

AUDIT & RISK ASSURANCE COMMITTEE

AGENDA

A meeting of the Audit & Risk Assurance Committee will be held at 15:00 hours on Wednesday 24 February 2021 via Microsoft Teams.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
2	DECLARATIONS OF INTEREST	Chair	
3	MINUTES OF PREVIOUS MEETING <i>for approval</i>	Chair	A
4	MATTERS ARISING REPORT		
	4.1 Matters Arising Update	Chair	B
	4.2 Business Committees of the Board Update	Chair	Verbal
5	INTERNAL AUDIT REPORTS		
	5.1 Summary of Audit Recommendations	A Williamson	C
	5.2 Internal Audit Report: Project Management	BDO	D
	5.3 Internal Audit Report: Payroll	BDO	E
<i>Item 5 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs</i>			
6	RISK ASSURANCE		
	6.1 Risk Management Report	N Croft	F
	6.2 Deep Dive: Implications of Current Covid-19 Restrictions	M Jeffrey	G
	6.3 Deep Dive: EU Withdrawal	M Jeffrey	H
<i>Item 6 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs</i>			
7	ANY OTHER COMPETENT BUSINESS		
8	FOR INFORMATION		
	8.1 Internal Audit Progress Report		I
	8.2 Audit Scotland: Appointed Auditor 2020/21 & 2021/22		J Attached
	8.3 Data Breach Incident Update		K Attached
	8.4 Horizon Scanning Report		L Attached
	8.5 Audit & Risk Assurance Committee Business Planner 2020/21		M Attached

Items 8.1 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs

9 DATE OF NEXT MEETING: 26 May 2021

N.B: The minutes of the Audit & Risk Assurance Committee are reported directly to the Board of Management, with an accompany commentary from the Committee Chair.

FOR INFORMATION			
Meeting	Audit & Risk Assurance Committee 24.02.21		
Presented by	Chair		
Author/Contact	Marcus Walker	Department / Unit	Governance
Date Created	12.02.21	Telephone	-
Appendices Attached	Appendix 1: Letter from the Associate Director (Audit Quality and Appointments) at Audit Scotland to the Principal & Chief Executive 12.02.21		
Disclosable under FOISA	Yes.		

APPOINTED AUDITOR 2020/21 AND 2021/22 FINANCIAL YEARS

1. PURPOSE

To advise the Audit & Risk Assurance Committee of a change to the appointed auditor of the accounts of Edinburgh College for the financial years 2020/21 to 2021/22.

2. BACKGROUND

The Auditor General for Scotland normally rotates auditors across the public sector on a five-year basis as part of the arrangements to ensure the independence of auditors. Due to the Covid-19 pandemic the Auditor General for Scotland has extended the current period for a sixth year. The current appointment round will come to an end with the completion of the 2012/22 audits.

3. DETAIL

Please refer to Appendix 1.

4. BENEFITS AND OPPORTUNITIES

The attached letter from Audit Scotland confirms external audit arrangement for the next two financial years.

5. STRATEGIC IMPLICATIONS

The Board of Management, under the guidance of the Audit & Risk Assurance Committee, is required to approve the Annual Report & Financial Statements before their submission to the Funding Council.

6. RISK

Not applicable

7. FINANCIAL IMPLICATIONS

Audit Scotland's approach to audit fee setting is outlined in Appendix 1.

8. LEGAL IMPLICATIONS

Not applicable.

9. WORKFORCE IMPLICATIONS

Not applicable.

10. REPUTATIONAL IMPLICATIONS

Not applicable.

11. EQUALITIES IMPLICATIONS

Not applicable.

CONCLUSIONS/RECOMMENDATIONS

The Committee are asked to NOTE the update provided.

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Ms Audrey Cumberford
Principal
Edinburgh College
350 West Granton Road
Edinburgh
EH5 1QE

12 February 2021

Dear Ms Cumberford

Appointed Auditor - 2020/21 and 2021/22 financial years

I am writing to let you know that due to staff movements in Audit Scotland, the Auditor General for Scotland, under section 21 (4) of the Public Finance and Accountability (Scotland) Act 2000, has appointed Ursula Lodge of Audit Scotland to be the auditor of the accounts of Edinburgh College for the financial years 2020/21 to 2021/22.

[Our approach to setting audit fees](#) summarises the arrangements that we have adopted in setting fees.

The Auditor General for Scotland normally rotates auditors across the public sector on a five-year basis as part of the arrangements to ensure the independence of auditors. Due to the Covid-19 pandemic the Auditor General for Scotland has extended the current period for a sixth year. The current appointment round will come to an end with the completion of the 2012/22 audits.

If you have any questions regarding this appointment please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink that reads "Elaine Boyd".

Elaine Boyd
Associate Director, Audit Quality and Appointments



FOR INFORMATION			
Meeting	Audit & Risk Assurance Committee 24.02.21		
Presented by	Nick Croft		
Author/Contact	Marcus Walker	Department / Unit	IT / Information Management
Date Created	09.02.21	Telephone	-
Appendices Attached	None.		
Disclosable under FOISA	Yes.		

DATA BREACH INCIDENT(S) UPDATE

1. PURPOSE

This report provides a summary of *reportable* data breach incidents within Edinburgh College for the reporting period from 01 August 2020 to 01 February 2020.

2. INCIDENTS

There were no reportable data breach incidents in this reporting period (reportable data breach incidents being defined as personal data breaches of sufficient seriousness to require notification of the Information Commissioner’s Office).

3. DETAIL

Whilst no reportable data breaches have taken place over the period, the Chair of the Audit & Risk Assurance Committee has asked that members note the following **non-reportable data breach** relating to the Board of Management.

On 07 December 2020, it was brought to the attention of the Clerk to the Board that a Student Board Member had accidentally forwarded the draft minutes of the Academic Council (part of the Board paper pack) to an email group entitled ‘All Active Students’. The Student Board Member had meant to send the draft minutes to the ECSA Director for discussion prior to the Board meeting.

As the draft minutes of the Academic Council are published online - once approve - this was not an immediate concern, however, when forwarding messages, the email addresses of Board members are carried over.

Based on the above information, the incident was reported to the Data Protection Officer (DPO) as a potential data breach.

On 08 December 2020, it was subsequently confirmed that the Student Board Member had recalled the message and, following further investigation by an IT Advisor, it was noted that the ‘All Active Students’ email group was a legacy list and did not in fact contain active students.

The Audit & Risk Assurance Committee should note that Board members' email addresses were not shared with students. However, the DPO suggested that - for transparency - the Clerk inform Board members that this incident took place.

The DPO confirmed, on 09 December 2020, that the above incident was not a reportable breach in their view, although it has been logged accordingly on the data incident tracker. To mitigate the risk of such an incident happening again, the DPO has recommended the College take forward the following steps through its Information Governance Group:

- a. a review of existing group email lists such as 'all active students', with deletion of those no longer in use.
- b. a communication to staff to clear their email autofill
- c. A reminder to all staff to be very careful when sending emails; to check whether autofill has filled it in correctly – or not.

The Board also agreed at its meeting on 08 December 2020, that it would move towards a system where members of the Board would be asked to log-in to an Edinburgh College account to access papers through Microsoft OneDrive.

4. BENEFITS AND OPPORTUNITIES

To monitor any trends that may occur and assess (where possible) areas of potential risk. Further to this, the report for remedial actions to be implemented to ensure the college meets legal compliance.

5. STRATEGIC IMPLICATIONS

In line with strategic planning and monitoring for cyber security.

6. RISK

Review of incidents assists in the monitoring of possible risk across the college.

7. FINANCIAL IMPLICATIONS

If the incidents/accident are not monitored and investigated accordingly to ensure no recurrence the college could be fined by the Information Commissioner's Office.

8. LEGAL IMPLICATIONS

Monitoring and carrying out investigations ensures that the college is operating in compliance with data protection legislation.

9. WORKFORCE IMPLICATIONS

None.

10. REPUTATIONAL IMPLICATIONS

To manage any possible negative media around any cyber-security incidents.

11. EQUALITIES IMPLICATIONS

Not applicable.

CONCLUSIONS/RECOMMENDATIONS

The Committee are asked to NOTE the update provided.



FOR INFORMATION			
Meeting	Audit & Risk Assurance Committee 24.02.21		
Presented by	Nick Croft		
Author/Contact	Nick Croft	Department / Unit	Communications, Policy & Research
Date Created	11.02.21	Telephone	-
Appendices Attached			
Disclosable under FOISA	Yes.		

EDINBURGH COLLEGE HORIZON SCANNING REPORT – SEPTEMBER 2020 BOARD OF MANAGEMENT CYCLE – EDITION 11

1. PURPOSE

This report seeks discussion on the College’s eleventh edition of the Horizon Scanning Report.

2. MAIN REPORT

Background

As with the previous edition, in addition to other strategic developments impacting on college business, this report indicates organisational, sector-wide, economic and social impacts arising from the Covid 19 Pandemic. The report also provides summary information about the recently announced Scottish Government Draft Budget for 2021/22.

It should be noted that Edition 11 now aligns all indicated developments to the three transformational themes of the ‘Future Proof College Programme’.

Scottish Government Draft Budget 2021/22

Full details of the Scottish Government Draft Budget 2020/21 can be found at: [Scottish Budget 2021-22 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scottish-budget-2021-22/pages/introduction/). Initial analysis by Colleges Scotland indicates that the sector may receive an additional £35.7million, an increase of 5.6% on last year’s revenue resource allocation. In addition, a further £500M of UK Government Covid 19 Pandemic related funding will become available to the Scottish Government, some of which may be allocated to colleges. There was a proposed £2M reduction in capital funding for the sector.

Covid 19 Pandemic - General Social and Economic Analysis

With regard to the latest Covid 19 Pandemic Guidance, the Scottish Government’s guidance can be found at: [COVID-19 – Framework for Decision Making: Scotland's route map through and out of the crisis. Guidance](https://www.gov.scot/publications/covid-19-framework-for-decision-making/pages/introduction/) on the safe re-opening of colleges, universities and purpose-built student accommodation has also been published. The SFC’s [webpage on coronavirus](https://www.sfc.gov.scot/coronavirus/)

[preparedness](#) continues to be updated. The College's 5R Plan Hub continue to coordinate the College's response to such guidance.

Current WHO and UK Centre for Mental health analysis indicates that faced with new realities of long term working from home, temporary or longer term unemployment, home-schooling of children, and lack of physical and social contact with other family members, friends and colleagues, many more people are now suffering with mental health problems ([Mental health and COVID-19 \(who.int\)](#) and [Covid-19 and the nation's mental health: October 2020 | Centre for Mental Health](#)). The impact of reduced income, and the resultant increases in poverty, are also acerbating such problems. The College is aware of such impacts on students and staff, and through the 'EC Cares Campaign' is offering new resources to help people through this challenging period.

Current UK Government and Scottish Government economic data continues to indicate a decline in GDP, with projections for recession in the next forecasting period. The College will continue to play a pivotal role with regard to economic recovery, through re-skilling and upskilling, and business support, to address declining GDP:

[Forecasts for the UK economy - GOV.UK \(www.gov.uk\)](#)

[Forecasts | Scottish Fiscal Commission](#)

As the UK, and many nation states, begin to embark on vaccination programmes, new economic analysis is beginning to emerge on the potential 'future state' opportunities for the world economy, post the Covid 19 pandemic. This analysis is most clearly articulated by the World Economic Forum and the New Economics Foundation:

The World Economic Forum -

http://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf

The New Economics Foundation - [Together we can change the rules | New Economics Foundation](#)

With regards to relevant impacts on college business, in summary, the two organisations would encourage the college to:

- Expand the delivery of sustainability elements across all courses to help tackle the climate emergency.
- Expand the digital offer to enhance digital skills to new digital sector employment opportunities.
- Ensure young people (16-24) remain a priority group in all organisational thinking.
- Re-imagine relationships with traditional industries and sectors, to progress the innovation of new courses, products and services.
- Have new ambitions around global markets and international delivery through enhanced on-line platforms.

2.1 A high performing digital college

[Edinburgh City Region Deal \(ECRD\) – Regional Growth Framework + DDI Skills for Work Report](#)
The latest benefits plan and proposals to establish a new Regional Growth Framework have been published by the RCRD Board. The Framework is based on three themes, (i) flourishing, (ii) adaptable, (iii) smart, and further information can be found below. The College's 'Future

Proof College, themes are well aligned with this new Framework, specifically commitments to expand the digital course offer: <http://esescityregiondeal.org.uk/>

The Edinburgh Data Lab, funded in part by the ECRD, produced the following report on new opportunities for data skills for work. Again, the College's new digital course offer is well aligned to the report's recommendations: <https://www.thedatalab.com/skills-talent/data-skills-for-work/>

Federation of Small Businesses – From Recovery to Prosperity

Published to encourage a SME led recovery in Scotland, this report proposes new legislation entitled the 'Small Business Recovery Act', which would place SMEs at the heart of the government's proposed green recovery, whilst keeping SME overheads down, upskilling SME staff, specifically with regard to digital skills. The College's new on-line commercial offer is well aligned to report recommendations: <https://www.fsb.org.uk/resource-report/recovery.html>

2.2 A college with a curriculum for the future

SDS Regional Skills Assessment – December 2020

SDS has produced a new regional skills assessment, which will inform the college curriculum and commercial offer going forward, and includes a new regional vulnerability index based on Oxford Economics: <https://www.skillsdevelopmentscotland.co.uk/media/47094/rsa-infographic-edinburgh-east-and-midlothian.pdf>.

In summary, projected GVE 2020-2030 growth in the region is at 2.6%; unemployment is rising and universal credit applications have increased over the last six months; business turnover rates have degraded in every sector except food retail; the furlough scheme is masking potential increases in redundancies and MA apprenticeship redundancies post March 2021; vacancy shortages continue to exist in the health and social care sector; continued projected growth in the digital sector is predicted; and the top skill requested by all recorded job postings was teamwork / collaboration.

Scottish Funding Council - Key Facts Publication 2019/20

Updated statistics for the Scottish college sector can be found at: [College Statistics 2019-20 Executive Summary \(sfc.ac.uk\)](#).

Scottish Qualifications Authority SQA Assessment Plans

Colleges Scotland and college sector representatives met with SQA representatives in December 2020 to continue ongoing discussions regarding assessment plans for the 2020-21 academic year. SQA published a [joint statement](#) with Colleges Scotland on the proposed arrangements.

Scottish Government – Commission for Fair Access – Covid 19 Impacts on Fair Access - Report

The College contributed a detailed submission to the above report, which can be found at: <https://www.gov.scot/about/how-government-is-run/directorates/advanced-learning-and-science/commissioner-fair-access/>. The report requires to college to prioritise (i) outreach and access; (ii) digital poverty and delivery of online learning; (ii) maintaining a good and supportive student experience; (iv) addressing student mental health and financial hardship concerns; (v) resolving challenges regarding examinations, grades, admissions, articulation and related targets; and supporting staff to meet such challenges.

Community Learning and Development (CLD) Guidance

The Scottish Government has published a [guidance document](#) setting out its expectations for education authorities and their partners (including colleges) when meeting duties in CLD planning for 2021 to 2024 as per *The Requirements for Community Learning and Development (Scotland) Regulations 2013*.

Scottish Government Support for Tourism and Hospitality

The Scottish Government announced a new support package for the tourism and hospitality sector of £104M: <https://www.gov.scot/news/gbp-104-million-tourism-and-hospitality-lifeline/>

New Investment in Hydrogen Sector

The hydrogen sector will receive £100 million over the next five years to support a green recovery and Scotland's just transition to net zero. Scotland is set to become a leading hydrogen nation, with an ambition to generate 5GW of renewable and low-carbon hydrogen by 2030 - enough to power the equivalent of 1.8 million homes. Economic impact research suggests the industry has the potential to be worth up to £25 billion a year to the Scottish economy by 2045. <https://www.gov.scot/news/building-a-new-energy-sector/>

2.3 A lean and agile college with reach and potential to grow

Commission on the College of the Future – Scotland Nations-Specific Report Launch

The [Scottish College of the Future report](#) was launched by the independent Commission on the College of the Future on Monday, 14 December 2020. Following on from the publication of the College of the Future UK-Wide Final Report in October, the Scotland-specific final report encompasses a number of recommendations for the college sector in Scotland.

Brexit - Scottish Government Scholarships + UK Shared Prosperity Fund

The Scottish Government has advised that colleges are unlikely to be included within the first tranche and pilot scheme for this programme, due to current funding complexities and current use. This position was queried by Colleges Scotland, and a request was made of the Scottish Government to reconsider this situation and to liaise with SFC on how the funding mechanism may operate. Details of the new UK Shared Prosperity Fund can be found at: [The UK Shared Prosperity Fund - House of Commons Library \(parliament.uk\)](#). The fund will be administered by the UK Government.

UN Climate Change Conference of the Parties (COP26) and Net Zero Nation

Work is progressing in Scotland to host COP26. The College will be organising a mini COP26 on line event for staff and students, and is working with college sector to organise a bigger event as part of the COP26 programme. The College will also be responding to this government consultation regarding public engagement in climate change action: [Climate Change - Net Zero Nation: draft public engagement strategy - consultation - gov.scot \(www.gov.scot\)](#)

The SFC has published the following document since the last briefing note:

- [Articulation from Scottish Colleges to Scottish Universities 2018-19](#)
- [Funding for Student Mental Health and Wellbeing 2020-21](#)
- [College Statistics 2019-20 \(sfc.ac.uk\)](#)

3. BENEFITS AND OPPORTUNITIES

This report will enable the Board of Management and its committees to improve awareness of, and better respond to, a range of social, economic and economic impacts on the college sector.

4. STRATEGIC IMPLICATIONS

All identified horizon scanning impacts are well aligned to the five strategic aims of the Edinburgh College Strategic Plan 2017/22, and transformational themes of the 'Future Proof College' programme.

5. RISK

This report will enable the College to better identify the economic, social and environmental risks impacting on college business, the most significant of which will be managed through the College's Top-Level Risk Register (TLRR).

6. FINANCIAL IMPLICATIONS

Any financial implications for the College identified in this report will be managed by the Senior Management Team, and Executive Team.

7. LEGAL IMPLICATIONS

Any legal implications arising as a result of this report will be managed by the Senior Management Team, and Executive Team.

8. WORKFORCE IMPLICATIONS

Any workforce implications arising as a result of this report will be managed by the Senior Management Team, and Executive Team.

9. REPUTATIONAL IMPLICATIONS

The College's staff, students, and stakeholders expect the College to have good governance and management arrangements in place to identify and respond to a range of potential social, economic and environmental impacts.

10. EQUALITIES IMPLICATIONS

Any equalities implications arising as a result of this report will be managed by the Senior Management Team, and Executive Team.

RECOMMENDATIONS

The Committee is recommended to NOTE and CONSIDER the implications for the College arising from the report.

**AUDIT & RISK ASSURANCE COMMITTEE
24 FEBRUARY 2021
PAPER M**



FOR INFORMATION			
Meeting	Audit & Risk Assurance Committee 24.02.21		
Presented by	Chair		
Author/Contact	Marcus Walker	Department / Unit	Governance
Date Created	14.01.21	Telephone	-
Appendices			
Disclosable under FOISA	Yes.		

AUDIT & RISK ASSURANCE COMMITTEE - AGENDA PLANNER 2021/22

1. PURPOSE

To provide Committee members with an opportunity to review upcoming items of business.

2. BACKGROUND

It is important that the Board and its committees follow an appropriate plan of work in order to ensure they effectively cover all areas of their remit throughout the year and make the most efficient use of their time.

3. DETAIL

Below are proposed agenda items (and lead speaker) for the next three meetings of the Audit & Risk Assurance Committee, excluding Minutes of the Previous Meeting, Matters Arising, Any Other Competent Business and For Information papers (e.g. Data Breach Report):

3.1 Wednesday 26 May 2021

- INTERNAL AUDIT
 - Summary of Audit Recommendations (A Williamson)
 - Internal Audit Report: Student Support (BDO)
 - Internal Audit Report: Curriculum Planning (BDO)
 - Internal Audit Report: International Contracts (BDO)
 - Internal Audit Report: Workforce Planning (BDO)
 - Internal Audit Report: Communications (BDO)
 - Internal Audit Report: Progress Report 2020/21 (BDO)
 - Internal Audit Plan 2021/22 (BDO)

- RISK ASSURANCE
 - Risk Management Report (N Croft)
 - Deep Dive: Safeguarding (M Hoenigmann)

- AUDIT SCOTLAND: 2020/21 ANNUAL AUDIT PLAN (Audit Scotland)

- HORIZON SCANNING REPORT (N Croft)

- REVIEW OF COMMITTEE OPERATION 2020/21 (Chair)

3.2 October 2020 (Date to be confirmed)

- REVIEW OF COMMITTEE OPERATION 2020/21 (Chair)
- TERMS OF REFERENCE (Chair)
- AUDIT SCOTLAND: SCOTLAND'S COLLEGE 2021 (Audit Scotland)
- INTERNAL AUDIT
 - Summary of Audit Recommendations (A Williamson)
 - Internal Audit Report: Follow-up Report 2020/21 (BDO)
 - Internal Audit Annual Report 2020/21 (BDO)
- RISK ASSURANCE
 - Risk Assurance Report (N Croft)
 - Annual Report on Data Breach Incident and Cyber Attacks (N Croft)
 - Deep Dive: Commercial Development (M Jeffrey / J Grant)
- EXTERNAL AUDIT
 - Compliance with the Code of Good Governance (N Croft)
 - Internal Control Assurance Statements (A Cumberford)
 - Draft Annual Report and Financial Statement (L Towns)
- ANNUAL COMPLAINTS REPORT (K Heathcote)
- HORIZON SCANNING REPORT (N Croft)

3.3 November 2021 (Date to be confirmed)

- AUDIT SCOTLAND: SCOTLAND'S COLLEGE REPORT 2021 (Audit Scotland)
- INTERNAL AUDIT
 - Summary of Audit Recommendations (A Williamson)
 - Internal Audit Report: FES Return 2020/21 (BDO)
 - Internal Audit Report: Student Support Funds (BDO)
 - Internal Audit Progress Report (BDO)
 - Evaluation of Internal Audit 2020/21 (Chair)
- RISK ASSURANCE
 - Risk Management Report (N Croft)
 - Deep Dive: TBC (TBC)
- END OF YEAR ACCOUNTS
 - A&RA Committee Annual Report to the Board (Chair)
 - External Audit report (Audit Scotland)
 - Draft Letter of Representation (Audit Scotland)

- Final Annual Report & Financial Statements (L Towns)
- HORIZON SCANNING REPORT (N Croft)

4. BENEFITS AND OPPORTUNITIES

Effective agenda planning will allow the Committee to monitor all aspects of business within its remit in a timely manner.

CONCLUSIONS/RECOMMENDATIONS

The Audit & Risk Assurance Committee are asked to NOTE upcoming items of business, and CONSIDER any additional items for discussion at upcoming meetings.

