



For the future you want

AUDIT & RISK ASSURANCE COMMITTEE

APPROVED MINUTES OF MEETING OF 07 OCTOBER 2020

15:00, Remotely via Microsoft Teams

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

In attendance: Nick Croft; Audrey Cumberford; Alex Killick; Ursula Lodge (Audit Scotland); Toni McAlindin; Claire Robertson (BDO); Lindsay Towns; Marcus Walker (Clerk); Alan Williamson

1 WELCOME AND APOLOGIES

1.1 No apologies were received.

1.2 The Committee Chair welcomed two new Non-Executive Board Members, Alex Killick and Toni McAlindin, to the meeting 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 27 May 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.

4.1.2 The Committee NOTED that in a change to the original agenda, an 2019/20 Annual Report on Data Breach Incidents and Cyber Attacks would be presented to the next meeting of the Audit & Risk Assurance Committee.

4.2 COVID 19: AUDIT SCOTLAND GUIDE FOR AUDIT & RISK ASSURANCE COMMITTEES

4.2.1 The Committee NOTED a guide published by Audit Scotland in September 2020 for audit and risk assurance committees in response to the Covid-19 pandemic. The External Auditor advised the Committee that it was important that the Board remained informed of key developments in relation to the pandemic, and the actions taken by the College in response to its wide-ranging impacts.

4.2.2 The Committee NOTED that the Edinburgh College External Audit Plan had been reviewed by Audit Scotland to ensure that key areas of risk remained relevant and appropriate.

4.2.3 The Committee DISCUSSED the Audit Scotland Guide and AGREED that the Board should review its Risk Appetite Statement, inline with the development of the updated Edinburgh College Strategic Plan. The Chair advised the Committee that the Board will hold a Strategy Day on 27 October 2020, to consider its strategic priorities over the coming years.

4.3 BUSINESS COMMITTEE OF THE BOARD UPDATE

4.3.1 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 TERMS OF REFERENCE

5.1 The Committee NOTED its Terms of Reference as previously considered in October 2019, and AGREED it should remain unchanged. The Chair advised the Committee that the Code of Good Governance dictated that committees of the Board should regularly review their terms of reference to ensure they remain fit for purpose.

6 INTERNAL AUDIT

6.1 SUMMARY OF AUDIT RECOMMENDATIONS

6.1.1 The Committee NOTED a report on progress against internal auditors' recommendations previously reported to the Audit & Risk Assurance Committee in 2014/15, 2017/18, 2018/19 and 2019/20.

6.1.2 The Committee DISCUSSED progress relating to the 2019/20 Cyber Security Internal Audit, and any additional impact on cyber security with staff remotely working from home following Scottish Government Guidance. The Chief Operating Officer advised the Committee that an independent penetration test had been conducted by JISC (Joint Information Systems Committee) in February 2020, in line with a previous Audit & Risk Assurance Committee discussion. The Committee NOTED that the recommendations from the penetration test and the internal audit are being progressed.

- 6.1.3 The Committee NOTED that a follow-up review of cyber security would be conducted by the Internal Audit Team, to provide further assurance that the recommendations were being progressed.
- 6.1.4 The Committee DISCUSSED the completion of an action relating to the 2014/15 Workforce Management Internal Audit, and NOTED that the College now had a Workforce Plan in-place.
- 6.2 INTERNAL AUDIT REPORT: FOLLOW-UP REPORT 2019/20
- 6.2.1 The Committee NOTED an Internal Audit Follow-Up Report 2019/20, which aimed to provide assurances that internal audit actions agreed during the previous financial year had been implemented satisfactorily.
- 6.4.2 The Committee DISCUSSED the positive progress made by the College against internal audit actions, and welcomed reassurances provided by the internal auditors.
- 6.3 INTERNAL AUDIT REPORT: STUDENT REPRESENTATION
- 6.3.1 The Committee NOTED that an internal audit had conducted a review of the student representation arrangements in place at the College. The Internal Auditor advised the Committee that 'moderate' assurances had been received in relation to the design and operational effectiveness of the controls in place regarding student representation.
- 6.3.2 The Committee NOTED areas of good practice around the engagement of the College and ECSA with students through multiple channels, including Class Reps, satisfaction surveys and social media. The Internal Auditor highlighted that ECSA had both a 3-year strategic plan and an operational plan against which progress was reported to the Board.
- 6.3.3 The Committee NOTED that there remained opportunities to improve the controls in place by ensuring every class had identified a Class Rep. The Internal Auditor advised the Committee that the percentage of classes Class Reps, as outlined in an ECSA report published in November 2019, ranged from 35% to 98% across departments.
- 6.3.4 The Committee DISCUSSED Class Rep engagement across various departments, and the potential impact of having a larger part-time and vocational cohort on student representation. The Principal advised the Committee that both the College and ECSA Team would need to consider its current Class Reps model further in order to fully engage with changing student demographics across the College.
- 6.3.5 The Committee NOTED that the Internal Audit Report would be considered by the Academic Council at its next meeting.
- 6.4 INTERNAL AUDIT PLAN ANNUAL REPORT 2019/20
- 6.4.1 The Committee NOTED an annual report on internal audit activity carried out during 2019/20. The internal auditors provided a statement on the internal audit coverage achieved from 01 August 2019 to 31 July 2020, and a summary of audit opinion on the College's control environment and systems of internal control.

- 6.4.2 The Committee NOTED that, in the opinion of the internal auditors, the College had an effective framework of governance, risk management and internal controls, and proper arrangements in place to promote value for money and deliver best value in the achievement of organisational objectives. The Internal Auditor advised the Committee that only the Cyber Security internal Audit had received 'limited' assurance, and highlighted that this area would continue to be monitored by the Committee through its internal audit function.
- 6.4.3 The Committee welcomed the mostly positive report and NOTED the continued progress made by the College towards the development of its internal controls.

7. RISK ASSURANCE

7.1 THREE LINES OF DEFENCE ANNUAL REVIEW

- 7.1.1 The Committee NOTED an annual update on control, assurance and risk management arrangements, which were part of the Edinburgh College 'Three Lines of Defence' Framework. The Head of Communications, Policy and Research advised the Committee that the majority of the arrangements identified in the Framework continued to operate effectively, specifically the first and second lines of defence, where the College had strengthened arrangements in a number of areas.
- 7.1.2 The Committee NOTED that the only gaps identified in the Framework, where no independent assurances were received, related to the third line of defence. The Head of Communications, Policy and Research advised the Committee that, to ensure appropriate independent assurance, future internal audits being proposed should consider curriculum planning and Safeguarding.
- 7.1.3 The Committee DISCUSSED the various forms of independent assurance available, and AGREED that the Executive should consider whether assurances should be sought through the internal audit programme or in another manner, and report back to the Committee under matters arising.

7.2 RISK MANAGEMENT REPORT

- 7.2.1 The Committee NOTED a risk management report as provided by the Head of Communication, Policy and Research, which highlighted progress in relation to risk management and reporting since the last meeting of the Committee.
- 7.2.2 The Committee NOTED that the 5R Hub had agreed to maintain the Covid-19 Risk Register at an operational level, whilst the Risk Management & Assurance Group (RMAG) would maintain strategic level oversight of the effects of the pandemic via a newly added Covid-19 risk (Risk 35) within the Top-Level Risk Register. The Head of Communications, Policy and Research advised the Committee that the next meeting of the RMAG would be held on 15 October 2020, and an updated version of the Top-Level Risk Register would be presented to the Audit & Risk Assurance Committee on 25 November 2020.

7.2.3 The Committee DISCUSSED the status of risks in the Top-Level Risk Register and NOTED that, pending a full review, the top three risks were: (Risk 3) Shortfall in Commercial Income; (Risk 26) Impacts of Brexit on College Business; and, (35) Covid-19 Public Health Risk. The Committee AGREED that the Financial Sustainability Risk should be reviewed to ensure that it appropriately described the financial risk to the College over the next few years.

7.2.4 The Committee NOTED that the RMAG had considered and endorsed a revised Risk Management Policy & Procedure at its last meeting. The Committee DISCUSSED and APPROVED the revised Risk Management Policy & Procedure.

7.3 DEEP DIVE: COLLEGE RESPONSE TO COVID-19 IMPACTS ON WORKFORCE AND EMPLOYEE RELATIONS

7.3.1 The Committee NOTED an update on the response of the College to Covid-19 and its impact on the workforces and employee relations. The Chief Operating Officer advised the Committee that, in line with the Scottish Government's guidance on Phase 3, staff had started a phased and limited return to campuses - where necessary - from June 2020.

7.3.2 The Committee NOTED that a significant amount of work had been undertaken by the 5R Steering Group to ensure the safe return of staff to campuses in a socially distanced environment, where they were not able to continue working from home. The Chief Operating Officer informed the Committee that the 5R Steering Group, and its sub-groups, comprised of 20 members of management, lecturers, support staff, Unison, EIS-FELA and ECSA.

7.3.3 The Committee NOTED that a staff survey had been undertaken in June 2020, which resulted in 864 responses around barriers to returning to campus working and health/personal issues that people were facing in response to the pandemic. Further to this, the Chief Operating Officer outlined that staff consultation and engagement had also been undertaken through a number of different forums, including regular management meetings with EIS-FELA and Unison.

7.3.4 The Committee DISCUSSED the following in relation to workforce and employee relations:

- (i) The focus on protecting the health and safety of employees and students, through departmental or individual health and safety risk assessments;
- (ii) the huge efforts of staff during the initial lockdown phase to transition learning & teaching and other services online;
- (iii) the IT development opportunities available to staff to upskill;
- (iv) the GDPR policies and procedures in-place, and the guidance available on disclosures of personal information;
- (v) the mental health of staff whilst working from home.

7.3.5 The Committee welcomed the update provided, and NOTED that the Principal would be releasing an update video to staff on 09 October 2020 to

highlight the positive outcomes achieved by the College during a challenging period.

8. EXTERNAL AUDIT

8.1 COMPLIANCE WITH THE CODE OF GOOD GOVERNANCE

8.1.1 The Committee NOTED the governance arrangements in-place across the College and their compliance with the Code of Good Governance for Scotland's Colleges ('the Code').

8.1.2 The Committee NOTED assurances that the governance arrangements at the College were compliant overall. The Head of Communications, Policy and Research, as Secretary to the Board of Management, outlined to the Committee an overview of the areas of governance with which the Code is concerned, and how the College complies in each instance.

8.1.3 The Committee DISCUSSED the work of the Board around equality, diversity and inclusion, and AGREED that further reference to this should be included in a finalised version of the report.

8.2 INTERNAL CONTROL ASSURANCE STATEMENT

8.2.1 The Committee NOTED that the Executive Team had each completed Internal Control Assurance Statements, based on the Scottish Government's own internal control framework template. The Principal informed the Committee that these statements enabled her to provide assurances to both the Board and the SFC that appropriate internal controls within the College were in-place.

8.2.2 The Committee DISCUSSED an internal control assurance statement provided by the Principal, and AGREED that further reference should be included to the work of the College to enhance its cyber security arrangements.

8.3 DRAFT (UNAUDITED) ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2020

8.3.1 The Committee NOTED an unaudited draft of the Annual Report and Financial Statements for the period ended 31 July 2020.

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

- (i) Further development to the risk management section of the Annual Report, to include more information on the actions taken by the College to respond to the Covid-19 pandemic;
- (ii) the recommendation to include a reference to structural changes around diversity and digital in the Chair and the Principal statements;
- (iii) required checks to the narrative to align with tables and figures included in the document.

8.3.3 The Committee NOTED that an updated draft Annual Report and Financial Statements for the period ended 31 July 2020 would be presented to its next meeting on 25 November 2020. The Committee AGREED that, in advance

of its next meeting, the Head of Finance should ensure that the cover sheet to the Annual Report and Financial Statements clearly outlines the key points within the document and any significant changes made to the document.

9. ANY OTHER COMPETENT BUSINESS

- 9.1 The Committee NOTED that the Edinburgh Poverty Commission had published a final report on 30 September 2020. The Head of Communications, Policy and Research advised the Committee that the College had been extensively involved in the Commission's work, had representation at the online launch event, and would continue to work with the Commission to implement its recommendations.
- 9.2. The Committee NOTED that the Scottish Government was working in collaboration with the Improvement Service, COSLA and the Digital Office to deliver a refreshed Digital Strategy for Scotland. Ross Laird, a Non-Executive Board Member, advised the Committee that a consultation on the Strategy had been launched, and the College should consider submitting a response.

10. FOR INFORMATION

10.1 REVIEW OF COMMITTEE OPERATION 2019/20

- 10.1.1 The Committee NOTED a final version of the 2019/20 Review of Committee Operation Form agreed by the members on 24 June 2020.

10.2 RETHINKING THE AUDIT COMMITTEE; 9 AREAS FOR CONSIDERATION

- 10.2.1 The Committee NOTED a guidance document published by BDO around 'rethinking' of the role of audit committees in response to the Covid-19 pandemic.

10.3 ANNUAL REPORT ON COMPLAINTS ACTIVITY 2019/20

- 10.3.1 The Committee NOTED and annual report on complaints activity as provided by the Quality Enhancement Team.

10.4 HORIZON SCANNING REPORT

- 10.4.1 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.

10.5 COMMITTEE PROGRAMME OF WORK 2020/21

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

11. DATE OF NEXT MEETING

- 11.1 The next meeting of the Audit & Risk Assurance Committee will take place on 25 November 2020.

Meeting closed at 16:55