AUDIT & RISK ASSURANCE COMMITTEE

APPROVED MINUTES OF MEETING OF 21 MAY 2025

Meeting held via Microsoft Teams, 15:00hrs

Present: Kenneth Brooker (Independent Member); Peter Burns (Independent Member); Derek Hynds; Judit Harangozo; Mark Sheridan; Bill Troup (Chair)

In attendance: Sue Clyne; Audrey Cumberford; Ian Deed; Gordon Hope; Michael Jeffrey; Claire Robertson (BDO); Michael Speight (Mazars); Marcus Walker (Clerk)

1. WELCOME AND APOLOGIES

1.1 Apologies were NOTED from the Chief Operating Officer, Alan Williamson.

1.2 The Chair welcomed newly appointed Non-Executive Board Member, Dr Mark Sheridan, to his first meeting of the Audit & Risk Assurance Committee. The Committee NOTED that its membership now included four non-executive members and two co-opted members.

1.3 The Chair welcomed Sue Clyne, Director of HR & OD, to present Item 6.2, Workforce Planning & Development Risk Deep Dive.

1.4 The Chair welcomed Gordon Hope, Digital Infrastructure Lead, to present a verbal update under Item 4, Matters Arising.

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 5 March 2025 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 items.

4.1.2 *POLICY REGISTER [REF. MINUTE 6.3.5/11.10.23]*

The Committee NOTED that a register of strategies, policies and plans would sit on TopDesk (service management software), which provided a searchable database from which summary reports could be extracted. The Clerk advised the Committee that the Information Manager was working with colleagues to develop a system where automatic reminders would be sent to document owners to remind them of review deadlines. The Committee DISCUSSED progress and AGREED that a brief overview of the new system should circulated to Members, once complete.

4.1.3 *RISK DEEP DIVES [REF. MINUTE 9.3/27.11.24]*

The Committee NOTED it would conduct a risk deep dive into industrial relations at an appropriate meeting in the academic year 2025/26.

4.1.4 *LOSS OF ACCESS TO IT SYSTEM [REF. MINUTE 6.1.4/05.03.25]*

The Committee NOTED that exploratory work had been conducted to map co-dependencies between application management systems – to assess their impact on other known risks. The Committee DISCUSSED progress and AGREED that the Digital Infrastructure Lead should provide a more detailed update at its next meeting.

4.1.5 *BUSINESS CONTINUITY PLANNING (BCP) TESTING SCHEDULE [REF. MINUTE 6.1.6/05.03.25]*

The Committee NOTED that the College did not currently have a testing schedule for 2025/26 in place whilst a procurement tender was underway to identify a suitable insurance provider. The Committee DISCUSSED progress and AGREED that it should receive a testing scheduled once a new insurance provider had been confirmed.

4.1.6 *INTERNAL AUDIT PERFORMANCE METRICS [REF. 7.3.2/05.03.25*]

The Committee DISCUSSED six proposed internal audit performance metrics and AGREED that the following should be included in future reporting by BDO:

(i) In-scope audits are completed and presented to the scheduled Committee.
(ii) All in-scope audits for the next academic year are completed by 31 July.
(iii) Annual Internal Audit report/opinion are presented to the October meeting of the Committee.
(iv) All recommendations made to each audit are discussed with the management. Agreed recommendations are logged into the system for following up.
(v) All audits are led and reviewed by qualified staff, with involvement of senior managers from other teams as required.
(vi) Auditor shall provide their 5 yearly external quality assessment to the Committee on a prompt basis.

4.2 UPDATE ON COLLEGE BUSINESS

4.2.1 The Committee NOTED verbal update from the Principal & Chief Executive on recent activity at the College, and across the wider sector, since the last meeting on the Board of Management on 26 March 2025.

4.2.2 The Committee NOTED that the SFC, on 16 May 2025, has invited colleges to submit expressions of interest in the College Transformation Framework for academic year 2025/26. The Principal advised the Committee that the Senior Management (SMT) had been developing a proposal, with strategic guidance from the Board, over recent months and were expecting to submit an 'Expression of Interest' to the SFC in the week commencing 2 June 2025.

4.2.3 The Committee NOTED that the College had circulated a communication to all staff and students following the Supreme Court ruling relating to the Equality Act 2010. The Committee DISCUSSED whether there were any immediate risks to the College arising from the ruling, and NOTED that public bodies, such as colleges, were awaiting further guidance from the Scottish Government before taking any further action.

5. TERMS OF REFERENCE

5.1 The Committee NOTED that, based on discussions at its last meeting, its Terms of Reference had been updated to ensure that it aligned with the Scottish Government's Audit Committee Handbook. The Committee DISCUSSED the Terms of Reference and welcomed the revisions outlined.

5.2 The Committee AGREED to endorse the Terms of Reference to the Board of Management on 10 June 2025, for approval.

6. EXTERNAL AUDIT 2024/25 ANNUAL AUDIT PLAN

6.1 The Committee NOTED an Annual Year End Audit Plan for the year ending 31 July 2025, as presented by Mazars, 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.

6.2 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.

6.3 The Committee DISCUSSED the approach of the External Audit Team and how it would complement the work of the internal audit function. The External Auditor advised the Committee that Mazars would consider the work carried out by the internal auditors over the academic year as a guide to inform their approach.

6.4 The Committee DISCUSSED the Annual Audit Plan for the year ending 31 July 2025 and previous issues relating to Scottish Government's guidance around the Job Evaluation Scheme. The Committee AGREED it was content with the scope and timings of the planned audit work and the proposed audit fee as determined by Audit Scotland.

The External Auditor left the meeting

7. RISK ASSURANCE REPORT

7.1 RISK MANAGEMENT REPORT

7.1.1 The Committee NOTED a risk management update as provided by Director of Finance & Estates Infrastructure, which highlighted progress in relation to risk management and reporting since the Committee met on 6 May 2025.

7.1.2 The Committee NOTED that, on 1 May 2025, a facilitated workshop led by a Zurich Senior Risk Consultant for the SMT had explored how risk appetite could be more effectively integrated into the College strategic decision-making processes. The Director of Finance & Estates Infrastructure informed the Committee that further sessions with the SMT were being planned.

7.1.3 The Committee NOTED that there were no changes to the Top-Level Risk Register, however, at the request of the Committee, additional narrative from the SMT had been added to 'Red' risks outlining why they remained high despite existing controls and mitigation being implemented.

7.1.4 The Committee NOTED that, with regards to 'Risk 24', Cyber Security Breaches with the College, software related to Mobile Device Management was under review in-line with Cyber Essentials Plus requirements. The Committee DISCUSSED Cyber Essentials Plus and AGREED that – once updated accreditation was achieved – a completion certificate should be circulated to Members.

7.2 RISK DEEP DIVE: WORKFORCE PLANNING AND DEVELOPMENT

7.2.1 The Committee NOTED a deep dive presentation from the Director of HR & OD relating to 'Risk 27', Workforce Planning and Development. The Director of HR & OD advised the Committee that a baseline for workforce planning had been developed through consideration of curriculum delivery over the next 3-5 years and employment data.

7.2.2 The Committee welcomed the presentation provided, and NOTED the considerable work undertaken by the College around both workforce and succession planning. The Committee DISCUSSED the following points with the Director of HR & OD:

(i) The use of regional skills forecasting and employer demand data to understand future curriculum needs.

(ii) The of range skills and experience contained within the College's workforce.

(iii) The position of Scottish college lecturers as the highest paid in the UK, and the potential this provide to attract talent from a wider pool.

(iv) Linkages between workforce planning data and both the proposed transformation proposal and wider financial planning for the academic year 2025/26.

(v) The College's approach to balancing voluntary severance (VS) decisions with curriculum and workforce planning.

7.2.3 The Committee NOTED that only 28% of VS applications submitted across May 2025 were accepted by the College. The Director of HR & OD assured the Committee that appropriate processes were in place to review VS applications and their alignment with workforce planning.

7.2.4 The Committee DISCUSSED the launch of several VS schemes over recent years and NOTED that a new approach, where staff were openly presented with contextual information on areas of growth and decline, could be a better way to implement future VS rounds.

8. INTERNAL AUDIT REPORTS

8.1 SUMMARY OF AUDIT RECOMMENDATIONS

8.1.1 The Committee NOTED a report on progress against internal audit recommendations previously reported to the Audit & Risk Assurance Committee in 2021/22, 2022/23 and 2023/24. The Director of Finance & Estates Infrastructure highlighted that, of the 31 outstanding recommendations, 21 had been closed off and 10 remained ongoing.

8.1.2 The Committee DISCUSSED the presentation of the report and AGREED that the Director of Finance & Estates Infrastructure should review the document to clarify what actions had been cleared and ensure that the report remained consistent and trackable between meetings. The Committee AGREED that an updated version of the Summary of Audit Recommendations Report should be submitted to the Chair for review, prior to its circulation to the wider Committee – via email.

8.2 INTERNAL AUDIT REPORT: DATA PROTECTION

8.2.1 The Committee NOTED that, in accordance with its 2024/25 Internal Audit Plan, BDO had undertaken a review of the design and operational effectiveness of the controls in place at Edinburgh College relating to data protection compliance. The Internal Auditor advised the Committee that, from the 12 key data protection compliance areas within the audit scope, BDO had raised a total of four medium and one low priority findings.

8.2.2 The Committee DISCUSSED the following points in relation to the 'Moderate' assurance provided by through the audit, and the areas of good practice identified:

(i) The 93% completion rate of mandatory training related to the protection of personal data, one of the highest completion rates recorded by the internal auditors in the public sector.
(ii) The embedding of good practice through the Information Governance Group.
(iii) The high number of Subject Access Requests (84), which required significant resources to process within a prescribed time limit.
(iv) The completion dates relating to several recommendations which were not due to 31 August 2027.
(v) The role of the Information Manager and the limited staff resources identified in this key area of business.

8.2.3 The Committee AGREED that the Executive and the Internal Auditor should consider whether the August 2027 completion dates for recommendations were satisfactory, and report back to the next meeting.

8.2.4 The Committee AGREED that it should consider Data Protection as a future agenda item for a risk deep dive. The Chair advised the Committee that the timing of the deep dive would be considered by the Chair, the Executive Lead, and the Clerk – in due course. Further to this, the Committee AGREED that the Executive should consider whether further resourcing was required, to ensure appropriate Data Protection processes and controls remained in-place, and report back to the next meeting of the Committee.

8.3 INTERNAL AUDIT REPORT: INTERNATIONAL CONTRACTS

8.3.1 The Committee NOTED that, in accordance with its 2024/25 Internal Audit Plan, BDO had undertaken a review of the design and operational effectiveness of the controls surrounding the management of international contracts at Edinburgh College. The Internal Auditor advised the Committee that the audit specifically focussed on areas of policy, roles and responsibilities, identification of opportunities, contract negotiations, international rules, due diligence, and monitoring and reporting.

8.3.2 The Committee DISCUSSED the following points in relation to the 'Moderate' assurance provided by through the audit:

(i) The due diligence undertaken by the by the College before signing international contracts.
(ii) The sector's approach to international activity and the limited sharing of resources – due to commercial sensitives.
(iii) The potential for the College to develop its formal procedures through a secondment/placement with a legal provider.

8.3.3 The Committee DISCUSSED the checklists used by BDO to ensure that all necessary steps, controls, and compliance requirements related to international contracts were reviewed. The Internal Auditor advised the Committee that further context could be made available to Members on the implemented audit process, via correspondence.

8.4 DRAFT INTERNAL AUDIT PLAN 2025/26

8.4.1 The Committee NOTED a Draft Internal Audit Plan 2025/26, as presented by BDO.

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

(i) The number of audit days budgeted for within the plan.
(ii) The potential inclusion of whistleblowing and fraud detection audits within the regular 3-year cycle of internal audits.
(iii) The limited assurance received in the last Fraud Strategy Audit conducted in 2022.
(iv) The proposed Payroll Audit and the need to include any lessons learnt from publicised administrative failures at South Lanarkshire College.
(v) The proposed Corporate Governance audit and the engagement of Board members around the scoping of the audit.

8.4.3 The Committee AGREED that both the Executive and BDO should consider the inclusion of a Fraud Strategy Audit within the 2025/26 plan. Further to this, the Committee AGREED that the forthcoming Payroll Audit should include controls relating to pension payments – as highlighted through a recently publicised case at South Lanarkshire College.

8.4.4. The Committee AGREED that the Executive and the Internal Auditors should reviewed the Internal Audit Plan 2025/26 and present an updated version to the next meeting of the Committee.

9. REVIEW OF COMMITTEE OPERATION 2024/25

9.1 The Committee NOTED that at the end of each academic year the Committee is required to review its annual activity.

9.2 The Committee DISCUSSED its performance over the academic year and AGREED that Members' feedback should be relayed (via email) directly to the Chair and the Board Secretary, prior to a finalised version of the report being confirmed by the Chair.

9.3 The Committee NOTED that any points of action arising from the review would be considered at its next meeting.

10. ANY OTHER COMPETENT BUSINESS

10.1 HORIZON SCANNING UPDATE

10.1.1 The Committee NOTED verbal horizon scanning updates from the Internal Audit Lead relating to the number of recent incidents experienced across the retail sector, and the social engineering methods utilised by cyber-criminals.

11. FOR INFORMATION

11.1 AUDIT & RISK ASSURANCE COMMITTEE BUSINESS PLANNER 2025/26

11.1.1 The Committee NOTED its proposed programme of work for the academic years 2025/26.

11.1.2 The Committee DISCUSSED a proposal to map out the cadence of future meetings and agendas against the revised Terms of Reference to provide assurance that all core Committee responsibilities were met. The Committee AGREED that the Chair, the Executive Lead, and the Clerk should consider this matter further.

11.1.3 The Committee AGREED that its next meeting should be held in-person, at the Granton Campus, and should include an opportunity for Members and Senior Managers to socialise in advance.

12. DATE OF NEXT MEETING

12.1 The next meeting of the Audit & Risk Assurance Committee would take place in October 2025 (date to be confirmed).

Meeting closed at 17:05