Edinburgh College

For the future you want

AUDIT & RISK ASSURANCE COMMITTEE

MINUTES OF MEETING OF 21 FEBRUARY 2018

15:00 Boardroom, Milton Road Campus

Present: Ian Doig; Nigel Paul (Chair); Judith Sischy

In attendance: Nick Croft; Marta Kuzma (Audit Scotland); Helen Russell (Audit Scotland); Joanna Stevenson (Audit Scotland); Matthew Swann (Scott-Moncrieff); Lindsay Towns; Marcus Walker (Clerk); Alan Williamson

1   WELCOME AND APOLOGIES

1.1   Apologies were received from Bob Downie.

1.2   The Committee Chair welcomed Nick Croft, Head of Corporate Development, to his first meeting of the Committee

2   DECLARATIONS OF INTEREST

2.1   No declarations of interests were received.

3   MINUTES OF PREVIOUS MEETING

3.1   The Board APPROVED the minutes from 22 November 2017 as an accurate record of the meeting.

4   MATTERS ARISING

4.1   MATTERS ARISING REPORT

4.1.1 Actions from the previous meeting were complete, overtaken or on the agenda.

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 2015/16 and 2017/18. The Head of Corporate Development advised the Committee that a consolidated improvement plan which incorporated all Scott-Moncrieff recommendations against the Business Transformation Plan was included for members' review.

5.1.2 The Committee DISCUSSED progress on two outstanding recommendations relating to Workforce Management Planning. The Chief Operating Officer advised the Committee that the college had developed its mechanisms for reporting on the current workforce, and would then establish the future workforce profile through the strategic 'Blueprint' project.

5.1.3 The Committee welcomed the positive progress made towards achieving audit recommendations, and looked forward to further updates on ongoing action at its next meeting.

5.2 INTERNAL AUDIT PROGRESS REPORT 2017/18

5.2.1 The Committee NOTED a summary of internal audit activity during the academic year 2017/18 (to date), which included details on the reviews planned for the coming quarter.

5.2.2 The Committee NOTED an Internal Audit Assignment Plan to assess the GDPR readiness of the college, as requested by the Committee at its previous meeting (minute 11.11.17/5.8.3 refers).

6. **RISK ASSURANCE**

6.1 RISK MANAGEMENT REPORT

6.1.1 The Committee NOTED a risk management report as provided by the Head of Corporate Development, which highlighted progress in relation to risk management and reporting since the last meeting of the Committee in November 2017.

6.1.2 The Committee DISCUSSED the following points relating to the Top Risk Register:

(i) The need to consider the hierarchical structure of top risks in order to allow greater focus on key risks;
(ii) the review of risk tolerance and risk appetite in the risk register to incorporate a 'risk target' score;
(iii) the need to ensure that the Risk Management Report cover sheet clearly outlines key risks for the consideration of the Committee.

6.1.3 The Committee DISCUSSED the 'Impact of Brexit on College Business', which was highlighted as an emerging risk on the Top Risk Register. The Committee AGREED that a report reviewed by the Policy & Resources Committee on 20 February, should be circulated to its members for information.

6.1.4 The Committee DISCUSSED risks relating to safeguarding for students and staff, and the need to understand current processes in order to assess any gaps. The Committee AGREED the college should self-evaluate itself against an appropriate safeguarding checklist and report back in due course.

6.1.5 The Committee NOTED a discussion held at the Policy & Resources Committee, at its meeting on 20 February, relating to the complexity of pension arrangements in the college and university sectors and the need for continued monitoring of the college schemes by the Board. The Committee AGREED that later in the year the Executive should bring forward a report outlining the potential risks of any further increase to contribution rates.

The Information Manager and Cyber Security Lead joined the meeting

6.2 UPDATE ON INFORMATION SECURITY

6.2.1 The Committee NOTED an update on Information Technology at Edinburgh College and associated cyber / information security matters. The Chief Operating Officer advised the Committee that following the global "WannaCry" cyber-attack on 12 May 2017, the Scottish Government had raised the profile of cyber resilience across the public sector.

6.2.2 The Committee NOTED that the Scottish Government had released a *Public Sector Action Plan on Cyber Resilience*, and that the Deputy First Minister and Cabinet Secretary for Education and Skills had written to the Principal asking the college to implement the plan accordingly. The Chief Operating Officer informed the Committee that a primary requirement of the plan was that cyber resilience was overseen by the Board, and its status reported through its annual assurance statement to the government.

6.2.3 The Committee welcome the details report provided and DISCUSSED the following in relation to the cyber security and resilience:

(i)   The close alignment of GDPR to cyber security and the areas of overlap;
(ii)   the openness of the college to insider threats given the accessibility of its campus buildings;
(iii)   the significant threat of 'phishing' to the college and other organisations;
(iv)   the ability of the college network to isolate and contain cyber security threats;
(v)   the use of independent penetration testing to provide external assurances;
(vi)   the IT manpower in place to cover the significant number of ICT devices in use at the college;
(vii)   the position of the college as a sector leading in its 'patching' work to fix and update software;

(viii)   staff training to ensure IT users are aware of potential cyber security risks.

6.2.4 The Committee AGREED that once the Scottish Government's 'Cyber Essentials' action plan had been completed it should come forward to the Committee for review. Further to this, the Committee AGREED that an upcoming information security risk report from UCSS InfoSec should also be presented to members for their consideration.

6.2.5 The Committee AGREED that the Executive should, provide a brief report on cyber security and data breach incidents to the Committee "for information" at each meeting.

6.3 UPDATE ON GENERAL DATA PROTECTION REGULATION (GDPR) PREPARATIONS

6.3.1 The Committee NOTED an update on the progress of the college towards GDPR compliance, before the Regulation comes into effect on 25 May, and the associates risks and challenges in implementing the changes required to achieve compliance. The Head of Corporate Development advised the Committee that the college's Information Manager was leading preparation for GDPR compliance using the Information Commissioner's Office (ICO) 12-steps to compliance guidance.

6.3.2 The Committee welcomed the significance progress towards compliance outlined, and DISCUSSED the following matters:

(i)   The significant work required to catalogue existing data held by the college;
(ii)   the temporary appointment of staff to undertake information and asset audits, including an initial screening of data and (if required) impact assessments;
(iii)   awareness raising workshops to educate staff on the proper handling of information, and the imperative to inform appropriate staff of any data breach;
(iv)   the need to reduce (or stop) staff access to information not required as a part of their role, in order to mitigate the risk of information breaches;
(v)   the work of the Scottish Colleges Information Governance Group, and the acknowledgment that the sector was on a journey towards compliance;
(vi)   the requirement to disclose any information breaches in the annual external audit report.

6.3.3 The Committee NOTED that an internal audit assessing the readiness of the college for the implementation of GDPR would be undertaken in due course. The Chair, on behalf of the Committee, thanked the Head of Corporate Development and the Information Manager for their detailed reports and the assurances provided.

The Information Manager and Cyber Security Lead left the meeting

6.4 FRAUD AND ANTI-CORRUPTION UPDATE

6.4.1 The Committee NOTED an update on current matters relating to fraud and anti-corruption and the effect they could have on Edinburgh College policy going forward. The Head of Finance highlighted the UK Government's risk based approach to combat corruption, money laundering and tax evasion through the Criminal Finances Act (CFA) 2017, which came into force on 30 September 2017.

6.4.2 The Committee NOTED that, although many of the new CFA regulations were outwith the scope of the college, a timeframe had to be developed for the reviewing of the Edinburgh College Fraud and Anti-Corruption Policy. The Head of Finance advised members that a further update on progress would be provided to the Committee at its next meeting.

6.4.3 The Committee NOTED that participation of the college in the National Fraud Initiative, a sophisticated data matching exercise that matches data within and between public sector and private sector bodies to prevent and detect fraud.

7 ANY OTHER COMPETENT BUSINESS

7.1 HORIZON SCANNING REPORT

7.1.1 The Committee NOTED that, in December 2017, the SFC disseminated a communications framework for the spending of fixed cash budget for priorities (previously termed 'net depreciation'). The Head of Finance outlined to the Committee how the fixed cash budget for priorities was forecast to be spent until 2021/22.

7.1.2 The Committee DISCUSSED the current whistleblowing procedures in place at the college, and AGREED that the Committee should review this matter alongside the safeguarding checklist requested under Minute 6.1.4.

The Internal Auditor left the meeting

7.2 EVALUATION OF THE INTERNAL AUDITOR

7.2.1 The Committee NOTED a consolidated response to an evaluation of the internal audit function in the 2016/17 academic year. The Committee Chair advised the Committee that the consolidated response included feedback from members of the Committee, the Principal and the Chief Operating Officer.

7.2.2 The Committee NOTED the key messages arising from the evaluation and AGREED that the Committee Chair should feed these back to the internal auditors.

7.3 APPOINTMENT OF INTERNAL AUDIT

7.3.1 The Board NOTED that, in line with the APUC tender process, the college had appointed BDO LLP as its internal auditors from 2018/19.

7.4   AUDIT SCOTLAND STATUTORY FEES 2017/18

7.4.1 The Committee NOTED a letter from the Assistant Director (Appointment and Assurance) of Audit Scotland to the Principal outlining the proposed fees for the 2017/18 audit of Edinburgh College.

8   DATE OF NEXT MEETING

8.1   The next meeting of the Audit & Risk Assurance Committee will take place on 18 April 2018, in the Boardroom, Milton Road Campus.

Meeting closed at 17:10