Edinburgh College

AUDIT & RISK ASSURANCE COMMITTEE

Approved minutes of the meeting held at 14:00 on 8 October 2025 in the Boardroom, Sighthill Campus.

Present: Kenneth Brooker (Independent Member); Derek Hynds; Judit Harangozo; and Bill Troup (Chair).

In attendance: Ian Deed, Gordon Hope, Gemma MacLeod (BDO); Fraser Rudge (Clerk); Michael Speight (Mazars); Alan Williamson.

1 WELCOME & APOLOGIES

Apologies were NOTED from Peter Burns (Independent Member) and Audrey Cumberford (Principal and Chief Executive).

The Chair NOTED the departure of Marcus Walker as Board Secretary, and welcomed Fraser Rudge as Interim Board Secretary.

The Committee NOTED that Dr Mark Sheridan had stepped down from the Board of Management on 2 September 2025; and that this left a vacancy for a non-executive member on the Committee.

2 DECLARATIONS OF INTEREST

No declarations of interests were received.

3 MINUTES OF PREVIOUS MEETING

The Committee APPROVED the minutes from 21 May 2025 as an accurate record of the meeting.

4 MATTERS ARISING REPORT

4.1 Matters Arising Update

The Committee NOTED that actions from the previous meeting were complete, overtaken or on the agenda, with the exception of the following items:

4.1.1 Loss of Access to IT Systems

The Committee NOTED an update from the Digital Infrastructure Service Lead on the action to map co-dependences between application management systems to assess their impact on other known risks. The Digital Infrastructure Service Lead presented the progress achieved to date, highlighted areas of interest, and identified areas where further investigation was required.

Members DISCUSSED the dependencies which had been identified, and how the College could best prioritise potential mitigations or introduce additional redundancy. It was commented that additional information on the location of risks would be beneficial. The Committee agreed that the Clerk should circulate the mapping document to the Committee's members.

4.1.2 Cyber Essentials Plus

The Committee NOTED an update from the Digital Infrastructure Service Lead on the action to achieve Cyber Essentials Plus accreditation. Members were informed that College staff were meeting with representatives from Microsoft to identify solutions for end-point cyber resilience which was required for full Cyber Essentials Plus accreditation. It was anticipated that Microsoft would need to develop and provide a solution to the College. In the interim, the Committee NOTED that the College held Cyber Essentials accreditation. The Committee agreed that the action would remain ongoing pending the outcome of the Microsoft meeting/s, and an update provided at the next meeting

4.1.3 Internal Audit: Data Protection

The Committee NOTED an update from the Chief Operating Officer on the action to facilitate completion of recommendations arising from the internal audit of data protection, which had originally been scheduled for completion by August 2027.

Members received an update on the identification and procurement of an appropriate information asset system. It was explained that an existing in-house system (Top-Desk) had been trialled, but had been deemed unsuitable. Microsoft Lists had recently been identified as a potential solution, and was in the process of being reviewed.

Members were informed that, to facilitate an earlier completion of the audit recommendation, additional staff resource for information governance could potentially be procured from HEFESTIS on a temporary basis. Such an investment was anticipated to allow the audit recommendation to be completed by August 2026, instead of August 2027. It was reported that with additional temporary resource, by the end of December 2025, sufficient progress was expected to have been demonstrated for the audit recommendation to be nearly closed.

In response to a query about when the 2022/23 Cyber Security audit recommendation and the tracking of management response actions, the Chair asked the Director of Finance & Infrastructure to circulate to members an updated version of the 'Summary of Audit Recommendations' paper presented to the May 2025 Audit and Risk Assurance Committee meeting.

4.2 Transformation Plan Update

The Committee NOTED a verbal update on the College Transformation Plan from the Chief Operating Officer, given on behalf of the Principal & Chief Executive.

Members attention was also drawn to the recently published Audit Scotland report: Scotland's Colleges 2025 (minute 10.4 refers); which had found that the college sector had experienced 20% real terms cut in funding over the last five years. Members attention was similarly drawn to the recently published SFC Report: Financial Sustainability of Colleges in Scotland 2022-23 to 2026-27 (minute 10.3 refers).

It was explained that the Scottish Government and the Scottish Funding Council (SFC) had invited colleges to identify opportunities to become more financially sustainable. Given the severe financial pressures affecting the sector, the Executive Team had agreed that it was imperative for Edinburgh College to progress its transformation plan. It was clarified that no additional SFC or Scottish Government funding was available to support colleges in implementing their approved transformation plans; and members were advised that this was a point of contention being raised by the sector.

The Committee was informed that the College had submitted its Transformation Plan to the SFC in July 2025; and that the SFC Board had recently granted approval. Formal confirmation was expected in the form of a letter which would detail any conditions or clarifications placed on the College, and which would provide detail on how the SFC would monitor progress. Separately, it was reported that few colleges had submitted transformation plans, and that Edinburgh College appeared to be ahead of the curve in this regard.

Members DISCUSSED briefly the content of Edinburgh College's transformation plan; and the Chief Operating Officer advised that the Board of Management, and its committees, would be kept informed of progress.

5 INTERNAL AUDIT REPORTS

5.1 Internal Audit Report: Curriculum Planning

The Committee NOTED that, in accordance with its 2024/25 Internal Audit Plan, the Internal Auditors had undertaken a review of the controls in place surrounding curriculum planning arrangements (Paper C). The audit considered alignment with college goals and national guidelines, stakeholder engagement, performance evaluation, course approval, resource allocation, and financial viability.

The Committee NOTED that the audit had identified five findings; two of medium significance, and three of low significance. The Internal Auditor informed the Committee that a moderate level of assurance had been recorded over the design and operational effectiveness of controls; and advised that appropriate follow up actions had been agreed by management. The Committee further NOTED the areas of good practice identified by the audit.

Members discussed alignment between the key performance indicators set by the College and those set by the Scottish Funding Council; and the distribution of class representatives across the College.

5.2 Internal Audit Report: Financial Planning

The Committee NOTED that, in accordance with its 2025/26 Internal Audit Plan, the Internal Auditors had undertaken a review of the controls in place surrounding financial planning arrangements (paper D). The audit considered the content of financial plans, planning processes, assumptions, scenario planning and sensitivity analysis, budget monitoring, and approvals.

The Committee NOTED that the audit had identified no findings. The Internal Auditor informed the Committee that a substantial level of assurance had been recorded over the design and operational effectiveness of controls. The Committee further NOTED the areas of good practice identified by the audit.

Two observations had been recorded, relating to the 2025/26 budget timeline and the 2025/26 departmental budget holder sign-offs. It was noted that there were fourteen budget holders, and there was a brief discussion on the College's processes for reviewing any adverse variation in spend against budget during the year.

5.3 Internal Audit Report: IT Security

The Committee NOTED that, in accordance with its 2024/25 Internal Audit Plan, the Internal Auditors had undertaken a review of the controls in place surrounding the IT security arrangements (Paper E). The audit considered strategy and governance arrangements relating to IT security, and the overarching approach to securing the College from external and internal threat actors.

The Committee NOTED that the audit had identified four findings; one of medium significance, and three of low significance. The Internal Auditor informed the Committee that a moderate level of assurance had been recorded over the design and operational effectiveness of controls; and advised that appropriate follow up actions had been agreed by management. It was added that College staff had demonstrated commitment to improvement by already addressing two recommendations, and that it was apparent that prior recommendations had been developed upon. The Committee further NOTED the areas of good practice identified by the audit.

There was a brief discussion on the extent to which prior years audit recommendations would be assessed as part of an audit; and how the College could best receive assurance from third-party service organisations. A member commented that they would appreciate a better understanding of the College's exposure to third-party service organisations. The Chair and Chief Operating Officer agreed to discuss further outside of the meeting, and for an update to be circulated to the Committee in due course.

5.4 Internal Audit Follow-up Report

The Committee NOTED the Internal Audit Follow-Up Report 2024/25 (Paper F), which aimed to provide assurances that internal audit actions agreed during prior years, in accordance with the Annual Internal Audit Report, had been implemented satisfactorily.

The Committee NOTED that, of the 54 recommendations followed up in July 2025, 43 recommendations had been categorised as 'fully implemented', 7 as 'partially implemented', 2 as 'not implemented', and 2 were 'superseded'. The Internal Auditor advised the Committee that there were 17 further recommendations that were not currently due for implementation. The Internal Auditor commended college staff for providing, throughout the year, the information required to close audit recommendations; and noted the high proportion of audit recommendations that had been 'fully implemented' when compared to other institutions.

The Internal Auditor advised that a request had been received for the Audit and Risk Assurance Committee to agree the closure of a recommendation relating to succession planning within the senior management team. It was explained that the request for closure was based on work already completed and the need to also go external when recruiting for senior management positions. The Committee were informed of arrangements in place to recruit senior staff, which would continue to be monitored by the Principal. The Committee discussed succession planning from the perspective of the knowledge held by individual members of staff; the structures in place to record and disseminate such knowledge; and the challenges of developing staff within a relatively flat organisational structure. The Committee considered the request, and APPROVED the closure of the audit recommendation.

5.5 Internal Audit Annual Report 2024/25

The Committee NOTED the annual report on internal audit activity carried out during 2024/25 (paper G). The Internal Auditor provided a statement on the internal audit coverage achieved, and the view on the adequacy and effectiveness of the College's risk management, governance, and internal control processes.

The Committee NOTED that, in the opinion of the Internal Auditor, all of the audits undertaken during the period provided reasonable, but not absolute, assurance that the related risk management, control, value for money and governance objectives were achieved for the period.

6 RISK ASSURANCE

6.1 Three Lines of Defence Annual Review

The Committee NOTED the annual update on control, assurance, and risk management arrangements (paper H), which were part of the Edinburgh College 'Three Lines of Defence' Framework. The Chief

Operating Officer advised the Committee that all the arrangements identified in the Framework continued to operate effectively; and that no significant gaps had been identified across the 22 key areas of business.

Members noted that no gaps had been identified in the Framework, and queried how the review was conducted. It was explained that, as part of an annual review process, department senior management were asked to undertake self-assessment reviews to identify any internal control issues and associated mitigations. In addition, issues identified through audits and other means would also be tracked as part of the 'Three Lines of Defence' review process. Separately, it was clarified that gaps had been identified and mitigated within the year and that no fundamental gaps remained that had been assessed as being beyond the College's ability to mitigate. Members of the Committee commented that greater assurance could be provided by including detail of gaps that had been identified, considered, and mitigated in year in addition to the summarised updates provided. Management was to consider how to incorporate this in future reports. There was a brief, and generalised, discussion on the culture required to support members of staff to report issues within their departments.

6.2 Risk Management Report

The Committee received the risk management update (paper I) as provided by the Chief Operating Officer, which highlighted progress in relation to risk management and reporting since the last meeting of the Committee on 21 May 2025.

The Committee NOTED that the Risk Management and Assurance Group had, at its meeting of 2 September 2025: reaffirmed the following three top risks for the College: (i) National bargaining impact on college operations; (ii) Financial sustainability (insufficient budget / funding to cover cost of living, job evaluation, employer pension contribution increases); and (iii) Cyber security breaches within the college.

The Committee NOTED that the Risk Management and Assurance Group had, at the same meeting, endorsed narrative updates to the College Top-Level Risk Register; and had approved updates to the Critical Incident Management (CIM) Policy and Procedure, further to its scheduled annual review.

The Committee NOTED that three business continuity management plan tabletop exercises had been scheduled for the 2025/26 academic year. These exercises would be held on the topics of adverse weather, terrorist threat / attack, and pandemic.

6.3 Annual Report on Data Breach Incidents and Cyber Attacks

The Committee NOTED the Annual Report on Data Breach Incidents and Cyber Attacks for 2024/25 (paper J).

The Digital Infrastructure Service Lead reported that, over the academic year 2024/25, the most prevalent security incidents had included: sign-ins from potentially malicious IP addresses, unfamiliar sign-in properties for staff accounts, and less frequent but notable cases that included click-throughs to potentially malicious URLs.

The Committee NOTED that over the academic year 2024/25, the College's Information Management Team were notified of, and investigated, 40 data incidents to evaluate whether personal data breaches had occurred - in line with the breach definition provided by the Information Commissioners Office (ICO). Members noted that no data breaches had been determined as reaching the threshold for reporting to the ICO. Members noted that a deep dive on data protection had been scheduled for the Committee's meeting of 20 May 2026.

The Committee discussed briefly the usage of AI products by staff and students, and the potential for inadvertent data breaches. It was reported that the College's AI Advisory Group were developing guidance. Separately, it was commented that the University of Edinburgh had developed ELM (an AI innovation platform), which was intended to act as a means of providing safer access to AI, and which was planned to be made available to other institutions on a commercial basis.

7 EXTERNAL AUDIT

7.1 Compliance with the Code of Good Governance

The Committee received the paper (K) which detailed the governance arrangements in-place across the College and their compliance with the 2024 Code of Good Governance for Scotland's Colleges ('the Code').

The Committee NOTED assurances that the governance arrangements at the College were compliant overall. Separately, it was observed that the Audit and Risk Assurance Committee's terms of reference had been reviewed within 2024/25, and that this could be detailed alongside section C.14.

For information, the Chair drew members attention to the report on the Scottish Funding Council's Expectations of Good Governance (minute 10.2 refers). It was explained that the report set out learning arising from the Gillies' report into the University of Dundee.

7.2 Internal Control Assurance Statements

The Committee NOTED the Internal Control Assurance Statements for 2024/25 (Paper L).

The Chief Operating Officer, on behalf of the Principal & Chief Executive, informed the Committee that the Executive Team had each completed internal control assurance statements following completion of department/faculty check-lists and feedback from senior management, based on the Scottish Government's own internal control framework template. These statements had enabled the Chief Executive Officer to provide assurances to both the Board and the SFC that appropriate internal controls within the College were in-place.

The Chief Operating Officer drew members attention to the following areas of high risk that the College could not independently control for, and which had been included in the Statement:

- The ongoing underfunding of the sector and associated staff reduction to maintain a financially sustainable position.

- Changes in student study preferences, and regional demographic shifts which do not align to the out-dated credit funding model.

- The credit price disparity across the sector which unfairly discriminated against Edinburgh College students who receive less funding per student compared to all other students in the sector.

- The ongoing work towards full GDPR compliance, progressing improvements in information governance and data management, continually enhancing cyber resilience when little funding available, and the ongoing requirement to update and test business continuity plans and disaster recovery with no additional support funding.

- The College's contribution towards net-zero emissions when little funding is available to achieve key Scottish Government targets.

The Committee DISCUSSED the internal control assurance statement provided by the Principal and were content with the level of assurance illustrated.

7.3 Draft (Unaudited) Annual Report and Financial Statements to July 2025

The Committee NOTED the un-audited draft of the Annual Report and Financial Statements for the period ended 31 July 2025 (paper M).

The Committee DISCUSSED the following in relation to the unaudited draft document:

- Arrangements and timings for the external audit of the Annual Report and Financial Statements.

- The year-end adjusted operating position; and the financial implications arising from the increase in staff pay, employers' national insurance, voluntary severance costs, and an outstanding payment due in relation to the halls of residence providing accommodation on behalf of the local authority.

- The land and buildings valuation following a recent valuation exercise

The Committee NOTED that an updated draft Annual Report and Financial Statements for the period ended 31 July 2025 would be presented to the Committee's next meeting on 26 November 2025 for endorsement; and would then be presented to the Board of Management for approval on 11 December 2025. The Director of Finance & Infrastructure thanked members for feedback provided on the narrative provided alongside the Annual Report and Financial Statements, and advised that the narrative would be reviewed and updated.

7.4 External Auditor Briefing

The Committee NOTED an update from Mazars on progress achieved to date on the audit of the Annual Report and Financial Statements to 31 July 2025. The External Auditor advised the Committee that the College had provided good quality information during the initial fieldwork period, and that the audit process was progressing as planned.

The External Auditor informed the Committee that consideration was being given to a notable increase in the property valuation. For context, it was explained that the College had undertaken valuation exercises in 2020 and 2025, with indexation exercises being undertaken in the intervening years. Members were advised that further work was needed to understand the accuracy of prior year's valuations achieved through indexation given the scale of increase in the external valuation, and whether there were any variations that would be material to the Colleges previous financial statements. Members discussed briefly implications associated with a potential requirement for a prior year adjustment for the fixed assets.

8 ANY OTHER COMPETENT BUSINESS

8.1 Horizon Scanning Update

The Committee NOTED a verbal update from the Internal Auditor on upcoming items due to be published by BDO; on changes to the requirements of the Institute of Internal Auditors that were intended to provide baseline expectations on a comply or explain basis; and on updated terms of reference templates, which would assist in deciding whether any topical requirements applied.

The Committee NOTED a verbal update from the External Auditor, who reflected on learning arising from a recent Audit Scotland event. Members were informed that discussion at the event had indicated an acknowledgement of the need for colleges to undertake new income generating activity and, simultaneously, an acknowledgement that such activity carried inherent risks without guaranteeing a financial return. It was observed that colleges were being encouraged to undertake income generating activity, but were not receiving additional support or funding to do so.

8.2 Procurement of AI enabled services

In response to a query from a member, the Committee DISCUSSED the College's approach to procuring AI enabled services. It was observed that, as a relatively new technology, AI enabled services introduced new and different risks that should be considered prior to procurement. The Committee received an overview of the College's existing arrangements, and the member offered to provide additional advice to the relevant College staff outside of the meeting.

9 FOR INFORMATION

9.1 Audit & Risk Assurance Committee Terms of Reference
9.2 Audit & Risk Assurance Committee Business Planner 2025/26

The Committee NOTED the Audit & Risk Assurance Committee Terms of Reference; and NOTED upcoming items of annual business which had been mapped against the terms of reference.

10 FOR CIRCULATION

The Committee NOTED, for reference only, the following items:

10.1 Internal Audit Annual Audit Plan 2025/26 (Updated Version)
10.2 SFC Report: Expectations of Good Governance
10.3 SFC Report: Financial Sustainability of Colleges in Scotland 2022-23 to 2026-27
10.4 Audit Scotland: Scotland's Colleges 2025

11 DATE OF NEXT MEETING: 26 NOVEMBER 2025

Meeting closed at 16:15