



For the future you want

AUDIT & RISK ASSURANCE COMMITTEE

MINUTES OF MEETING OF 13 OCTOBER 2021

15:00, Remotely via Microsoft Teams

Present: Ian Doig; Lesley Drummond; Janyce Holmes; Ross Laird; Nigel Paul (Chair)

In attendance: Nick Croft; Audrey Cumberford; Martin Nolan (Audit Scotland); Chloe Main (BDO); Stuart Nugent (Audit Scotland); Lindsay Towns; Marcus Walker (Clerk); Alan Williamson

1 WELCOME AND APOLOGIES

1.1 No apologies were received.

1.2 The Board NOTED that Judith Sischy, a Non-Executive Board Member, had resigned from the Board on 4 September 2021 - with immediate effect. The Chair, on behalf of the Committee, thanked Ms Sischy for her significant contribution to the Audit & Risk Assurance Committee over the course of her tenure.

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 26 May 2021 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 *EDUCATION SCOTLAND REPORT: QUALITY & STUDENT ASSESSMENT (Minute 5.6.3/26.05.21)*

The Committee NOTED that Education Scotland would conduct a visit of the College in November 2021 which would specifically deal with points raised by members relating to the impact of Covid-19 on Quality and student assessment. The Chief Operating Officer advised the Committee that a further update would be presented to the Committee in due course.

4.2 BUSINESS COMMITTEE OF THE BOARD UPDATE

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 TERMS OF REFERENCE

5.1 The Committee NOTED 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.

5.2 The Committee DISCUSSED its Terms of Reference as previously agreed on 7 October 2020, and the term '*recent and relevant background in finance*' with respect to members' own experience. The Committee AGREED that, subject to a cross-referencing with the wording presented in the Scottish Government's Audit Committee Handbook, it was content with the current Terms of Reference.

6 INTERNAL AUDIT REPORTS

6.1 SUMMARY OF INTERNAL AUDIT RECOMMENDATIONS

6.1.1 The Committee NOTED a report on progress against internal audit recommendations previously reported to the Audit & Risk Assurance Committee in 2014/15, 2018/19 and 2020/21.

6.1.2 The Committee NOTED that seven of the outstanding internal audit recommendations have been closed off since June 2021, including several actions relating to cyber security. The Chief Operating Officer advised the Committee that the most complex cyber security recommendations continued to be progressed by the Digital Infrastructure Team.

6.2 INTERNAL AUDIT REPORT: FOLLOW-UP 2020/21

6.2.1 The Committee NOTED an Internal Audit Follow-Up Report 2020/21, which aimed to provide assurances that internal audit actions agreed during the previous financial year had been implemented satisfactorily.

6.2.2 The Committee DISCUSSED a proposal from the Executive that actions related to the implementation of a practical annual appraisal process for staff should be superseded, as there were challenges at a national level relating to the agreement of an appropriate appraisal process. The Committee AGREED that the internal audit recommendation should be superseded, however, it was NOTED that all staff would continue to be encouraged to participate in the personal development process.

6.2.3 The Committee DISCUSSED the positive progress made by the College against internal audit actions, and welcomed re-assurances provided by the internal auditors.

6.3 INTERNAL AUDIT REPORT: BUSINESS CONTINUITY MANAGEMENT

6.3.1 The Committee NOTED that internal audit had conducted a review of the Business Continuity Management 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 business continuity.

6.3.2 The Committee NOTED that, like most organisations across the UK, the operational level Business Continuity Plan (BCP) implemented by the College were not sufficient to address the issues presented by the Covid-19 Pandemic. The Internal Auditor advised the Committee that the College implemented its BCP in response to Covid-19 on 16 March 2020.

6.4 INTERNAL AUDIT REPORT: COVID-19 FINANCIAL CONTROLS

6.4.1 The Committee NOTED that internal audit had conducted a review of the financial controls in place at the College related to the Covid-19 Pandemic. The Internal Auditor advised the Committee that 'substantial' assurances had been received in relation to the design and operational effectiveness of the controls in place.

6.4.2 The Committee NOTED the positive report and commended the Finance Team for their significant work to ensure appropriate financial procedures were implemented in response to the Covid-19 Pandemic.

6.5 INTERNAL AUDIT ANNUAL REPORT 2020/21

6.5.1 The Committee NOTED an annual report on internal audit activity carried out during 2020/21. The internal auditors provided a statement on the internal audit coverage achieved from 1 August 2020 to 31 July 2021, and a summary of audit opinion on the College's control environment and systems of internal control.

6.5.2 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.

6.5.3 The Committee welcomed the positive report and NOTED the continued progress made by the College towards the development of its internal controls.

7. RISK ASSURANCE REPORT

7.1 THREE LINES OF DEFENCE ANNUAL REPORT

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 Director of Communications, Policy and Research advised the Committee that all the arrangements identified in the Framework continued to operate effectively.

7.1.2 The Committee NOTED that no gaps had been identified in the Framework, following substantial efforts over the academic year 2020/21 to strengthen arrangements relating to the third line of defence.

7.2 RISK MANAGEMENT UPDATE

7.2.1 The Committee NOTED a risk management report as provided by the Director 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 the continued management and development of the Covid-19 Risk Register by the 5R Hub, who met on a weekly basis to review updates. The Director of Communications, Policy & Research informed the Committee that although a significant number of students had physically attended College during September 2021, there had been no instances of on campus Covid-19 transmission.

7.2.3 The Committee NOTED that Student Retention and Attainment (Risk 2) had been elevated to 'Red' on the Top-Level Risk Register. The Chair advised the Committee that a deep dive into both student attainment and positive destinations would be presented to members at a future meeting.

7.2.4 The Committee NOTED that the Edinburgh College Risk Appetite and Tolerance Statement had been provided for members consideration and comment. The Committee DISCUSSED the proposed Statement and AGREED that, in future, it would be beneficial to include a guidance metric to support Board members understanding of risk parameters. The Committee AGREED that the Risk Appetite and Tolerance Statement should be reviewed and brought back to the Committee once a new Strategic Framework had been agreed by the Board.

7.2.5 The Committee NOTED Business Continuity Management Plans related to the following three areas: (i) Pandemic; (ii) Terrorist Attack / Threat; and (iii) Cyber Attack / Threat. The Committee DISCUSSED each of the Plans and APPROVED their publication by the College.

7.3 ANNUAL REPORT ON DATA BREACH INCIDENTS AND CYBER ATTACKS

7.3.1 The Committee NOTED an Annual Report on Data Breach Incidents and Cyber Attacks for 2020/21. The Director of Communications, Policy & Research advised the Committee that the annual report allowed the Senior Management Team and the Audit & Risk Assurance Committee to identify areas of risk and respond accordingly.

7.3.2 The Committee NOTED that a Penetration and Phishing Test had been conducted by the College in September 2021, the results of which would be presented to the next meeting of the Audit & Risk Assurance Committee.

7.3.3 The Committee DISCUSSED past and future training for Board members on cyber-security and NOTED that a development session would be held for

members in the academic year. The Director of Communications, Policy & Research informed the Committee, for information, that the ongoing non-executive recruitment round sought at least one new Board members with Digital, IT and/or cyber-security expertise.

7.3.4 The Committee DISCUSSED the large volume of attacks (including cyber) during the year. The Director of Communications, Policy & Research highlighted to the Committee that sensitive information held by the College mainly related to student matriculation data, which was held securely on internal servers.

8. ANNUAL ACCOUNTS TO JULY 2021

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 Director 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 in relation to the Code and were content with the broad level of compliance outlined.

8.2 INTERNAL CONTROL ASSURANCE STATEMENTS

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 were content with the level of assurance illustrated.

8.3 DRAFT (UNAUDITED) ANNUAL REPORT AND FINANCIAL STATEMENTS

8.3.1 The Committee NOTED an unaudited draft of the Annual Report and Financial Statements for the period ended 31 July 2021.

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

- (i) The status of a legal matter relating to student accommodation at the Granton Campus.
- (ii) The need to clearly highlight the financial performance of the College during a challenging period for the sector.
- (iii) The development of the Estates Report to incorporate more information on the IT and Digital Infrastructure plans.

- (iv) The need to ensure that the key messages are conveyed in the Chair and the Principal's Report.

8.3.3 The Committee NOTED that an updated draft Annual Report and Financial Statements for the period ended 31 July 2021 would be presented to its next meeting on 24 November 2021. The Director of Finance advised the Committee that the cover sheet to the Annual Report and Financial Statements would clearly outline the key points within the document and any significant changes made to the unaudited draft.

9. ANY OTHER COMPETENT BUSINESS

9.1 None

10. FOR INFORMATION

10.1 ANNUAL COMPLAINT ACTIVITY REPORT 2020/21

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

10.2 COMMITTEE PROGRAMME OF WORK 2020/21

10.2.1 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 February 2022.

Meeting closed at 16:50