC comprises six members, including the Board Chair, the Regius Keeper and the Director of Resources and Planning, ensuring that there is appropriate oversight by both Trustees and senior management. EBOC met nine times in 2023/24 and provides an update report to each meeting of the Board. There is a strong level of scrutiny applied to the cost and timing challenges faced.

RBGE has prepared a medium-term financial forecast

69. RBGE has a medium-term financial forecast which is refreshed each year. We understand that RBGE updates its forecast on the most up to date assumptions based on information from the Scottish Government.

70. The most recent forecast projects RBGE’s income and expenditure up to 2029/30. The forecast currently projects recurring deficits over the next five years, despite assumed increases in education income and the financial performance of BTC.

4. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Conclusion

RBGE has clear plans in place to implement its vision, strategy and priorities.

Governance arrangements at RBGE are effective and appropriate.

RBGE has clear plans in place to implement its vision, strategy and priorities

71. With clear plans and strategies in place, and with sound governance and strong leadership, an organisation will be well placed to ensure that all of its resources are deployed to achieve its strategic priorities and support continuous improvement.

72. The RBGE Strategy 2021-26, Responding to the Biodiversity Crisis and Climate Emergency, was developed together with its longer term Science and Biodiversity Strategy 2021-2030. These strategies, together with its Operational Delivery Plan 2023/24 ensure alignment with the Scottish Government's updated Programme for Government.

73. RBGE has a clear vision supported by prioritised corporate and operational planning.

Governance arrangements are effective and appropriate

74. 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 Audit Committee and the Biomes Oversight Committee. The Investment Committee which was in place throughout prior years was dissolved in 2023/24 and had its final meeting in November 2023. Its duties were transferred to the Audit Committee.

75. RBGE's governance arrangements have been set out in the Governance Statement in the annual report and accounts. We have reviewed these arrangements and concluded that they are appropriate. This is informed by our regular attendance at the Audit Committee and review of the Board of Trustees' papers and other committees as appropriate.

The performance analysis in the Trustees' Report could be further improved

76. As part of our Independent Auditors Report included within the annual report and accounts, we provide an opinion on whether the Trustees' Report is consistent with the financial statements and properly prepared. In addition to the opinion, we consider the qualitative elements of the Trustees' Report. Its purpose is to provide information on a body, its main objectives and the key risks faced by RBGE. It should provide a fair, balanced and understandable analysis of RBGE's performance as well as helping stakeholders to understand the financial statements.

77. In 2022/23, we identified areas of the performance analysis that lacked balance and where the presentation could be improved to ensure balanced reporting for those areas where performance targets were missed as well as reporting successes.

78. In 2023/24 the Trustees' Report had more detail outlining organisational concerns than in the prior year, however the balance could be further improved. While there is sufficient detail on the achievements of each department across the organisation, and a summary of the key risks affecting RBGE, the report could benefit from more clarity on the challenges it faces, how those are being addressed and what this means for the organisation as a whole.

5. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

Conclusions

RBGE has appropriate arrangements in place for securing Best Value.

Effective performance management arrangements are in place.

RBGE has appropriate arrangements in place for securing Best Value

79. [Ministerial guidance to Accountable Officers](#) for public bodies and the [Scottish Public Finance Manual](#) (SPFM) sets out the accountable officer's duty to ensure that arrangements are in place to secure best value. The guidance sets out the key characteristics of best value and states that compliance with the duty of best value requires public bodies to take a systematic approach to self-evaluation and continuous improvement.

80. As part of its arrangements to secure Best Value, directors and managers are encouraged to review, identify and improve the efficient and effective use of resources.

81. RBGE have broad arrangements in place related to best value, however regulated procurements are all channeled through the in-house procurement service. Training is given to all Delegated Procurement Officers (DPOs), and RBGE are in the process of providing further training to allow DPOs to carry out more of the procurement process themselves, whilst ensuring they are still achieving best value and adhering to procurement rules.

82. RBGE is undergoing a Procurement and Commercial Improvement Programme (PCIP) health check, conducted by a Senior Procurement Capability Specialist from Scottish Government, which has commenced in November 2024.

83. In addition, we have observed that business cases for major capital investment are produced where spending limits require it, and commercial

activities are evaluated by management and the Board to determine whether they are providing a level of service or additional income which is proportionate to the costs involved.

Effective performance management arrangements are in place

84. RBGE continued to monitor key performance indicators throughout the year with performance information reported to the Board through a Key Results Report and Dashboard. The dashboard shows attainment against RBGE's strategic priorities using 16 key results indicators, 15 of which show annual data from 2020/21 to present. This allows qualitative and quantitative measures to be presented in a way which can be used to inform decision making.

85. Nine of the performance indicators cover financial information and capital projects, including indicators for Capital Expenditure against budget, income from science grants, funding pledges, commercial and self-generated income, as well as an Edinburgh Biomes RAG (red, amber, green) status indicator covering quality, cost and timeline.

86. There are also a number of non-financial key performance indicators relating to research publications, herbarium digitisation, visitor numbers for each of the gardens, and engagement with the public and other key stakeholders.

87. Some of the targets related to visitor and membership numbers have been adversely affected in 2023/24 due to poor weather and the closure of some of the Glasshouses necessitated by the ongoing Edinburgh Biomes project. Other areas, such as income from pledges, science grants and self-generated income have steadily increased.

RBGE has strong relationships with its stakeholders which has resulted in increased income in 2023/24

88. Our outcomes for public audit note that tackling complex social and environmental challenges requires better collaboration across public bodies, with an increase in the pace and scale of reform needed across the Scottish public sector.

89. In the course of the audit we have observed that RBGE carries out a high volume of work with its funding partners, as well as with various education institutions, delivering a wide and growing range of courses and educational support. Staff involved in finance, and research and development communicate effectively and have established strong relationships with these key stakeholders. In 2023/24 RBGE's non-government grant income has increased by £1.0 million (54%) and its education income has increased by £1.2 million (203%) in comparison to 2022/23.

There have been delays in RBGE submitting its Whole of Government Accounts return to Treasury

90. Whole of Government Accounts (WGA) is the consolidated financial statements for all components of government in the UK. Most public bodies are

required to submit returns for the preparation of WGA. The returns are consolidated into WGA by HM Treasury who are responsible for the process. WGA is audited at a UK level by the National Audit Office (NAO).

91. Appointed auditors in Scotland are required by the Code of Audit Practice, as part of their audit appointment, to examine and report on WGA returns prepared by Scottish audited bodies. Auditors are required to report the results of their examination in an Assurance Statement. The examination and reporting process performed by auditors is therefore described as auditor assurance.

92. Treasury prescribe a threshold for auditor assurance. No examination is required for bodies who are below the threshold. However, auditors are still required to partially complete the Assurance Statement and submit it to the NAO. We have been unable to complete this work due to management not submitting its WGA return since 2021/22. We understand that the delays in submitting are due to WGA system issues.

Recommendation 3

Management should ensure it has the required processes in place to submit its Whole of Government Accounts Return.

Appendix 1. Action plan 2023/24

2023/24 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Timing of income recognition</p> <p>The audit team identified 10 income transactions which were accounted for in the wrong year which led to significant additional testing.</p> <p>Risk – There is a risk that income is misstated in the accounts.</p>	<p>As part of year-end closedown procedures, RBGE should perform an exercise to assess whether all earned income has been fully recognised, and whether income accounted for meets the income recognition criteria per its accounting policy and IFRS 15.</p> <p>Exhibit 2</p>	<p>Accepted</p> <p>Most of the issues related to the treatment of restricted funding income and education income from previous years. Additional checks in all income areas will be carried out post next year end.</p> <p>Responsible officer: Head of Finance, Corporate Governance & Risk</p> <p>Agreed date: 31 May 2025</p>
<p>2. Development of IT arrangements</p> <p>Alongside actioning internal audit recommendations, management have 280 actions to implement as a result of the penetrating testing completed earlier this year. This is against the backdrop of digital transformation and ensuring business as usual activities continue. RBGE should consider its plans for managing all of this activity whilst ensuring the resources</p>	<p>RBGE should formalise a clear action plan which captures all IT projects and their progress. This should include formalising arrangements for obtaining and reviewing assurances from external suppliers.</p> <p>Paragraph 41.</p>	<p>Partially accepted</p> <p>RBGE has a clear plan to implement the actions from the testing. There is also a plan for all the systems that will be upgraded as part of the digital transformation project. The timing of these upgrades is dependent on the digital solutions that are selected.</p> <p>Responsible officer: Head of Estates & Technology</p> <p>Agreed date: 31 March 2025</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>and expertise needed are in place to ensure delivery.</p> <p>Risk – There will be further delays to making improvements to the digital and cyber security environment if RBGE does not have sufficient arrangements in place to address key risks.</p>		
<p>3. WGA return</p> <p>Auditors are required to partially complete the WGA Assurance Statement and submit it to the NAO. We have been unable to complete this work as RBGE have not submitted the WGA return since 2021/22, due to WGA system issues.</p> <p>Risk – There is a risk that RBGE does not support the preparation of the Whole of Government Accounts.</p>	<p>Management should ensure it has the required processes in place to submit its Whole of Government Accounts Return.</p>	<p>Accepted</p> <p>The WGA return for 2023/24 has now been submitted.</p> <p>Responsible officer: Head of Finance, Corporate Governance & Risk</p> <p>Completed</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation and Agreed Action	Progress
<p>b/f 1. Changes in supplier details</p> <p>RBGE does not maintain a record of all changes in supplier bank details. Therefore there is no audit trail which evidences the control procedure surrounding changes in supplier bank details</p> <p>Risk – There is a risk that unauthorised changes are</p>	<p>Management should ensure a record is maintained of all changes in supplier bank details.</p> <p>Action – RBGE have implemented a log that records information on all changes to bank details</p> <p>30 September 2023</p>	<p>Implemented</p> <p>RBGE have implemented a log that records information on all changes to bank details – this was completed by 30 September 2023.</p>

Issue/risk	Recommendation and Agreed Action	Progress
<p>made to supplier bank details.</p>		
<p>b/f 2. Performance reporting in the Trustees' Report</p> <p>Our audit work found that the Trustees' Report included significant detail on RBGE's performance, however the level of detail and the length of the report means that it is not easy to establish whether the performance reported is good or bad and what the key points are.</p> <p>Risk – There is a risk that the reader of the accounts cannot determine RBGE's true performance overall.</p>	<p>RBGE should further develop its performance reporting in the Trustees' Report to ensure it provides the reader with a clear understanding of how it performed.</p> <p>Action – RBGE will review the Trustees' Report, along with Audit Scotland, to ensure best practice is adhered to in future years and establish how the report can be improved.</p> <p>31 March 2024</p>	<p>Work in progress – While there is sufficient detail on the achievements of each department across the organisation, and a summary of the key risks affecting RBGE, the report could benefit from more clarity on the challenges it faces, how those are being addressed and what this means for the organisation as a whole.</p> <p>The Trustees Report should give the reader a clear understanding of how it is performing.</p> <p>Paragraph 75</p> <p>Revised action</p> <p>Additional information on the challenges facing each department has been included. RBGE will continue to strive to improve the Trustees Report to enable users to obtain a clear impression of how it's performing.</p> <p>Responsible officer: Director of Resource & Planning</p> <p>Revised date: 30 September 2025</p>
<p>b/f 3 (21/22). Procurement Strategy Review</p> <p>The procurement strategy was due to be reviewed and updated in 2018.</p> <p>Risk – There is a risk that current policy does not comply with legislative requirement.</p>	<p>Review and refresh the procurement strategy to ensure it is aligned to legislative requirements</p> <p>22/23 conclusion – In Progress</p> <p>22/23 Management Response - A draft of the strategy was prepared and</p>	<p>Implemented</p> <p>The revised Strategy was approved by the Senior Leadership Team in June 2024.</p>

Issue/risk	Recommendation and Agreed Action	Progress
	<p>was due to be submitted to the Executive Team in approval in September 2023. However RBGE advised that a new Scottish Government Procurement Manual was unexpectedly issued in September which delayed the submission as management ensure its documentation is in line with the revised document.</p> <p>Revised date for implementation – 31 March 2024</p>	
<p>b/f 4 (21/22). Business Continuity Planning</p> <p>ICT business continuity planning documents have not been subject to update in recent years and do not detail the arrangements that need to be followed in the event of different scenarios.</p> <p>Furthermore, ICT disaster recovery arrangements have not been tested for a number of years. No progress has been made to address the 2018/19 recommendation.</p> <p>Risk – ICT systems may not be recovered as fully or quickly as intended in the event of a disaster situation.</p>	<p>Draft Business Continuity Plan had been developed as at the end of 22/23. Work will continue to add detail to Business Continuity Plan reflecting outcomes in other areas such as Cyber and Information Governance.</p> <p>22/23 conclusion – In Progress</p> <p>22/23 Management Response - RBGE’s Major Incident Response Plan and Cyber Incident Response are currently being updated.</p> <p>IT disaster recovery has to be revised following the data centre capital investment in 2023/24.</p> <p>Revised date for implementation – 31 March 2024.</p>	<p>Work in Progress</p> <p>Capital funding to facilitate was approved for 2024/25. Business Continuity Planning policy and review of subordinate policies and processes programmed for completion in December 2025.</p> <p>Links to recommendation 2 above.</p>

Appendix 2. Summary of corrected misstatements

We report all corrected misstatements in the annual report and accounts that are individually greater than the reporting threshold of £23 thousand.

The table below summarises misstatements that were noted during audit testing and were corrected in the financial statements.

Narrative	Account areas	Statement of Comprehensive Net Expenditure		Statement of Financial Position	
		Dr £000	Cr £000	Dr £000	Cr £000
1. Misstatement of capital grant	Income	794			
	Debtors				794
2. Late accounting of legacy cheque	Income		52		
	Expenditure	52			
	Debtors			52	
	Creditors				52
3. Incorrect VAT calc	Income	32			
	Debtors				32

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