AUDIT & RISK ASSURANCE COMMITTEE

APPROVED MINUTES OF MEETING OF 24 MAY 2023

Meeting held in the Boardroom, Sighthill Campus, 15:00hrs

Present: Kenneth Brooker (Independent Member); Sue Cook (Chair); Ian Doig (Independent Member); Kerry McCormack; Bill Troup

In attendance: Nick Croft; Ian Deed; Gordon Hope; Michael Jeffrey; Chloe Main (BDO); Michael Speight (Mazars); Marcus Walker (Clerk); Alan Williamson

1. WELCOME AND APOLOGIES

1.1 The Committee NOTED apologies from Peter Burns (Independent Member).

1.2 The Committee NOTED that, following a review of committee membership by the Board of Management on 28 March 2023, Sue Cook, Bill Troup and Kerry McCormack had been appointed to the Audit & Risk Assurance Committee.

1.3 The Committee NOTED that Sue Cook, an experienced non-executive board member with experience chairing audit committees, had been appointed to Chair the Audit & Risk Assurance Committee. The new Chair welcomed fellow Non-Executive Board Members, Bill Troup and Kerry McCormack, to their first meeting of the Committee.

1.4 The Chair welcomed Michael Speight (Audit Director, Mazars) to his first meeting of the Audit & Risk Assurance Committee following Mazars appointment as external auditors.

1.5 The Chair welcomed Chloe Main (Audit Director, BDO) to the Audit & Risk Assurance Committee as a representative of the internal auditors.

2. DECLARATIONS OF INTEREST

2.1 No declarations of interests were received.

3. MINUTES OF PREVIOUS MEETING

3.1 The Committee APPROVED[1] the minutes from 22 February 2023 as an accurate record of the meeting.

4. MATTERS ARISING

4.1 MATTERS ARISING REPORT

4.1.1 The Committee NOTED that actions from the previous meeting were complete, overtaken or on the agenda.

4.2 BUSINESS COMMITTEES OF THE BOARD UPDATES

4.2.1 The Committee NOTED verbal updates from members of each of the business committees of the Board on key matters considered during the most recent Board cycle.

5. INTERNAL AUDIT REPORTS

5.1 SUMMARY OF INTERNAL AUDIT RECOMMENDATIONS

5.1.1 The Committee NOTED a report on progress against internal audit recommendations previously reported to the Audit & Risk Assurance Committee in 2018/19, 2020/21, 2021/22 and 2022/23. The Chief Operating Officer advised the Committee that, following feedback provided at its last meeting, the reporting template had been updated to clearly indicate the overall level of risk attached to each audit recommendation.

5.1.2 The Committee NOTED that, in response to a recommendation relating to data retention, a proposal would be presented to the next meeting of the Information Governance Group (IGG) on the retention and appropriate destruction of student data held on College systems. The Vice Principal Corporate Development confirmed that, whilst the College was compliant with GDPR regulations, work continued to ensure that student data from a range of databases was uniformly purged.

5.1.3 The Committee DISCUSSED the internal audit risk recommendation relating to data retention, which was marked as 'low risk', and AGREED that an update from the outcome of the IGG meeting should be reported to the next meeting of the Audit & Risk Assurance Committee.

5.1.4 The Committee AGREED that all recommendations/actions marked 'complete' should be removed from the next version of the Summary Internal Audit Recommendation Report.

The Director of Communications, Policy & Research joined the meeting

[1] The draft minutes of the meeting were informally approved by the previous Audit & Risk Assurance Committee Members, Lesley Drummond and Ian McLaughlan, prior to their review by the Board on 28 March 2023.

5.2 INTERNAL AUDIT REPORT: SUSTAINABILITY

5.2.1 The Committee NOTED that, as a part of the 2022/23 Internal Audit Plan, it was agreed that the internal audit function would carry out a review of Edinburgh College's sustainability arrangements. The Internal Auditor advised the Committee that the audit provided a 'Moderate' level of assurance over the design and effectiveness of the controls surrounding sustainability process at the College.

5.2.2 The Committee NOTED the low levels of attendance at the College's mandatory carbon literacy training in 2021/22, as outlined in the audit report. The Committee DISCUSSED the following in relation to this area of mandatory training:

(i) The need for appropriate leadership at senior management level to ensure managers attend mandatory training.
(ii) The monitoring of completion rates and the actions taken to ensure appropriate attendance.
(iii) The broader impact (if any) of lower-than-expected levels of compliance towards mandatory training on the College's insurance policy.

5.2.3 The Committee DISCUSSED the College culture around sustainability, and the work undertaken to promote positive behaviours amongst staff and students. The Committee NOTED the benefits of identifying College champions to lead on, and promote, best practice amongst their peer group(s).

5.2.4 The Committee welcomed the numerous areas of good practice highlighted in the audit report and NOTED that progress against two audit recommendations outlined in the report would be monitored through the Summary of Internal Audit Recommendations.

5.3 INTERNAL AUDIT PLAN 2023/24

5.3.1 The Committee NOTED both a Draft Internal Audit Plan 2023/24 and an accompanying Internal Audit Strategy 2023-26, as outlined by BDO. The Internal Auditor advised the Committee that both the Plan and the three-year Strategy were principally designed to provide assurance on the effective management of the College's key risks (- following BDO's reappointment as internal auditors).

5.3.2 The Committee NOTED that, in December 2022, ISQM (international Standards on Quality Management) came into effect and both the internal auditors, and the College were currently assessing the impact of the new Standard. The Internal Auditor highlighted to the Committee that the ISQM could potentially impact on their ability to provide cost effective third-party assurance in relation to the FES (Further Education Statistical Data Return), SSF (Student Support Fund) and EMA (Education Maintenance Allowance) audits.

5.3.3 The Committee NOTED that the impact of the ISQM on associated internal audits fees had not been fully appreciated by the SFC. The Chief Operating Officer advised the Committee that a meeting between the SFC and affected parties was due to take place to ensure the required audits were undertaken in a timely and cost-effective manner.

5.3.4 The Committee DISCUSSED the ISQM and AGREED that a further update should be provided to members once a meeting with the SFC had taken place and an appropriate resolution reached.

5.3.5 The Committee welcomed the opportunity to review the Internal Audit Plan 2023/24 and the accompanying three-year Strategy, and DISCUSSED the following points:

(i) The process undertaken to agree individual audits and their scope.
(ii) The number of days required to deliver the annual programme of audits.
(iii) The Executive Team's contentment with the proposed Internal Audit Plan
(iv) The use of Committee-led deep-dives to cover any perceived gaps in the audit plan.
(v) The rationale behind the decision within the audit plan to only undertake an *IT security* audit every three years.
(vi) The current scheduling of the *Business Planning & Performance Management* audit within the audit cycle.

5.3.6 The Committee AGREED that, to ensure that its new members were fully sighted on matters relating to IT and cyber security at the College and the associated risks, a development event - centred around the Edinburgh College Cyber Security Control Matrix - would be scheduled over the summer period. Further to this, the Committee AGREED that a decision on the scheduling of one (or more) *IT Security* internal audits would be considered again at its next meeting.

5.3.7 The Committee AGREED that the scheduled *Business Planning & Performance Management* audit would be brought forward from 2024/25 to 2023/24. To accommodate this change, the Committee AGREED that the proposed *Commercial Contract Management* audit should be moved back to 2024/25. The Chair advised the Committee that the planned deep dive into commercial income at its next meeting, following the approval of a new Edinburgh College Commercial Income Strategy, would provide an appropriate level of coverage and assurance.

5.3.8 The Committee DISCUSSED the scope of a scheduled *Procurement* audit in 2023/24 and AGREED that any queries in relation to the details within the audit should be followed up with the Chief Operating Officer and the Audit Manager directly.

5.3.9 The Committee AGREED that the Internal Audit Plan 2023/24 and the Internal Audit Strategy 2023-26 should be reviewed again at its next meeting.

6. RISK ASSURANCE REPORT

6.1 RISK APPETITE & ASSURANCE STATEMENT UPDATE

6.1.1 The Committee NOTED that a Board Strategy Session had been convened on 25 April 2023, which focussed on the initial development of a Risk Appetite Statement to align with the new Edinburgh College Strategic Plan. The Chief Operating Officer advised the Committee that the session, which was facilitated by Claire Robertson (Internal Audit Director, BDO), provided an opportunity for Board members to consider their broad appetite for risk against the five pillars of the Strategic Plan.

6.1.2 The Committee NOTED that whilst there was general agreement around the adoption of a risk impact matrix, as part of the new Risk Appetite Statement, it was agreed that further engagement with Board members would be required to shape a draft Statement - prior to it coming forward to a future meeting of the Board of Management for approval.

6.1.3 The Committee DISCUSSED feedback from the Risk Appetite Session and AGREED that the Chair of the Board, the Chair of the Audit & Risk Assurance Committee, and the Executive Team should consider how best to progress this matter in a timely manner. The Chair informed the Committee that she expected that, at an appropriate juncture, the Audit & Risk Assurance Committee would be provided with an opportunity to consider a Draft Risk Appetite Statement – prior to its approval by the Board.

6.2 RISK MANAGEMENT UPDATE

6.2.1 The Committee NOTED a risk management update as provided by the Director of Communications, Policy & Research, which highlighted progress in relation to risk management and reporting since the last meeting of the Committee on 22 February 2023.

6.2.2 The Committee DISCUSSED the continued evolvement of the Top-Level Risk Register and the reasons why trend data, in most areas, relating to risk probability had not decreased over recent months/years. The Director of Communications, Policy & Research advised the Committee that, due to the environment in which colleges operated, external factors (out with the College) limited the impact of the implemented mitigations – hence risk trends remaining constant.

6.2.3 The Committee NOTED that on 4 May 2023 key College stakeholders had participated in a cyber-attack scenario rehearsal facilitated by a Zurich Senior Risk Consultant. The Chief Operating Officer advised the Committee that the rehearsal had walked attendees through a phishing attack scenario from the immediate response, through to the implementation of business continuity action plan and recovery steps.

6.2.4 The Committee NOTED an updated Business Continuity Management Plan (BCP) relating to Adverse Weather. The Committee DISCUSSED the BCP and AGREED to its publication.

6.3 REPORTABLE DATA BREACH INCIDENT UPDATE

6.3.1 The Committee NOTED that no reportable data breach incidents took place at the College from 1 February 2023 to 30 April 2023.

6.4 DEEP DIVE: RECRUTIMENT, RETENTION & ENROLMENT UPDATE

6.4.1 The Committee NOTED an update on 2022/23 student recruitment and retention data and enrolments for the academic year 2023/24 – to date. The Chief Operating Officer advised the Committee that the data provided was reviewed by the Planning & Resources Committee and the Board of Management at each of their quarterly meetings.

6.4.2 The Committee DISCUSSED a circulated report provided by the Vice Principal Education & Skills, which outlined the current number of offers accepted. The Chief Operating Officer informed the Committee that initial figures for 2023/24 had indicated an increase in full-time HE applications, which the College's curriculum teams were working hard to convert into enrolments.

The Director of Communications, Policy & Research and the IT Infrastructure Lead left the meeting

7. EXTERNAL AUDIT: ANNUAL AUDIT PLAN YEAR ENDING 31 JULY 2023

7.1 The Committee NOTED an Annual Audit Plan for the year ending 31 July 2023, as presented by Mazars, which outlined the planned scope and timing of the audit. The External Auditor advised the Committee that the audit plan would be carried out in accordance with International Standards on Auditing, the Code of Audit Practice, and other relevant guidance.

7.2 The Committee NOTED that the plan identified audit work to provide an opinion on the financial statements and related matters and meet the requirements of a public sector audit. The External Auditor informed the Committee that the wide scope of such public audits allowed conclusions to be drawn on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements, and financial sustainability.

7.3 The Committee DISCUSSED the approach of the External Audit Team and how it would compliment the work of the internal audit function. The External Auditor advised the Committee that Mazars would be using the work carried out by the internal auditors over the academic year as a guide to inform their approach.

7.4 The Committee DISCUSSED the Annual Audit Plan for the year ending 31 July 2023, and AGREED it was content with the scope and timings of the planned audit work.

8. REVIEW OF COMMITTEE OPERATION 2022/23

8.1.1 The Committee NOTED that at the end of each academic year the Committee is required to review its annual activity. The Committee Chair advised the Committee that the same evaluation form, which asked members to consider the committee's operation and its performance monitoring and strategic roles, would be completed by all committees of the Board.

8.1.2 The Committee AGREED that its operation was compliant with its terms of reference, as outlined in 'Part 1' of the evaluation form.

8.1.3 The Committee DISCUSSED its performance over the academic year and AGREED that both past and present members' feedback should be relayed (via email) directly to the Chair and the Board Secretary, prior to a finalised version of the report being recirculated to the Committee (outwith the meeting cycle) for approval.

8.1.4 The Committee NOTED that any points of action arising from the review would be considered at its next meeting.

9. ANY OTHER COMPETENT BUSINESS

9.1 DEPARTURE OF INDEPENDENT MEMBER

9.1.1 The Committee NOTED that the tenure of the Independent Member, Ian Doig, would end on 31 July 2023. The Chair, on behalf of the Committee, thanked Mr Doig for his significant contribution to strategic risk management and assurance at the College.

10. FOR INFORMATION

10.1 COMMITTEE PROGRAMME OF WORK 2023/24

10.1.1 The Committee NOTED its proposed programme of work for the upcoming academic year. The Chair advised the Committee that the scheduling, and focus, of risk deep dives throughout 2023/24 would be considered further once the Annual Internal Audit Plan had been finalised.

11. DATE OF NEXT MEETING

11.1 The next meeting of the Audit & Risk Assurance Committee will take place on 11 October 2023.

Meeting closed at 17:30