

AUDIT & RISK ASSURANCE COMMITTEE

AGENDA

A meeting of the Audit & Risk Assurance Committee will be held at 15:00 hours on Wednesday, 30 May 2018 in the Boardroom, Milton Road Campus.

		Lead Speaker	Paper
1	WELCOME & APOLOGIES	Chair	
2	DECLARATIONS OF INTEREST	Chair	
3	MINUTES OF PREVIOUS MEETING <i>for approval</i>	Chair	A
4	MATTERS ARISING REPORT		
	4.1 Matters Arising Report	Chair	B
	4.2 Section 22 Report	Audit Scotland	C
5	INTERNAL AUDIT		
	5.1 Summary of Audit Recommendations	A Williamson	D
	5.2 Internal Audit Progress Report 2017/18	Scott-Moncrieff	E
<i>Item 5 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>			
6	RISK ASSURANCE		
	6.1 Risk Management Report	N Croft	F
	6.2 Scottish Government Cyber Essentials Report	A Williamson	G
	6.3 Commercial Income Report	J Grant	H
	6.4 Fraud and Anti-Corruption Policy <i>for approval</i>	L Towns	I
<i>Item 6.1, 6.2 and 6.3 are presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.</i>			
<i>Item 6.4 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.</i>			
7	AUDIT SCOTLAND: 2017/18 ANNUAL AUDIT PLAN	Audit Scotland	J

Item 7 is presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 27, Information Intended for Future Publication.

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| 8 | ANY OTHER COMPETENT BUSINESS | | |
| 8.1 | Horizon Scanning Update attached | N Croft | K |
| 8.2 | Review of Committee Operation 2017/18 attached | Chair | L |
| 9 | FOR INFORMATION | | |
| 9.1 | Data Breach Incident Update attached | N Croft | M |
| 10 | DATE OF NEXT MEETING: To be confirmed | | |

N.B: The minutes of the Audit & Risk Assurance Committee are reported directly to the Board of Management, with an accompany commentary from the Committee Chair.

FOR DISCUSSION			
Meeting	Audit & Risk Assurance Committee 30.05.18		
Presented by	Nick Croft		
Author/Contact	Nick Croft	Department / Unit	Corporate Development
Date Created	09.05.18	Telephone	-
Appendices Attached			
Disclosable under FOISA		Yes.	

PROPOSALS FOR AN EDINBURGH COLLEGE HORIZON SCANNING REPORT

1. PURPOSE

This reports seeks the views of the Committee on a proposed 'horizon scanning report' for the College.

2. DETAILS

The purpose of a horizon scanning report is to enable the Board of Management and its committees, the Executive Team, and the Senior Management Group to co-produce information that will improve long term and strategic planning at the College.

After initial discussions with the Audit and Risk Committee, it is proposed that the 'horizon scanning report' is structured around the five strategic aims of the College Strategic Plan 2017/22, and the Blueprint 2017/22. Indicative content for this report is described in the table below:

Edinburgh College Horizon Scanning Report – Draft Structure and Contents

Strategic Plan 2017/22 – Strategic Aim	Indicative Contents
1 Delivering a Superb Student Experience	<ul style="list-style-type: none"> - ECSA developments - NUS developments - National policy developments and drivers - Recruitment and retention data projections
2 Providing an Excellent Curriculum	<ul style="list-style-type: none"> - Regional Skills Assessment + other SDS intelligence products - Scottish Funding Council developments - National legislative and policy drivers - Education Scotland and SQA developments - Schools and CfE developments - Planned developments by Faculties

3 Supporting and Inspiring our People	<ul style="list-style-type: none"> - HR legislative changes - National bargaining developments - Trade Union developments
4 Valued in Partnership and Communities	<ul style="list-style-type: none"> - Demographic changes - Industry developments - Major planning applications - Community planning strategic needs assessments - Community and third sector developments
5 An Efficient and Effective College	<ul style="list-style-type: none"> - Financial management developments - Long Term financial sustainability - International and commercial development opportunities - Estate planning and future developments - ICT planning and future developments

With regards to the process of developing the report, it is proposed that the principle of co-production is applied across the College.

Consequently, it is proposed that SMG develop an initial draft, based on their discussions with their respective Curriculum Managers and Curriculum Leaders. ECSA would also have a role in developing the report at this stage.

The report is then further developed by the Executive Team.

The report is then scheduled for discussion as a standalone report (no covering report) at each committee, who also comment on, add and refine report content.

Eventually the final report is tabled at the Board of Management for discussion, and agreement on requisite strategic actions.

3. BENEFITS AND OPPORTUNITIES

This report will improve long term and strategic planning in the College.

4. STRATEGIC IMPLICATIONS

The report is aligned to the strategic aims of the College Strategic Plan.

5. RISK

This report will assist in identifying risks to the College and any associated mitigating actions.

6. FINANCIAL IMPLICATIONS

This report will assist the College in improving long term financial planning.

7. LEGAL IMPLICATIONS

This report will improve the College's ability to identify legislative changes that may impact on college business.

8. WORKFORCE IMPLICATIONS

This report will enable the College to identify and react to changes in the HR and OD policy and approaches.

9. REPUTATIONAL IMPLICATIONS

This report will enable the College to better manage reputational risks across the organisation.

10. EQUALITIES IMPLICATIONS

This report will enable the college to be more aware of legislative, policy and demographic changes with regard to equalities.

RECOMMENDATIONS

It is recommended that the Committee NOTE and offer feedback on the proposed purpose, development process, structure and contents of the Edinburgh College Horizon Scanning Report.

AUDIT & RISK ASSURANCE COMMITTEE
30 MAY 2018 [UPDATED 25 JUNE 2018]
PAPER L



FOR INFORMATION / DISCUSSION			
Meeting	Audit & Risk Assurance Committee 30.05.18		
Presented by	Nigel Paul		
Author/Contact	Marcus Walker	Department / Unit	Governance
Date Created	16.0518	Telephone	Ext. 67048
Appendices Attached	<i>Appendix 1: Review of Committee Operation Form 2016/17</i>		
Disclosable under FOISA		Yes. A finalised version of the form will be published.	

REVIEW OF AUDIT & RISK ASSURANCE COMMITTEE OPERATION 2017/18

1. PURPOSE

The Committee is asked to review its annual operation as part of the Board of Management's annual evaluation activity.

2. BACKGROUND

The attached Review of Committee Operation Form has been designed to align with the key principles of the Code of Good Governance: Oversight; Strategy-setting; decision-making and relationships.

The Scottish Government's Audit Committee Handbook advises audit committees to regularly review their formal terms of reference, and in turn, regularly review their effectiveness against such a document.

3. DETAIL

The attached (Appendix 1) Review of Committee Operations Form is split into two parts.

Part 1 focuses on whether the Committee's operation has been compliant with its terms of reference and is content with arrangements relating to: membership, induction and training; meetings; internal control; financial reporting and regulatory matters; internal/external audit; and, administration over the course of the year. This section is based on the self-appraisal checklist as presented in the Audit Committee Handbook.

The twelve questions in Part 2 seek to focus Members' thinking on how the Committee currently performs in relation to its performance monitoring and strategic roles, the effectiveness of its decision-making and its key relationships, with a view to feeding its findings into the whole-board evaluation and identifying areas where practice may be improved.

The same approach will be used for all committees, although some Part 2 questions may be less applicable to the Nominations and Remuneration Committee.

4. BENEFITS AND OPPORTUNITIES

The Review of Committee Operation provides an opportunity for committee to reflect on their practice and consider improvements going forward.

5. STRATEGIC IMPLICATIONS

All committees of the Board are required to review their operation/performance annually.

6. RISK

See 'reputational implications' below.

7. FINANCIAL IMPLICATIONS

Not applicable.

8. LEGAL IMPLICATIONS

Not applicable.

9. WORKFORCE IMPLICATIONS

Not applicable.

10. REPUTATIONAL IMPLICATIONS

Failure to ensure that good governance procedure are in-place may have reputational implications.

11. EQUALITIES IMPLICATIONS

Not applicable.

CONCLUSIONS/RECOMMENDATIONS

The Committee is asked to DISCUSS the checklist and questions provided. If appropriate, members may choose to RECOMMEND actions to enhance the Committee's operation.

Review of Audit & Risk Assurance Committee Operation 2017/18- Part 1

1	Role and remit	Yes/No	Comments/Action
1.1	Does the audit committee have written terms of reference (ToR)?	Yes	The ToR is published on the College <u>website</u> .
1.2	Do the terms of reference cover the core functions of an audit committee as identified in the <i>SG Audit Committee Handbook</i> ?	Yes	The <i>General Committee Remit</i> and <i>Specific Committee Role and Remit</i> are outlined in the ToR.
1.3	Are the terms of reference approved by the audit committee and reviewed periodically?	Yes	The Board approved an updated ToR on 22 September 2015. The last review of the ToR by the Committee occurred on 30 November 2015. Following the appointment of a new Chair of the Board, a governance review is expected to take place over the Summer of 2018.
1.4	Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Yes	The ToR outlines the Committee's membership, authority and its resources. The Committee currently has three Non-Executive Members, its full complement as outlined in the ToR, plus an independent co-opted member with significant public sector expertise.
1.5	Does the body's statement on internal control mention the audit committee's establishment and its broad purpose?	Yes	The statement is shown in the Annual Report and Accounts to 31 March 2017 and covers these points.
1.6	Does the audit committee periodically assess its own effectiveness?	Yes	The Committee completes a self-assessment at its last meeting of every academic year.
2	Membership, induction and training	Yes/No	Comments/Action
2.1	Has the membership of the audit committee been formally agreed by the management board and or Accountable Officer and a quorum set?	Yes	A quorum of two members of the Committee has been agreed by the Board, as is clearly stated in the ToR.

2.2	Are members appointed for a fixed term?	Yes	<p>Non-executive members of the Board are appointed for a fixed term. Appointments and tenures are monitored by the Nominations Committee.</p> <p>As of May 2018, non-executive members on the Committee include: Nigel Paul (Chair), Bob Downie and Judith Sischy.</p>
2.3	Does at least one of the audit committee members have a financial background?	Yes	<p>One member of the Committee has a chartered accountancy background, as does the Committee's co-opted member. The remaining two members have significant financial experience through their roles as chief executives.</p>
2.4	Are all members, including the chair, independent of the executive Function?	Yes	<p>The Committee's membership consists of non-executive Board members.</p>
2.5	Are new audit committee members provided with an appropriate induction?	Yes	<p>New Board members are provided with an induction as agreed by the Nominations Committee. The chair of the Audit and Risk assurance Committee provides an induction briefing for new members of the Committee.</p>
2.6	Has each member formally declared his or her business interests?	Yes	<p>A Register of Interests is maintained by the Clerk to the Board (last updated May 2018). <i>Declarations of Interest</i> is a standing item at every Committee meeting.</p>
2.7	Are members sufficiently independent of the other key committees of the Board?	Yes	<p>The Chair of the A&RA Committee, Nigel Paul, sits on the Board's Policy & Resources Committee.</p> <p>Bob Downie and Judith Sischy do not sit on any other committees of the Board.</p> <p>Ian Doig, a co-opted member of the A&RA Committee acts independently of the Board and its committees and provides valuable input through his significant audit committee experience.</p>
2.8	Has the audit committee considered the arrangements for assessing attendance and performance of each member?	Yes	<p>Arrangements for assessing attendance and performance are implemented by the Nominations Committee. An overview of attendance and performance is provided to the Board annually.</p>

			The Committee completes a Review of Committee Operation Form at the end of each year.
3	Meetings	Yes/No	Comments/Action
3.1	Does the audit committee meet regularly, at least four times a year?	Yes	The Committee met four times in 2017/18 (Nov, Feb, Apr & May), as required by its ToR.
3.2	Do the terms of reference set out the frequency and broad timing of meetings?	Yes	Paragraph 11.1 of the ToR states that; 'the Committee shall meet at least four times a year, in line with the College Financial Year'.
3.3	Does the audit committee calendar meet the body's business and governance needs, as well as the requirements of the financial reporting calendar?	Yes	Following consultation with the Chair of the A&RA Committee, the Board and Committee cycle is agreed with the Chief Operating Officer and Committee members 3-4 months prior to the cycle commencing. The calendar is also checked to align with the financial reporting calendar.
3.4	Are members attending meetings on a regular basis and if not, is appropriate action taken?	Yes	The Nominations Committee review attendance annually, and if required action will be taken.
3.5	Does the Accountable Officer attend all meetings and, if not, is he/she provided with a record of discussions?	Yes	The Principal is invited to all A&RA Committee meetings, and receives an electronic version of the papers. The Principal also receives the draft Committee minutes for comment. In 2017/18, the Principal attended all meetings of the Committee.
3.6	Does the audit committee have the benefit of attendance of appropriate officials at its meetings, including representatives from internal audit, external audit and finance?	Yes	The College's Chief Operating Officer attends and supports the Committee, as Executive Lead. Internal and external auditors from Scott-Moncrieff and Audit Scotland (respectively) are invited to all meetings of the Committee. The auditor overall attendance records are good. The Committee has also invited appropriate members of the Senior Management Team to present of specific topics aimed at providing the Committee with a better understanding of individual risks, and assurances that these risk are managed appropriately. It is hoped that this approach may provide a learning experience for Exec/Leadership members in the operation and role of an A&RA Committee.

4	Internal Controls	Yes/No	Comments/Action
4.1	Does the audit committee consider the findings of annual reviews by internal audit and others, on the effectiveness of the arrangements for risk management, control and governance?	Yes	The Committee receives a status update report at each meeting in relation to ongoing internal audit recommendations, and receives an annual report from both the Internal and External Auditors. A member of the A&RA Committee also attends the College's Risk Management Group meetings.
4.2	Does the audit committee consider the findings of reviews on the effectiveness of the system of internal control?	Yes	An operational audit plan is agreed at the start of the financial year. The audit reviews comment on the effectiveness of the system of internal control and are presented by the Internal Auditors at meetings of the Committee.
4.3	Does the audit committee have responsibility for review of the draft Statement on Internal Control (SIC) and does it consider it separately from the accounts?	Yes	<p>The draft statement on Internal Control is considered by the Committee prior to the finalisation of the Annual Report and Accounts. The Committee also reviews the Statement on Internal Control (SIC) submitted by the Principal to the SFC/Scottish Government</p> <p>In 2017/18 the Executive Team were asked to complete Internal Control Assurance Statements, based on a government internal control framework, for each of their areas. The Principal considered each statement and used them as a basis for her own assurance statement, as submitted to the SFC with the end of year accounts.</p>
4.4	Does the audit committee consider how accurate and meaningful the SIC is?	Yes	See above.
4.5	Does the audit committee satisfy itself that the arrangements for risk management, control and governance have operated effectively throughout the reporting period?	Yes	<p>Risk management, control and governance matters are regularly discussed at A&RA meetings. These aspects are also underpinned by specific audits which provide assurance to the Committee that there is effective management and control within the organisation.</p> <p>Over the course of the academic year the Committee has considered the development and presentation of the risk register.</p>

			<p>To satisfy itself further the Committee has conducted 'deep dives' into key risks on the risk register in 2017/18, to attain a greater understanding of the risk factors and further assurances.</p> <p>A member of the A&RA Committee also attends the College's Risk Management Group meetings</p>
4.6	Has the audit committee considered how it should coordinate with other committees that may have responsibility for risk management and corporate governance?	Yes	The Committee, through its membership, has strong links with the Policy & Resources Committee.
4.7	Has the audit committee satisfied itself that the body has adopted appropriate arrangements to counter and deal with fraud?	Yes	<p>The A&RA Committee reviewed the controls for prevention of Fraud Bribery and Corruption at its 30 May 2018 meeting.</p> <p>A review of Business Continuity Planning and Incident Management took place last year, in April 2017.</p>
4.8	Has the audit committee been made aware of the role of risk management in the preparation of the internal audit plan?	Yes	<p>Risk management is particularly high profile within the College, and assurance is sought on a monthly basis. There are early discussions on the annual internal audit plan involving internal auditors, at which stage a framework of audit reviews is agreed.</p> <p>Additionally, the internal audit plan has been cross-referenced with the Edinburgh College top risk register.</p>
4.9	Does the audit committee's terms of reference include oversight of the risk management process?	Yes	Paragraphs 3.1 and 4 (in the ToR) outline the Committee's oversight of risk.
4.10	Does the audit committee consider assurances provided by senior staff?	Yes	The Committee has received specific reports from senior staff and members of the Executive Team. Reports from Finance, Corporate Development, Quality, HR and ICT are regularly included in the 'Internal Audit Recommendation Summary Report'.
4.11	Does the audit committee receive and consider stewardship reports from senior staff in key business areas such as Finance, HR and ICT?	Yes	See 4.10 (above).

5	Financial Reporting and regulatory matters	Yes/No	Comments/Action
5.1	Is the audit committee's role in the consideration of the annual accounts clearly defined?	Yes	Paragraph 3.2.15, within the ToR outlines the Committee responsibility in-relation to the College's annual financial statements.
5.2	Does the audit committee consider, as appropriate:		
	• the suitability of accounting policies and treatments	Yes	An FRS 18 accounting policies report is provided to the A&RA prior to the preparation of the annual accounts.
	• major judgements made	Yes	These will be reported as required.
	• large write-offs	Yes	Debt write off is reported on an annual basis. Should there be an occasion whereby a large one-off item is required to be written-off, authorisation would be required through the Policy & Resources Committee.
	• changes in accounting treatment	Yes	This will be covered in the FRS 18 accounting policies report, and/or reported during the year when accounting changes are known.
	• the reasonableness of accounting estimates	Yes	As above.
	• the narrative aspects of reporting?	Yes	All reports are considered and discussed.
5.3	Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	Yes	The External Auditors presented their report on the Annual Accounts To 31 July 2017 at the 22 November meeting of the Committee.
5.4	Does the audit committee review management's letter of representation?	Yes	Outlined in ToR, Paragraph 3.2.16. Agreed by the A&RA Committee and the Board as part of Financial Accounts.

5.5	Does the audit committee gain an understanding of management's procedures for preparing the body's annual accounts?	Yes	An annual accounts timetable is prepared and is available for discussion. There is also an External Auditors audit plan which is presented to the A&RA Committee,
5.6	Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues?	Yes	The Chief Operating Officer and Head of Corporate Development provide regular reports to the Committee and the Board. The internal and external auditors are also present at Committee meetings to advise members – as appropriate. At each meeting there is a "horizon scanning" agenda item where updates on the economic, legal and regulatory environment are raised.
6	Internal Audit	Yes/No	Comments/Action
6.1	Does the Head of Internal Audit attend meetings of the audit committee?	Yes	A senior representative from the internal auditors (Scott-Moncrieff) attends each Committee meeting.
6.2	Does the audit committee approve, annually and in detail, the internal audit plans including consideration of whether the scope of internal audit work addresses the body's significant risks?	Yes	The Committee considered/approved the 2017/18 Internal Audit Plan on 22 November 2017. Subsequent changes requested by the Committee have been incorporated and progress updates reviewed.
6.3	Does internal audit have a direct reporting line, if required, to the audit committee?	Yes	The internal auditors have a direct reporting line to the A&RA Committee and attend each meeting. The chair privately meets with Internal Audit during the year, and the Committee meets privately with the Internal Auditors prior to its November meeting. The auditors are able to raise any issues with the chair of the A&RA Committee at any time.
6.4	As well as an annual report from the Head of Internal Audit, does the audit committee receive progress reports from the internal audit service?	Yes	See 6.2 (above). Regular updates on the Plan have been provided to Committee meetings. Progress updates on audits are presented at meetings.
6.5	Are outputs from follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	Yes	The Committee receives a status update report at each meeting in relation to ongoing internal audit recommendations. Members are provided with an opportunity to consider the adequacy of each recommendation implementation.

6.6	If considered necessary, is the audit committee chair able to hold private discussions with the Head of Internal Audit?	Yes	The Committee Chair met privately with the Head of Internal Audit on multiple occasion in 2017/18. The full committee met privately with the auditors in advance of the 22 November 2017 meeting.
6.7	Is there appropriate co-operation between the internal and external auditors?	Yes	Both are in attendance at most meetings and the external auditors gain assurance from the work of internal auditors.
6.8	Does the audit committee review the adequacy of internal audit staffing and other resources?	Yes	There is an annual review of the performance of the internal audit service.
6.9	Are internal audit performance measures monitored by the audit committee?	Yes	As above.
6.10	Has the audit committee considered the information it wishes to receive from internal audit?	Yes	The Committee considered the 2017/18 Internal Audit Plan in November 2017. The scoping and format of subsequent audit reports was discussed.
6.11	Do formal terms of reference exist defining internal audit's objectives, responsibilities, authority and reporting lines?	Yes	Paragraphs 3.2.3 to 3.2.14 (in the ToR) defined the internal auditor's objectives, responsibilities, authority and reporting lines.
7	External Audit	Yes/No	Comments/Action
7.1	Does the external audit representative attend meetings of the audit committee?	Yes	External auditors from Audit Scotland attended the 22 November meeting to present the end of year accounts. Audit Scotland representatives attended each meeting of the A&RA Committee during the academic year.
7.2	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	Yes	The Financial Accounts Annual Audit Plan is presented to the Committee.
7.3	Does the audit committee chair hold periodic private discussions with the external auditor?	Yes	The Committee Chair met privately with the external auditor in October 2017 and May 2018, and the full committee meet privately with the auditors in advance of the 22 November meeting.

7.4	Does the audit committee review the external auditor's annual report to those charged with governance?	Yes	The A&RA committee reviews the annual report from the external auditor.
7.5	Does the audit committee ensure that officials are monitoring action taken to implement external audit recommendations?	Yes	External audit recommendations are reviewed and addressed.
7.6	Are reports on the work of external audit presented to the audit committee?	Yes	The A&RA Committee receive and discuss the audit plan, the interim report, the annual report and the section 22 report.
7.7	Does the audit committee assess the performance of external audit?	Yes	Audit Scotland requested feedback on the performance of the external auditors.
7.8	Does the audit committee consider the external audit fee?	Yes	Audit Scotland presents a fee range to the Committee and the fee is agreed with the external auditors.
8	Administration	Yes/No	Comments/Action
8.1	Does the audit committee have a designated secretariat?	Yes	Secretariat duties are designated to the Clerk to the Board of Management.
8.2	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	Yes	An agenda and papers are circulated one week prior to the Committee meeting.
8.3	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	Yes	The A&RA Committee members are generally satisfied with the reports that they receive
8.4	Does the audit committee issue guidelines and/or a pro forma concerning the format and content of the papers to be presented?	Yes	All papers have a front sheet setting out the paper's purpose, the action(s) required and any strategic / financial / risk / legal / equality implications.
8.5	Are minutes prepared and circulated promptly to the appropriate people, including all members of the Board?	Yes	Draft minutes are provided to the Executive Lead (for review) within 10 working days, and are subsequently circulated to Committee members.

8.6	Is a report on matters arising presented or does the chair raise them at the audit committee's next meeting?	Yes	Matters arising are reported to each Committee meeting as a paper.
8.7	Do action points indicate who is to perform what and by when?	Yes	The matters arising report attributes actions and outlines timescales agreed by the Committee.
8.8	Does the audit committee provide an effective annual report on its own activities?	Yes	A report of its own activities is presented by the Chair of the A&RA Committee to the Board of Management.
9	Overall	Yes/No	Comments/Action
9.1	Does the audit committee effectively contribute to the overall control environment of the organisation?	Yes	As outlined above.
9.2	Are there any areas where the audit committee could improve upon its current level of effectiveness?	Yes	<p>The Committee would welcome the following:</p> <ul style="list-style-type: none"> • An opportunity to review the terms of reference of the Committee in early 2018/19; • the assessment of whether the 'three lines of defence' model would provide a useful mechanism for reviewing the control environment; • the establishment of an effective working relationship with the new internal auditors; • a review of the operation of the committee against the updated Audit and Assurance Committee Handbook published by Scottish Government in March 2018; • the consideration of the relationships between committee as part of the upcoming governance review.
9.3	Does the audit committee seek feedback on its performance from the Board and Accountable Officer?	Yes	The Committee Chair will receive feedback from the Chair of the Board annually, as part of the Board member review process.

Review of Audit & Risk Assurance Committee Operation 2017/18 - Part 2

Performance Monitoring Role

1. Is the Committee monitoring the KPIs it needs to in line with its remit or is there a need for review or change

The role of the Committee is to review, gain assurances, and report to the Board on the effectiveness of the College's governance arrangements, financial systems, internal control environment and risk management arrangements.

It does this by: receiving reports from management; requesting specific presentations on key topics/risks from management; receiving key financial and other performance information; receiving the output from the college's Statement of Internal Control process; reviewing the key risks and mitigations of the College; receiving reports from, and having private meetings with internal auditors and external auditors; receiving reports from other external bodies; attendance of individual committee members at Risk Management Committee meetings; and horizon scanning. Many of these areas have been the focus of development over the past year.

2. Does the Committee receive the information it needs to monitor performance effectively?

The Committee receives sufficient information to undertake its role effectively, and constantly looks at means of improving its understanding of the control and risk environment of the college and obtaining assurances of the adequacy of the College's governance, risk and control processes. Following a major update of the Risk Register, the Committee is looking to the College to develop its appetite statement, and KPI reporting over the next year. Suggestions on taking this forward have been provided to the College by Committee members.

3. Have there been any areas where the Committee has not been able to exercise its performance monitoring role effectively or where practice could be improved?

- *Review of Terms of Reference should be undertaken again in 2018/19;*
- *Assess whether the "Three lines of Defence" model would provide a useful additional mechanism for reviewing the control environment;*
- *Establish effective working relationships with the new Internal Auditors;*

Strategic Role

4. How would the Committee define the key strategic issues within its remit?

This is clearly outlined in the Committee's terms of reference.

5. In what ways has the Committee influenced strategy in its area of remit in the last year?

The Committee looks to influence and gain assurance that the College is delivering on its key strategic priorities, through the mechanisms described above (under 'Performance Monitoring'). Together with the Policy & Resources Committee, it has challenged and

sought assurances that the Business Transformation Plan and Strategic Plan/Blueprint have been appropriately implemented, and has looked at the governance and the mechanisms that the Committee and the Board will rely on to ensure that the new Strategic Plan is effectively delivered.

6. Are there particular areas in which the Committee might improve practice in relation to its strategic role?

The Committee will continue to review its practice and the development of the Board's horizon scanning report.

Decision-Making

7. Has decision-making been “transparent, informed, rigorous and timely¹” in the past year?

Where the committee is required to make decisions, it has done so in an informed and timely manner.

8. Are there ways that the Committee could strengthen its practice in relation to decision-making?

The Committee continues to need high quality papers to ensure that informed and timely decisions are made, when necessary.

9. Are there examples that show how the student experience has informed and been central to the Committee's decisions?

The Committee has considered internal audit reports on the EMA, bursaries and student support funds.

Relationships

10. Has the Committee's relationship with the Board been effective in the past year, and are there any examples of where it could have been more effective?

The Committee's relationship with the Board is defined by: the regular reporting of its minutes at each Board meeting, the annual report to the Board, the attendance of the Board Chairman and Principal at A&RA Committee meetings and the participation of members of the Committee in other Committees.

Members of the Committee have also had the opportunity to discuss matters of concern amongst themselves outside formal meetings. This has provided an effective relationship between the Committee and the Board, and enabled the boundary between governance and management to operate effectively with members of the Committee able to challenge and advise executive colleagues as appropriate.

11. Has the Committee's relationship with the Executive been effective in the past year, and are there any examples of where it could have been more effective?

¹ This is a definition of effective decision-making given in the Code of Good Governance for Scotland's Colleges.

The Committee's relations with the Executive is defined by: private meetings with the Chief Operating Officer; meetings with the Principal and the Board secretariat, as well as inviting other members of the Executive team into A&RA committee meetings (a development over the past year).

12. Has the boundary between governance and management been effective in practice in the past year or are there examples of where it could have been more effective?

The A&RA Committee has satisfactorily maintained the boundary between governance and management.

AUDIT & RISK ASSURANCE COMMITTEE
30 MAY 2018
PAPER M



FOR INFORMATION			
Meeting	Audit & Risk Assurance Committee 30.05.18		
Presented by	Nick Croft		
Author/Contact	Gordon Hope / Nick Murton	Department / Unit	IT / Information Management
Date Created	23.05.18	Telephone	0131 297 8112
Appendices Attached	None.		
Disclosable under FOISA		Yes.	

DATA BREACH INCIDENT(S) UPDATE

1. PURPOSE

This report provides a summary of data breach incidents within Edinburgh College for the reporting period from April to May 2018.

2. INCIDENTS

There were no incidents in this reporting period.

3. DETAIL

Not applicable.

4. BENEFITS AND OPPORTUNITIES

To monitor any trends that may occur and assess (where possible) areas of potential risk. Further to this, the report for remedial actions to be implemented to ensure the college meets legal compliance.

5. STRATEGIC IMPLICATIONS

In line with strategic planning and monitoring for cyber security.

6. RISK

Review of incidents assists in the monitoring of possible risk across the college.

7. FINANCIAL IMPLICATIONS

If the incidents/accident are not monitored and investigated accordingly to ensure no recurrence the college could be fined by the Information Commissioner's Office.

8. LEGAL IMPLICATIONS

Monitoring and carrying out investigations ensures that the college is operating in compliance with data protection legislation.

9. WORKFORCE IMPLICATIONS

None.

10. REPUTATIONAL IMPLICATIONS

To manage any possible negative media around any cyber-security incidents.

11. EQUALITIES IMPLICATIONS

Not applicable.

CONCLUSIONS/RECOMMENDATIONS

The Committee are asked to NOTE the update provided.