

AUDIT & RISK ASSURANCE COMMITTEE

MINUTES OF MEETING OF 6 MARCH 2024

Meeting held in the Boardroom, Sighthill Campus, 15:00hrs

Present: Kenneth Brooker (Independent Member); Peter Burns (Independent Member); Sue Cook (Chair); Kerry McCormack; Bill Troup

In attendance: Audrey Cumberland; Ian Deed; Gordon Hope; Mike Jeffrey; Bridget Mauro* (Mazars); Gemma MacLeod (BDO); Nora Senior* (Chair of the Board); Michael Speight* (Mazars); Marcus Walker (Clerk); Alan Williamson

**Joined via Microsoft Teams*

1. WELCOME AND APOLOGIES

- 1.1 No apologies were received.
- 1.2 The Chair welcomed both Michael Speight (Audit Director) and Bridget Mauro (Audit Manager) from the external auditors, Mazars.
- 1.3 The Chair welcomed Gemma Macleod (Audit Manager, BDO) to the Audit & Risk Assurance Committee as a representative of the internal auditors.
- 1.4 The Committee NOTED that, at the invitation of the Committee Chair, the Chair of the Board would join the meeting as an attendee (via Microsoft Teams).

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 22 November 2023 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 INTERNAL AUDIT ISQM (INTERNATIONAL STANDARDS ON QUALITY MANAGEMENT) [REF. MINUTE 5.2.3/22.11.23]

The Committee NOTED that discussions remained ongoing between colleges, auditors and the SFC regarding the impact of the ISQM and how to ensure best value for the sector. The Director of Finance & Infrastructure advised Members that a further update would be provided to the Committee at its next meeting.

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 meetings cycle.

4.2.2 The Committee NOTED that the Scottish Government's Draft Budget for 2024/25, announced on 19 December 2023, had outlined unprecedented financial pressures for Scotland's colleges - including the removal of the Flexible Workforce Development Fund (FWDF). The Principal advised the Committee that, although the Scottish Government and the SFC recognised the need for a sustainable and impactful college sector, there were no clear transitional plans or available funds to support long-term sustainable change at the present time.

4.2.3 The Committee NOTED that a national strike action by both EIS-FELA and Unison members had taken place on 29 February 2024. The Committee DISCUSSED the impact of the discontinuous strike action and the mitigations in place. The Principal advised the Committee that the College had remained open during the national strike action and every effort was made to mitigate any impact on the student learning experience.

4.3 DEEP DIVE: COMMERCIAL RISK AND ASSOCIATED MITIGATIONS

4.3.1 The Committee NOTED that it had received a pre-meeting presentation on commercial risks and associated mitigations led by the Director of Enterprise & Knowledge Exchange. The Chair, on behalf of the Committee, thanked the Director of Enterprise & Knowledge Exchange for her presentation which outlined the development, management and monitoring of non-SFC income streams at the College and the impact of the withdrawal of the FWDF.

4.3.2 The Committee DISCUSSED the financial uncertainty associated with the withdrawal of the FWDF, and the reassurances provided by Vice Principal Corporate Development that the withdrawal of FWDF would allow the Commercial Team to focus on both the growth of existing and new income streams. The Vice Principal Corporate Development advised the Committee that the College would continue to support its staff to allow them to become more agile to respond to commercial opportunities and develop new income streams.

5. INTERNAL AUDIT REPORTS

5.1 SUMMARY OF 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 2020/21, 2021/22, 2022/23 and 2023/24. The Chief Operating Officer highlighted the audit items marked 'complete', which would be removed from the next iteration of the summary report.

5.1.2 The Committee NOTED one remaining action relating to the 2021/22 *Application, Induction and Enrolment* Internal Audit, and welcomed confirmation that improvements to the international student application process would be completed by the end of March 2024. The Chief Operating Officer informed the Committee that all actions related to the internal audit would be closed-off before its next meeting on 22 May 2024.

5.1.3 The Committee NOTED progress against actions arising from the 2022/23 *Sustainability* internal audit. The Chief Operating Officer advised the Committee that the development of a sustainability dashboard reporting tool remained ongoing, however, progress in a number of areas had been made - including: The inclusion of carbon reduction data on the Board of Management's KPI Dashboard; Publication of the College's Public Bodies Climate Change Report; and the proposed appointment of sustainability champions across the College.

5.1.4 The Committee NOTED a supplementary *Cyber Security Audit Actions Update*, which responded to specific items highlighted through the 2023/24 *Cyber Security* Internal Audit. The Committee DISCUSSED the need to prioritise actions based on strategic importance, dependencies, and risk mitigation. The Digital Infrastructure Service Lead informed the Committee that the College currently had the necessary capacity to complete outstanding cyber security actions within the allotted timeframe.

5.2 INTERNAL AUDIT: BUSINESS PERFORMANCE MANAGEMENT

5.2.1 The Committee NOTED that, as a part of the 2023/24 Internal Audit Plan, it was agreed that BDO would carry out a review of business performance management arrangements at the College. The Internal Auditor advised the Committee that the audit provided a 'moderate' level of assurance over the design and effectiveness of the controls in place at the College relating to business performance management processes.

5.2.2 The Committee DISCUSSED the three 'low risk' recommendations outlined within the Internal Audit Report, which related to operational planning and the effective use of SMART actions. The Chief Operating Officer advised the Committee that findings raised within the Report would be addressed during the process of setting 2024/25 Operational Plans.

5.2.3 The Committee DISCUSSED business performance management in relation to the information the Board of Management and its committees receive. The Committee AGREED that in advance of the next meeting of the Board of

Management all Pillar Strategies (including one-page summaries) should be available to view on the Board Portal.

The Chair of the Board joined the meeting

6. RISK ASSURANCE REPORT

6.1 RISK MANAGEMENT UPDATE

- 6.1.1 The Committee NOTED a risk management update as provided by the Chief Operating Officer, which highlighted progress in relation to risk management and reporting since the last meeting of the Committee on 22 November 2023.
- 6.1.2 The Committee NOTED that the Risk Management & Assurance Group (RMAG), on 15 February 2024, reaffirmed the following four top risks for the College: (i) National bargaining impact on college operations; (ii) Financial sustainability (insufficient budget / funding to cover cost of living, job evaluation, employer pension contribution increases); (iii) Cyber security breaches within the college; (iv) Failure to meet SFC funded activity targets and fees.
- 6.1.3 The Committee DISCUSSED the outlined top risks with reference to points raised under *Minutes 4.2.2, 4.2.3 and 5.1.4*. The Chief Operating Officer advised the Committee, that further to an update provided to the Planning & Resources Committee on 29 February 2024, relating to 'Top Risk 32' (failure to meeting SFC funded activity targets and fees), the College was confident that it would achieve the minimum 2023/24 credits target threshold to avoid any financial claw-back from the SFC.

6.2 DATA BREACH INCIDENT & CYBER ATTACKS UPDATE

- 6.2.1 The Committee NOTED that no reportable data breach incidents had taken place at the College from 1 November 2023 to 31 January 2024.

6.3 CYBER SECURITY RISK MATRIX UPDATE

- 6.3.1 The Committee NOTED that the College had a risk-based approach to cyber security in line with Scottish Government requirements. The Digital Infrastructure Service Lead highlighted progress against a Cyber Security Risk Control Matrix, which illustrated how individual College risks related to various aspects of cyber security were being managed and indicated areas for further development.
- 6.3.2 The Committee DISCUSSED the updated Cyber Security Risk Control Matrix and NOTED the addition of new columns relating to 'Network Segmentation' and 'Mobile Device Management'. The Committee AGREED that the Digital Infrastructure Service Lead should review the presentation of the Matrix to improve its readability.

7. ANY OTHER COMPETENT BUSINESS

7.1 HORIZON SCANNING UPDATE

7.1.1 The Committee NOTED verbal horizon scanning updates from both the Internal and External Auditors.

7.1.2 The Committee NOTED the publication of a *BDO Audit Committee Briefing* which covered the following topics: New Global IAA Standards; Corporate Governance Reform; Economic Crime; Tax Risk; ESG; and Artificial Intelligence.

7.2 ANNUAL COMPLAINTS ACTIVITY REPORT

7.2.1 The Committee NOTED an annual report on complaints activity, as considered by the Planning & Resources Committee on 29 February 2024, prior to its submission to the SPSO and publication of the College website.

7.2.2 The Committee DISCUSSED the governance related to the reporting of complaints to committees of the Board of Management and AGREED that - at its next point of review - committee oversight should be clarified within the Complaints Handling Policy & Procedure.

7.3 EC POLICIES & PROCEDURES UPDATE

7.3.1 The Committee NOTED an update relating to an ongoing process to review and streamline all College policies and procedures. The Board Secretary advised the Committee that a progress update on the review process would be provided to its next meeting.

7.4 COMMITTEE PROGRAMME OF WORK 2024/25

7.4.1 The Committee NOTED its proposed programme of work for the 2024/25 academic year.

7.5 GRANTON CAMPUS MEETING

7.5.1 The Committee NOTED a proposal from the Chair for an informal gathering of Audit & Risk Assurance Committee Members prior to its next meeting on 22 May 2024 at the Granton Campus. The Committee welcomed the proposal and NOTED that arrangements would be confirmed by the Board Secretary in due course.

8. FOR CIRCULATION

8.1 SFC REPORT: FINANCIAL SUSTAINABILITY OF COLLEGES IN SCOTLAND 2021/22 TO 2025/26

8.1.1 The Committee NOTED the online publication of an SFC Report on the *Financial Sustainability of College in Scotland 2021/22 to 2025/26* in January 2024.

9. DATE OF NEXT MEETING

9.1 The next meeting of the Audit & Risk Assurance Committee will take place on 22 May 2024.

Meeting closed at 16:25