For the future you want

AUDIT & RISK ASSURANCE COMMITTEE

MINUTES OF MEETING OF 24 FEBRUARY 2021

15:00, Remotely via Microsoft Teams

Present: Ian Doig; Lesley Drummond; Ross Laird; Nigel Paul (Chair); Judith Sischy

In attendance: Brian Battison (Audit Scotland); Nick Croft; Audrey Cumberford; Mike Jeffrey; Toni McAlindin; Martin Nolan; Fiona Riddoch; Claire Robertson (BDO); Lindsay Towns; Marcus Walker (Clerk); Alan Williamson

1   WELCOME AND APOLOGIES

   1.1   No apologies were received

   1.2   The Committee NOTED that Non-Executive Board Member, Toni McAlindin and Fiona Riddoch, were in attendance as observers.

2   DECLARATIONS OF INTEREST

   2.1   No declarations of interests were received.

3   MINUTES OF PREVIOUS MEETING

   3.1   The Committee APPROVED the minutes from 25 November 2020 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, with the exception of the following:

        4.1.2 *THREE LINES OF DEFENCE (Minutes 7.1.2/ 07.10.20 refers)*

        The Committee NOTED that, further to a discussion on 17 October 2020 related to the Three Lines of Defence Framework, a deep dive into Safeguarding would be conducted at a future meeting where consideration

would be given to the timing of any future internal audit. Further to this, the Chair advised the Committee that a curriculum planning audit was scheduled to take place in the current academic year.

4.2   BUSINESS COMMITTEE OF THE BOARD UPDATE

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 AUDIT RECOMMENDATIONS

5.1.1 The Committee NOTED a report on progress against internal auditors' recommendations previously reported to the Audit & Risk Assurance Committee in 2014/15, 2018/19, 2019/20 and 2020/21.

5.1.2 The Committee NOTED progress against an action related to workforce development and succession planning. The Chief Operating Officer advised the Committee that discussions with Heads of Faculty were now taking place to establish an appropriate business model for workforce planning.

5.1.3 The Committee DISCUSSED the development of a Workforce Plan and its strategic importance. The Chair advised the Committee that an update had been provided to the Policy & Resources Committee on 23 February 2021, and it was expected that a draft Workforce Plan would be presented to the Committee at the start of the next academic year.

5.1.4 The Committee NOTED that a Workforce Planning internal audit was scheduled to take place in March 2021. The Chair advised the Committee that, based on the progress highlighted in Minute 5.1.3 and the immediate impacts of the Covid-19 Pandemic, it was proposed that an internal audit on financial controls and change management during the Covid restrictions was conducted within this academic year. The Committee DISCUSSED the proposal, and AGREED that Workforce Planning would be moved to the 2021/22 Internal Audit Plan - to accommodate the proposed audit.

5.1.5 The Committee DISCUSSED progress against actions relating to Data Protection Management. The Head of Communication, Policy & Research advised the Committee that, as reported to its last meeting, there had been no reportable data breaches and the College remained well placed with regards to its legal duties under the Data Protection Act 2018.

5.2   INTERNAL AUDIT REPORT: PROJECT MANAGEMENT

5.2.1 The Committee NOTED that internal audit had conducted a review of the controls in place at Edinburgh College surrounding project management within the 'A Future Proof College' Programme. The Internal Auditor advised the Committee that the audit provided moderate assurances related to project management arrangements.

5.2.2 The Committee DISCUSSED the outcome of the internal audit, and NOTED that appropriate policies and procedures were in-place to support effective

project management. The Vice Principal Corporate Development advised the Committee that the Project Management Framework (and the Major Projects List) included a number of areas of good practice, however, greater consistency was required to ensure that procedures were appropriately implemented.

5.3 INTERNAL AUDIT REPORT: PAYROLL

5.3.1 The Committee NOTED that internal audit had conducted a review of the controls in place at Edinburgh College around Payroll. The Internal Auditor advised the Committee that the report provided substantial assurances in relation to both payroll and expenses.

6. RISK ASSURANCE REPORT

6.1 RISK MANAGEMENT UPDATE

6.1.1 The Committee NOTED a risk management update as provided by the Head of Communications, Policy & Research, which highlighted progress in relation to risk management and reporting since the last meeting of the Committee.

6.1.2 The Committee DISCUSSED the status of risks in the Top-Level Risk Register and NOTED that the top six risks were: *(Risk 3) Shortfall in Commercial Income*; (*Risk 26) Impacts of EU Withdrawal on College Business*; (Risk *35) Covid-19 Public Health Risk*; *(Risk 33) Financial Sustainability*; (Risk 24) Cyber Security Breaches; and, (*Risk 2) Poor Retention, Attainment and Progress*. The Head of Communications, Policy & Research informed the Committee that, as agreed by the Risk Management & Assurance Group (RMAG), *'failure to manage a critical incident'* had changed from a Red to an Amber rating of the Top-Level Risk Register.

6.1.3 The Committee DISCUSSED the following points in relation to the efforts of the College to continually improve its cybersecurity:

(i) Reported incidents of ransomware attacks in the public and private sectors, and the learning garnered from a recent breach at Dundee and Angus College;
(ii) The move towards a more secure cloud-based system;
(iii) The encryption of all College laptops to allow staff to work securely from home;
(iv) The penetration test undertaken in 2020, and the response of the College to its findings;

6.1.4 The Chair informed the Committee that the College Development Network had held a Cyber Security Session on 22 February 2020, led by the National Cyber Security Centre (NCSC). The Committee AGREED that a Board Toolkit, hosted on the NCSC website, should be circulated to members - for information.

6.1.5 The Committee DISCUSSED the financial sustainability of the College, and the most recent financial forecast considered by the Policy & Resources Committee on 23 February 2021. The Chief Operating Officer advised the

Committee that financial forecasting in 2021/22 had been positively affected by the £0.26m savings through the VS Scheme, and via the incorporation of the 2021/22 Public Sector Pay Policy which reflected an annual uplift of 1.17% (- compared to the previously forecast 2%). Further to this, the Chief Operating Officer advised the Committee that the cash position of the College had improved significantly over recent months due to additional financial support received through the UK Government's Job Retention Scheme.

6.1.6 The Committee NOTED that the RMAG had reviewed the extant Risk Appetite and Tolerance Statement scoring, and agreed that a moderate risk appetite rating remained accurate. The Head of Communications, Policy & Research advised the Committee that the Risk Appetite and Tolerance Statement would be considered again by the Board, in due course, to ensure it aligned with the new Strategic Plan - which was currently under development.

6.1.7 The Committee NOTED that the RMAG had reviewed the Business Continuity Management Framework and the Critical Incident Management Procedure, to ensure both documents accurately reflected current management processes. The Committee welcomed the opportunity to review current arrangement, and AGREED to endorse the publication of both documents.

Judith Sischy left the meeting

6.2 DEEP DIVE: IMPLICATIONS OF CURRENT COVID-19 RESTRICTIONS

6.2.1 The Committee NOTED an update on the response of the College to the Covid-19 Pandemic, through the delivery of its 5R Plan, and an analysis of the main impacts from the most recent 'national lockdown' restrictions.

6.2.2 The Committee NOTED that due to the rising number of Covid-19 cases, and subsequent admissions to hospitals and related deaths, the Scottish Government had introduced 'Protection Level 4' across the Edinburgh region in early December 2020. The Vice Principal Corporate Development advised the Committee that, as a consequence, the College decided to reactivate the 5R Plan Hub to coordinate its response. Further to this, a decision was taken to suspend on-campus teaching, learning and assessment, and to close campuses, from 11 December 2020.

6.2.3 The Committee NOTED that the College had planned to re-open campuses on 18 January 2021, prior to the implementation of a new national lockdown being introduced over the winter break period. The Vice Principal Corporate Development advised the Committee that the College had subsequently suspended the resumption of on-campus teaching, learning and assement until further guidance was published by the Scottish Government.

6.2.4 The Committee welcomed the update provided, and DISCUSSED the following points:

(i) The efforts of the College to develop its online learning and teaching, and the support it provides to lecturers working remotely;

(ii) the challenges posed to staff and student mental health, and the support available through the College;

      (iii)   the need to mitigate the number of student deferrals;

      (iv)   the potential availability of Covid-19 tests and vaccination to staff under the Scottish Government priority list;

      (v)   the level of communication between the college sector and the Scottish Government.

6.2.5 The Committee NOTED the significant amount of work carried out by the College, and its staff, to ensure its operations continued online during the lockdown period. The Chair, on behalf of the Committee, thanked staff for their continued efforts over a challenging period for the College.

Lesley Drummond left the meeting

6.3   DEEP DIVE: EU WITHDRAWAL

6.3.1 The Committee NOTED an updated analysis of the implication of EU withdrawal on Edinburgh College business. The Vice Principal Corporate Development informed the Committee that an agreement was reached between the UK and the European Union before the end of the transition period on 31 December 2020.

6.3.2 The Committee NOTED that the agreement, in summary, indicated arrangements for trade in goods, trade in services and investment, digital trade, capital movements, procurement, energy, and regulatory provision. The Vice Principal Corporate Development outlined to members the preparations for EU withdrawal put in place by both the UK and Scottish Governments.

6.3.3 The Committee NOTED that, under a new immigration system for EU/EEA/Swiss citizens arriving in the UK after 01 January 2021, there would be restrictions on the type of course they could study and their rights to work. The Vice Principal Corporate Development advised the Committee that the majority of EU citizens would no longer be eligible for Home fees and student funding, and would be classed as 'international', for the academic year 2021/22.

6.3.4 The Committee NOTED that the College expected the number of EU students classed as 'international' would be significantly lower than the number of students who had 'settled' and 'pre-settled' status. The Vice Principal Corporate Development advised the Committee that this provided a degree of stability in the short-term, although in the coming years this could have potentially larger impact.

6.3.5 The Committee DISCUSSED the following implications of EU withdrawal on the College:

      (i)   The Tier 4 accreditation of the College, and its ability to admit EU citizens with Tier 4 status;

      (ii)   the current need to prioritise international contracts over the recruitment of Tier 4 students;

      (iii)   the benefits of online learning to allow individuals from all over the world to study at Edinburgh College.

6.3.5 The Committee welcomed the opportunity to consider an update on the implications of EU withdrawal, and NOTED that the report would be

presented to the Corporate Development Committee on 02 March 2021. The Committee AGREED that the EU Withdrawal Report should be circulated to the Board - for information.

7.   ANY OTHER COMPETENT BUSINESS

7.1   None.

8.   FOR INFORMATION

8.1   INTERNAL AUDIT PROGRESS REPORT

8.1.1   The Committee NOTED a summary of internal audit activity during the academic year 2020/21 (to date), which included details on the activity planned for the coming quarter.

8.2   AUDIT SCOTLAND: APPOINTED AUDITOR 2020/21 & 2021/22

8.2.1   The Committee NOTED a change to the appointed auditor of the accounts of Edinburgh College for the financial years 2020/21 to 2021/22. The Chair advised the Committee that Ursula Lodge (Audit Scotland) had been appointed by the Auditor General for Scotland under the Public Finance and Accountability (Scotland) Act 2000.

8.3   REPORTABLE DATA BREACH INCIDENT UPDATE

8.3.1   The Committee NOTED that no reportable data breach incidents had taken place at the College from November 2020 to February 2021.

8.4   HORIZON SCANNING REPORT

8.4.1   The Committee NOTED a Horizon Scanning Report which outlined major political, economic, social, technological, legal and/or environmental developments that could impact on the five strategic plan aims of the College.

8.5   COMMITTEE PROGRAMME OF WORK 2020/21

8.5.1   The Committee NOTED its proposed programme of work for the upcoming academic year.

9.   DATE OF NEXT MEETING

9.1   The next meeting of the Audit & Risk Assurance Committee will take place on 26 May 2021.

Meeting closed at 16:45