



For the future you want

AUDIT & RISK ASSURANCE COMMITTEE

APPROVED MINUTES OF MEETING OF 10 MARCH 2020

15:00 Room 4-02, Milton Road Campus

Present: Ian Doig; Lesley Drummond; Ross Laird; Nigel Paul (Chair); Judith Sischy

In attendance: Brian Battison (Audit Scotland); Nick Croft; Audrey Cumberland; Ursula Lodge (Audit Scotland); Claire Robertson (BDO); Lindsay Towns; Marcus Walker (Clerk); Alan Williamson

1 WELCOME AND APOLOGIES

1.1 No apologies were received.

1.2 The Committee NOTED that the Vice Principal Education & Skills was unable to attend the meeting to present Item 6.5; *Risk Deep Dive: Student Retention*. The Chief Operating Officer advised the Committee that he would present the report on the Vice Principal's behalf.

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 20 November 2019 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.

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 INTERNAL AUDIT

5.1 SUMMARY OF AUDIT RECOMMENDATIONS

5.1.1 The Committee NOTED a report on progress against internal auditors' recommendations previously reported to the Audit & Risk Assurance Committee in 2014/15, 2015/16, 2017/18 and 2018/19.

5.1.2 The Committee NOTED a progress update on actions relating to Workforce Management. The Chief Operating Officer advised the Committee that the Workforce Plan had informed the indicative assumptions and options made within the Financial Plan 2019-24, which was reviewed by the Policy & Resources Committee on 25 February 2020.

5.1.3 Members NOTED that the Policy & Resources Committee had agreed that the Financial Plan should act as the basis for discussion with the SFC with regards to what financial support could be provided to the College. The Chief Operating Officer informed the Committee that the Workforce Plan (along with the Curriculum Plan) would continue to be developed and feed into the Financial Plan.

5.1.4 The Committee DISCUSSED the proposed end date of the Workforce Plan action and the need for financial support from the SFC to implement the Financial Plan.

5.1.5 The Committee NOTED that with regards to actions relating to Business Continuity Planning, initial business impact assessments had been drafted for all key operational areas, and the Risk Management and Assurance Group would be undertaking its first strategic review of business impact assessment in April 2020.

5.1.6 The Committee NOTED that, with regards to Business Planning and Performance Management, there were no plans to introduce a staff appraisal system. The Chief Operating Officer advised the Committee that the staff personal development process (Enhance) would be relaunched later in the academic year to all staff. The Committee DISCUSSED the risks associated with not introducing a staff appraisal system, but acknowledged that the College had a performance management framework in place through Enhance, and

various other arrangements, covering classroom activities, quality arrangements, departmental performance reviews and Education Scotland visits.

5.2 INTERNAL AUDIT REPORT: STRATEGIC PLANNING

5.2.1 The Committee NOTED that internal audit had conducted a review of the strategic planning arrangements in place at the College. The Internal Auditor advised the Committee that 'moderate assurance' had been received in relation to the design and operational effectiveness of the controls in place regarding strategic planning.

5.2.2 The Committee NOTED that two 'medium risk' recommendations, which would serve to improve the overall control environment, had been outlined in the report. The Committee welcomed the report and DISCUSSED the progress made by the College over recent months to develop KPIs to monitor performance against the Strategic Plan.

5.3 INTERNAL AUDIT REPORT: FINANCIAL PLANNING

5.3.1 The Committee NOTED that internal audit had conducted a review of the financial planning arrangements in place at the College. The Internal Auditor advised the Committee that 'substantial assurance' had been received in relation to the design and operational effectiveness of the controls in place regarding financial planning.

5.3.2 The Committee NOTED that the 'low risk' recommendations, which would serve to improve the overall control environment, had been outlined in the report. The Chair, on behalf, of the Committee, congratulated the Finance Team on the highly positive report - which outlined a number of areas of best practice.

5.4 INTERNAL AUDIT REPORT: COMMERCIAL INCOME

5.4.1 The Committee NOTED that internal audit had conducted a review of the commercial income arrangements in place at the College. The Internal Auditor advised the Committee that 'moderate assurance' had been received in relation to the design and operational effectiveness of the controls in place regarding commercial income.

5.4.2 The Committee NOTED that four 'medium and low risk' recommendations, which would serve to improve the overall control environment, had been outlined in the report. The Committee welcomed the report and NOTED that it had been presented to the Corporate Development Committee, which monitors commercial activity, at its meeting on 03 March 2020.

5.5 INTERNAL AUDIT PROGRESS REPORT 2019/20

5.4.1 The Committee NOTED a summary of internal audit activity during the academic year 2019/20 (to date), which included details on the reviews planned for the coming quarter.

6. RISK ASSURANCE

6.1 RISK MANAGEMENT REPORT

- 6.1.1 The Committee NOTED a risk management report as provided by the Head of Communication, Policy and Research, which highlighted progress in relation to risk management and reporting since the last meeting of the Committee.
- 6.1.2 The Committee NOTED that a new risk around the outbreak of COVID-19 would be monitored strategically in the top-level risk register. The Chair advised the Committee that a full discussion around the risks and mitigations relating to this emerging risk would take place under Item 6.2.
- 6.1.3 The Committee NOTED that *Risk 24; 'Cyber security breaches within the College'* was still one of the highest rated risks, however, controls currently in place throughout the College would sufficiently mitigate these risks. The Committee DISCUSSED the RAG scoring provided for the 'inherent' and 'residual' risks associated with cyber breaches, and AGREED that the College should re-evaluate the current residual risk score, following the outcome of the penetration testing and an internal audit that were both currently in progress.

6.2 EMERGING RISK: CORONAVIRUS (COVID-19)

- 6.2.1 The Committee NOTED that on 02 March 2020 the first case of coronavirus had been confirmed in Scotland, and the College risk scores were increased appropriately. The Head of Communication, Policy and Research advised the Committee that developments relating to the coronavirus outbreak were rapidly changing, and a Critical Incident Management Team had been convened by the Vice Principal Corporate Development to coordinate the College response, engage with public health protection advisors, and other local agencies.
- 6.2.2 The Committee NOTED that, as of 10 March 2020, there had been no confirmed cases of the coronavirus at the College.
- 6.2.3 The Committee DISCUSSED the key risks associated with the coronavirus outbreak, including: Student and staff health & wellbeing; student progress and attainment; SFC and non-SFC income. The Committee NOTED the mitigations implemented by the College which aligned with guidance from Public Health Protection Scotland.
- 6.2.4 The Committee NOTED that a further update on the coronavirus would be provided to the Board at its meeting on 24 March 2020. The Head of Communication, Policy and Research offered reassurance to the Committee that the College would continue to perform dynamic risk assessments to ensure risks were mitigated appropriately in what remained a constantly evolving situation.

6.3 NATIONAL FRAUD INITIATIVE EXERCISE UPDATE

6.3.1 The Committee NOTED the outcome of the counter-fraud exercise undertaken by the National Fraud Initiative (NFI) in Scotland. The Head of Finance outlined the process and the role of Audit Scotland in leading the exercise and publishing the subsequent report.

6.3.2 The Committee DISCUSSED the results summary, and NOTED that the College had performed strongly in the exercise. The Head of Finance advised the Committee that the minor issues raised through the report relating to the College had led to further improvement in purchase ledger procedures used by the Finance Team.

6.3.3 The Chair welcomed the participation of the College in the NFI counter-fraud exercise, and the appropriate steps taken by the College in response to the outlined findings.

6.4 FRAUD, BRIBERY AND CORRUPTION POLICY: COUNTER FRAUD MATURITY MODEL

6.4.1 The Committee NOTED that the most recent Fraud, Bribery and Corruption Policy had been approved by the Audit & Risk Assurance Committee in May 2018. The Head of Finance advised the Committee that the Policy had been recently reviewed again to include guidance on incorporating the Scottish Government's Counter Fraud Maturity Model.

6.4.2 The Committee DISCUSSED the Fraud, Bribery and Corruption Policy and welcomed the inclusion of the Counter Fraud Maturity Model. The Committee APPROVED the updated Fraud, Bribery and Corruption Policy, subject to the inclusion of minor amendments outlined by members.

6.4.3 The Committee NOTED a separate Counter Fraud Maturity Model document outlining the various measures within the Model, and how the College had self-assessed its current position. The Committee DISCUSSED the current position of the College against the Model, and the areas for future development highlighted by the Head of Finance.

6.4.4 The Committee APPROVED the Fraud, Bribery and Corruption Policy, and endorsed progress against the Counter Fraud Maturity Model. Further to this, the Committee AGREED that it would review Counter Fraud Maturity Model on an annual basis.

6.5 RISK DEEP DIVE: STUDENT RETENTION

6.5.1 The Committee NOTED a report produced by the Vice Principal Education & Skills in relation to the risks, impacts and mitigations associated with student retention. The Chief Operating Officer emphasised the significant importance of student retention, and advised the Committee that poor retention could effectively mean that the College was not financially sustainable as it adversely affects its ability to reach set activity targets if students leave before November (FE students) and December (HE students).

6.5.2 The Committee NOTED that the College had seen a decrease in performance across its KPIs in Full-Time FE programmes containing a Nationally Recognised Qualification in AY 2018/19 (which is a small proportion of FT study at the College). The Chief Operating Officer highlighted a number of actions taken by the College, as part of its PI short-term action plan, to improve retention rates going forward.

6.5.3 The Committee NOTED that the short-term action plan implemented by the College had positively improved Further Withdrawal rates (the number of students that enroll, attend and then leave after 25% of the course is completed), and had produced a small improvement in Early Withdrawal rates. The Chief Operating Officer advised the Committee that these improvements were positive, however, the College recognised that sustainable action was required to ensure continued success.

6.5.4 The Committee welcomed the overview provided and DISCUSSED the following in relation to student retention:

- (i) The continued monitoring of performance against the Evaluative Report and Enhancement Plan (EREP) by the Academic Council;
- (ii) the impact of university offers to students once they have started college on Early Withdrawal rates;
- (iii) ongoing trend analysis through Promonitor to identify students at a higher risk of early withdrawal;

6.5.5 The Committee AGREED that it would welcome further information on the impact of protected characteristics, such as gender and ethnicity, on retention rates.

7. HORIZON SCANNING REPORT

7.1 The Committee NOTED a Horizon Scanning Report which outlined major political, economic, social, technological, legal and/or environmental developments that could impact on the five strategic aims of the college. The Head of Communications, Policy and Research advised the Committee that further to this, the report also indicated what the College was doing to address these impacts.

7.2 The Committee NOTED that, on 23 January 2020, the UK Parliament's European Union (Withdrawal Agreement) Act 2020 had been granted Royal Assent. The Head of Communications, Policy and Research informed the Committee that the Act made legal provision for the UK to leave the EU on 31 January 2020, and for the UK Government to negotiate future working arrangements with the EU Parliament during the transition period.

7.3 The Committee NOTED that the College had not witnessed an adverse impact on EU student numbers as yet, although recruitment would continue to be monitored as changes following EU withdrawal were implemented.

7.4 The Committee NOTED the Scottish Government announced its Draft Budget 2020/21 Proposal on 06 February 2020. The Head of Communications, Policy and

Research informed the Committee that the Draft Budget proposed an increase in current levels of revenue funding for college sector by 3.6% in real terms, which represented an additional £33.5m against the previous year's Draft Budget (2019/20). Further to this, it was NOTED that colleges had yet to be informed of the final funding allocations for 2020/21.

7.5 The Committee DISCUSSED the inclusion of Audit Scotland reporting within the Horizon Scanning Report, and AGREED that the Head of Communications, Policy and Research should seek to include appropriate information in future reports.

7.6 The Committee DISCUSSED the outcome of a review by the SFC following its investigation of payments by the University of Aberdeen to its former Principal & Chief Executive. The Committee AGREED that the SFC report, including the recommendations arising, should be noted by members of the Remuneration Committee to ensure good practice was observed.

8. ANY OTHER COMPETENT BUSINESS

8.1 COMMITTEE AGENDA PLANNER 2019/20

8.1.1 The Committee NOTED an agenda planner for the academic year, which aimed to provide members with an opportunity to review upcoming items of business. The Chair advised the Committee that it was important to follow an appropriate plan of work in order to ensure that future agendas cover all areas within the remit of the Committee.

8.2 AUDIT SCOTLAND STATUTORY FEE UPDATE

8.2.1 The Committee NOTED an indication of the fees for 2019/20 audits as provided by Audit Scotland. The External Auditor advised members that an indicative fee would be provided to the next meeting of the Committee.

9. FOR INFORMATION

9.1 DATA BREACH INCIDENT UPDATE

11.1.1 The Committee NOTED that no data breach incident had taken place at the college from November 2019 to March 2020.

10. DATE OF NEXT MEETING

10.1 The next meeting of the Audit & Risk Assurance Committee shall take place on 27 May 2020, in the Boardroom, Milton Road Campus.

Meeting closed at 17:10