



For the future you want

## **AUDIT & RISK ASSURANCE COMMITTEE**

### **MINUTES OF MEETING OF 25 MAY 2022**

**15:00, Remotely via Microsoft Teams**

**Present:** Stewart Darling; Ian Doig; Lesley Drummond; Janyce Holmes (Chair)

**In attendance:** Nick Croft; Audrey Cumberland; Mike Jeffrey; Stuart Nugent (Audit Scotland); Shona Pettigrew; Claire Robertson (BDO); Marcus Walker (Clerk); Alan Williamson

#### **1 WELCOME AND APOLOGIES**

- 1.1 Apologies were NOTED from Fiona Riddoch.
- 1.2 The Committee NOTED that Shona Pettigrew, Director of Enterprise & Knowledge Exchange, would join the meeting for Item 6.2, *Deep Dive: Commercial Income*.
- 1.1 The Committee NOTED that Lindsay Towns, Director of Finance, had left the College on 29 April 2022. The Chair, on behalf of the Committee, thanked Mr. Towns for his service to the College as a member of the senior management team.

#### **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 23 February 2022 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, except for the following:

#### 4.1.2 Penetration Testing (Minute 6.2.3/24.11.21 refers)

The Committee AGREED that, to allow members to continue to review performance at regular intervals, the Chief Operating would undertake an independent penetration test on an annual basis.

#### 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 2014/15, 2018/19, 2020/21 and 2021/22.

5.1.2 The Committee NOTED that the report included 13 outstanding actions listed which were all expected to be completed by 30 June 2022. The Chair, on behalf of the Committee, welcomed the progress made towards the completion of new and longstanding actions.

#### 5.2 INTERNAL AUDIT REPORT: WORKFORCE PLANNING

5.1.1 The Committee NOTED that internal audit had conducted a review of workforce planning arrangement at Edinburgh College. The Internal Auditor advised the Committee that the audit provided 'moderate' assurance over the design and effectiveness of controls relating to workforce planning.

5.1.2 The Committee DISCUSSED succession planning and NOTED that the College did not have succession plans for its Senior Management Team (SMT). The Chief Operating Officer advised the Committee significant work had been carried out in relation to succession planning, and plans relating to the SMT would be implemented in the coming academic year.

#### 5.3 INTERNAL AUDIT REPORT: COURSE PLANNING & TIMETABLING

5.3.1 The Committee NOTED that internal audit had carried out a review of the arrangements in place around timetabling and associated planning arrangements. The Internal Auditor advised the Committee that the audit provided 'substantial' assurance over the design and operational effectiveness of controls in place relating to course planning and timetabling.

5.3.2 The Committee welcomed the positive report and DISCUSSED the areas of best practice outlined by the Internal Auditor. The Chief Operating Officer advised the Committee that, in response to two minor recommendations, enhancements to both the Celcat Induction process and guidance documentation related to timetabling were being discussed with relevant staff.

## 5.4 INTERNAL AUDIT PLAN 2022/23

5.4.1 The Committee NOTED the Draft Internal Audit Plan 2022/23, as presented by BDO.

5.4.2 The Committee DISCUSSED the following points related to the proposed Internal Audit Plan:

- (i) The decision not to include an audit of financial controls, as outlined in previous annual audit plans produced by BDO.
- (ii) The potential need for independent assurance (through future audit plans) with regards to commercial income.
- (iii) The process undertaken to agree individual audits and their scope.
- (iv) The number of days required to deliver the programme of audits; and,
- (v) The Executive Team's contentment with the proposed Internal Audit Plan.

5.4.3 The Committee AGREED that it was broadly content with the Internal Audit Plan 2022/23 and would continue to monitor progress against the Plan at future meetings.

## 6. RISK ASSURANCE REPORT

### 6.1 RISK MANAGEMENT UPDATE

6.1.1 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 23 February 2022.

6.1.2 The Committee NOTED that the Business Continuity Framework had undergone a yearly review by the SMT and Executive Team for accuracy. The Director of Communications, Policy & Research informed the Committee that the framework demonstrated how the College aimed to improve its resilience to major disruptions so that key business systems and processes could be recovered, and business as usual restored as quickly as possible. The Committee DISCUSSED the Framework and AGREED that the document remained accurate and fit for purpose.

#### ***The Director of Enterprise & Knowledge Exchange joined the meeting***

6.1.3 The Committee DISCUSSED the 'Red' risks highlighted on the Top-Level Risk Register and their representation in the 2022/23 Internal Audit Plan. The Committee AGREED that, to ensure that appropriate reassurances were received in relation to commercial activity, a follow-up deep dive into commercial income would be included in the Committee's 2022/23 programme of work.

#### ***The Director of Communications, Policy & Research left the meeting***

### 6.2 DEEP DIVE: COMMERCIAL INCOME

6.2.1 The Committee NOTED an overview of the key successes and challenges affecting both the Directorate of Enterprise & Knowledge Exchange, and the

key risks relating to commercial and international activity. The Director of Enterprise & Knowledge Exchange indicated that work was underway to renew the College's Commercial Income Strategy and associated plan, which aligned directly to the new Edinburgh College Strategic Framework. The Committee NOTED that the updated Strategy would be presented to the Corporate Development Committee in early 2022/23 for review and, if appropriate, approval.

6.2.2 The Committee NOTED the progress made by the Commercial and International Teams despite the significant challenges posed by the Covid-19 Pandemic and EU Withdrawal. The Committee DISCUSSED the presentation of commercial activity information and AGREED that in future a RAG rating of pipeline revenue streams would be welcomed, to help members distinguish between areas of high, low, and moderate risk.

6.2.3 The Committee NOTED that, further to the approval process for the new Edinburgh College Strategic Framework, the Board (and its sub-committees) would be asked to consider risk appetite and tolerance towards key areas of business, including commercial activity.

### ***The Director of Enterprise & Knowledge Exchange left the meeting***

## **7. AUDIT SCOTLAND: 2021/22 ANNUAL AUDIT PLAN**

7.1 The Committee NOTED an Annual Audit Plan 2021/22, as presented by Audit Scotland, 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 Annual Audit Plan 2021/22, and AGREED it was content with the scope and timings of the planned audit work.

## **8. ANY OTHER COMPETENT BUSINESS**

### **8.1 REVIEW OF COMMITTEE OPERATION 2021/22**

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 members' feedback should be relayed 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. The Chair advised the Committee that any points of action arising from the review would be considered at its next meeting.

## 8.2 DEPARTURE OF INDEPENDENT MEMBER

8.2.1 The Committee NOTED that the tenure of the Independent Member, Ian Doig, would end on 31 July 2022. The Chair, on behalf of the Committee, thanked Mr Doig for his significant contribution to strategic risk management and assurance at the College.

## 9. FOR INFORMATION

### 9.1 INTERNAL AUDIT PROGRESS REPORT

9.1.1 The Committee NOTED a summary of internal audit activity during the academic year 2021/22 (to date), which included details on the activity planned for the coming quarter.

### 9.2 REPORTABLE DATA BREACH INCIDENT UPDATE

9.2.1 The Committee NOTED that no reportable data breach incidents had taken place at the College from 1 February to 13 May 2022.

### 9.3 SFC REPORT: FINANCIAL SUSTAINABILITY OF COLLEGES AND UNIVERSITIES IN SCOTLAND

9.3.1 The Committee NOTED a report, published by the SFC, which outlined an aggregate picture of the financial health of Scottish institutions based on a review of their latest financial forecast returns.

### 9.4 PROPOSED EXTERNAL AUDITORS 2022/23 TO 2026/27

9.4.1 The Committee NOTED that Audit Scotland had recently conducted an audit tender exercise on behalf of both the Auditor General for Scotland and the Accounts Commission for Scotland. The Chief Operating Officer advised the Committee that following the completion of the tender, the proposed auditor of Edinburgh College for the financial years 2022/23 to 2026/27 would be Mazars.

### 9.5 COMMITTEE PROGRAMME OF WORK 2022/23

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

## 10. DATE OF NEXT MEETING

10.1 The next meeting of the Audit & Risk Assurance Committee will take place on 12 October 2022.

***Meeting closed at 16:40***