

MINUTES of the MEETING of the AUDIT COMMITTEE held via Microsoft Teams on Tuesday 09 March 2021

PRESENT: Chris O'Neil, Innis Montgomery, Sally Blyth, Gillian Galloway, Amy Goodbrand, Samantha Cribb, Mark Sheridan

CHAIR: Gillian Galloway

APOLOGIES: Olga Potapova EY, External Auditors, Stephen Reid, EY, External Auditors & Claire Robertson, BDO LLP, Internal Auditors

ATTENDING: Director of Finance
Chloe Ridley, BDO LLP, Internal Auditors
Board Secretary
Data Controller

The Chair welcomed the new members to the Committee and advised that she had been appointed as the new Chair.

It was noted that the Principal is due to attend the meeting but because he is currently on campus, he would have limited connectivity due to the recent cyber-incident. The Committee was advised that he may not be present for the entire meeting as a result of this.

The Chair advised that today's proposed private meeting with the External Auditors had been postponed until the June 2021 meeting.

There were no declarations of interest noted.

1. MINUTES

Minutes of the Meeting of the Audit Committee held on 10 November 2020

The Minutes of the Meeting of the Audit Committee held on 10 November 2020 were **AGREED** as a correct record and were **APPROVED**.

Minutes of the Joint Audit & Finance and General Purposes Committees held on 27 January 2021

The Minutes of the Meeting of the Joint Audit & General Purposes Committees held on 27 January 2021 were **AGREED** as a correct record and were **APPROVED**.

2. OUTSTANDING ACTIONS

- **Risk Register** – This item will be discussed within the agenda.
- **Audit Recommendations - NFI** – The Director of Finance advised that supplier information had been submitted to the NFI.
Decision: The Committee **AGREED** that this item could be removed from the list.

- **Internal Audits – Quality & Assurance – Covid-19 Terms of Reference** – The Committee was advised that these had been updated as the scope of the audit had changed.
Decision: The Committee **AGREED** that this item could be removed from the list.
- **Internal Audit Data Protection Review** – The Board Secretary had liaised with the Data Controller over this and had provided an update to BDO on this matter.
Decision: The Committee **AGREED** that this item could be removed from the list.
- **Internal Audit Student Fees** – BDO confirmed that this matter was still outstanding.
- **Internal Audit Partnership Agreement** – BDO advised that this work was progressing.
- **Internal Audit Business Continuity** – The Committee noted that this issue will be revisited following the SMT restructure.
- **Internal Audit Budget Planning** – BDO advised that they had received some information in January from the Finance Dept. The Director of Finance advised that he was liaising with the Chair of the F&GP Committee over this issue.

The Principal joined the meeting at this point.

- **Internal Audit Health and Safety** – The Committee noted that this issue would be carried forward.
- **Internal Audit Estates Spend** – The Director of Finance advised that the spending of capital monies had been agreed.
Decision: The Committee **AGREED** that this item could be removed from the list.

3. POLICY FOR APPROVAL

a.) Marketing Policy

The Committee noted one minor amendment to the policy; highlighting that it made reference to FOI twice within section 2 - legislative framework/related policies.

With regards the policy itself the Committee highlighted that the policy did not co-ordinate with or make reference to UHI or any of the other partners and that the policy aims did not fully capture what the core principle aims are; as such the Committee felt that these should be revised.

Decision: The Committee did not approve this policy. Feedback on the policy will be provided to the Quality Team.

b.) Health and Safety and Wellbeing Policy

The Committee highlighted that this policy made no reference to Covid-19. It was felt that the work of the Health, Safety and Wellbeing Sub-Group should be embedded and

acknowledged within the policy and that although wellbeing had been added to the policy there was no reference to what was being done to promote wellbeing within the College.

With regards section 5 of the policy (compliance) the Committee noted that the policy states that regular audits will be carried out however it was felt that this is open ended and that a timeframe should be included. The Committee also felt that this should be expanded upon to include how this is being audited and measured.

Decision: The Committee did not approve this policy. Feedback on the policy will be provided to the Quality Team.

c.) Waste Management Policy

The Committee expressed their disappointment in this policy and the general feeling was that the policy did not take advantage of the opportunity to link our strategies with regards sustainability, green agenda and climate change.

The Committee discussed the possibility of addressing this issue through inclusion within our own 5 year strategy.

Decision: The Board Secretary will raise this issue with the Chair of the Board of Management. The Committee did not approve this policy.

4. INTERNAL AUDITORS

a.) Appointment of Internal Auditors

Chloe Ridley, BDO left the meeting at this point.

The Board Secretary advised that the Procurement Team had indicated that our current extension to the BDO contract is due to expire on 31 July 2021. The Procurement Team have advised that there is two options available to us:

Option 1 – We extend BDO’s existing contract for a final year.

Option 2 – That the Procurement Team run a mini competition within the framework with a view to this being completed by early June 2021.

The Committee discussed both options and expressed concern over running a mini procurement exercise rather than a full procurement exercise. A discussion on the procurement of this service took place and it was felt that this would need to remain as a regular agenda item in order to ensure that the procurement exercise is carried out within an appropriate timeframe.

Action: A paper on the procurement exercise for Internal Audit is to be made available for the June 2021 meeting.

Decision: The Committee agreed to a final one year extension of the BDO contract from 01 August 2021 – 31 July 2022.

Chloe Ridley, BDO returned to the meeting at this point.

b.) BDO – Terms of Reference – Coronavirus Job Retention Scheme Grant

BDO explained that the Coronavirus Job Retention Scheme Grant would replace the Covid-19 Quality and Assurance Audit. The Committee discussed the timings within this document and the Committee noted that it was felt that this timeframe should give staff sufficient time to provide the necessary information to BDO. However, it was noted that the recent cyber incident may impact access to information. BDO will be notified of this should it affect the timing of the audit.

The Committee discussed the sample numbers stated within the Terms of Reference with BDO advising that these are currently an estimate of numbers and that the document will be updated to reflect the correct sample numbers of staff once they have been agreed.

The Committee highlighted that the Terms of Reference referred to Edinburgh College within one page and BDO confirmed that they would amend this error.

Decision: The Committee approved the Coronavirus Job Retention Scheme Grant Terms of Reference.

5. EXTERNAL AUDIT

The Board Secretary advised that she had provided a list of the recommendations from the recent External Audit with a view to these being reported on to ensure that all recommendations are implemented.

1. The Director of Finance confirmed that the review of the NPD model and accounting treatment is progressing.
2. The Director of Finance advised that preparation for the 21/22 budgets is progressing, however the Committee noted that this progress will be affected by the Cyber-Incident. The Director of Finance advised that we now have a robust budget process in place.
3. The Director of Finance confirmed that our cash flow appears steady with no changes being identified.
4. The Committee noted that the Board of Management will review the joint working arrangement with NHC. The Principal confirmed that structures are being put in place to support the split role. A paper on this will be presented at the next F&GP Committee.
5. The Director of Finance reiterated that the supplier data had been submitted to the NFI.
6. The Board Secretary advised that she would draft a report to the Board of Management with regards the outcome of the Review of the Code of Good Governance. A further review of the code will be carried out in June 21.
7. The Board Secretary advised that a sub group is meeting to discuss and draft a development plan following the outcome of the External Effectiveness Review.

Action: The Board Secretary will update and amalgamate these lists into one document. These will be monitored at future meetings to ensure that we meet all deadlines.

6. INTERNAL AUDIT REPORTS

a.) Workforce Planning

BDO advised that this audit gave a moderate level of assurance and found that there were 3 medium level risks and 3 low level risks. A discussion on all follow up actions will be arranged for June 2021.

The Committee enquired as to the level of PDR's being carried out and noted that this process had faltered due to Covid-19. The mechanisms and the processes in place for recording completed PDR's will be reviewed and discussed at the next HR Committee meeting.

The Committee highlighted the importance of succession planning and underlined their concerns about the workloads of staff following the SMT restructure. It was noted that this too will be monitored and discussed at the next HR Committee meeting.

b.) Covid-19 Health and Safety

BDO advised that this audit gave a substantial level of assurance and had found that there were 2 low level risks.

The Committee welcomed this positive outcome.

c.) Finance System Report

BDO advised that this audit gave a moderate level of assurance and that there were 4 medium level risks found.

The Director of Finance advised that we had experienced issues relating to ownership of the programme but that the system was delivered on time and was now delivering the reports that we require.

It was noted that lack of project management was raised as a weakness. However, this is currently being addressed through additional training.

d.) Internal Audit Follow Up Review Report – January 2021

BDO advised that at January 2021 we had fully implemented 9 recommendations and partially implemented 7 recommendations. The Committee noted that 13 recommendations were still to be implemented. BDO acknowledged the impact of Covid-19 and advised that the delays in implementing their recommendations were understandable.

Amy Goodbrand left the meeting at this point.

Chris O'Neil left the meeting at this point.

e.) Progress Report – Internal Audit 2020-21 – March 2021

The Committee noted that the cyber security audit is progressing but that completion of this may be hampered by the Cyber-Incident and Covid-19.

7. RISK MANAGEMENT

The Director of Finance advised that he, the Principal and the Principal's PA had met to review the risk register in January 2021. The Director of Finance advised that some risks had been reduced now that the FRP has been delivered.

The Committee had a lengthy discussion on how quality could continue to be maintained and assessed now that we had chosen not to continue with the IIP accreditation and the changes to the Erasmus scheme.

Action: The risks associated with procurement are to be included on the register.

8. BUSINESS CONTINUITY

The Committee noted the impending EIS strike action and discussed how this would be managed.

The Committee gave their thanks to the Depute Principal – Academic Development and the Director of Research for how they have managed Covid-19.

9. HEALTH AND SAFETY UPDATE

The Committee discussed the Health and Safety issues posed by staff working from home, the responsibilities we have as an employer and the responsibilities that staff themselves have, the contractual status of home working as well as how we can audit the DSE of equipment which staff are using at home.

Action: An update report with regards to health and safety and working from home to be taken to the next meeting.

The Committee noted that the Health and Safety Manager had provided them with a detailed paper with regards HASMAT. Whilst the Committee felt that this looked like a comprehensive system they felt that they would require a greater level of understanding before they could fully consider the system.

Action: The Committee **AGREED** that the Health and Safety Manager would be invited to discuss the HASMAT system at the June Committee meeting.

10. REVIEW OF EXTERNAL AUDITORS

The Board Secretary advised the Committee that we are due to carry out the annual evaluation of the External Auditors. The Board Secretary took the Committee through the evaluation form and noted the responses.

Action: The Director of Finance will complete his feedback form. The Board Secretary will then prepare a letter of feedback to E&Y which will be sent to all Committee members via email for online approval. Once approved this will be sent to E&Y.

11. GDPR REPORT

The Data Controller joined the meeting at this point.

The Data Controller took the Committee through her report and advised that the purpose of this report is to provide regular updates to the Committee with regards our compliance with GDPR.

The Data Controller highlighted the following to the Committee:

- The current position with regards to GDPR following our exit from the EU.
- Subject Access Requests, where these come from and how they are dealt with.
- Information Security Incidents
- Records Management and our onsite archive.
- Electronic management of data.
- Staff training including the modules available on Brightspace.
- The Data Register and Article 37.
- Priorities following the Cyber-Incident.
- How data breaches are dealt with.
- Possible training sessions for Board members.

Samantha Cribb left the meeting at this point.

Mark Sheridan left the meeting at this point.

The Data Controller requested confirmation from the Committee on the frequency of the updates that they require with regards to GDPR.

Decision: The Committee **AGREED** that they would like to see a report twice yearly however they advised reports can be brought on an ad hoc basis as and when any risks or breaches are identified.

The Committee thanked the Data Controller for her excellent report.

The Data Controller left the meeting at this point.

12. COMPLAINTS – QUARTERLY REPORT

The Committed noted the contents of the quarterly complaints report.

13. HEALTH AND WELLBEING MINUTES

The Committee noted the contents of the Health and Wellbeing Committee meeting held on 20 January 2021.

14. AOCB

The Committee discussed the Cyber-Incident and whether we had assurance that we were receiving the appropriate external technical support. The Committee noted that Police specialists had been brought in to provide advice and guidance.

Actions: The Committee noted that a number of lessons from the incident have been

learnt throughout the partnership as a whole. A report on these lessons learned will be made available for the next meeting. This issue will also be given higher prominence on the risk register.

15. DATE OF NEXT MEETING – 01 June 2021.

A closed meeting with the External Auditors will be held following this meeting.

Signed by the Chair

A handwritten signature in cursive script, reading "Gillian Galloway", is written over a horizontal line.

Date: 01.06.21