

<b>Meeting:</b> Audit Committee		<b>Venue:</b> Virtual Meeting via Zoom		<b>Date:</b> Thursday, 12 November 2020		<b>Time:</b> 11.00am - 1.00pm	
<b>Minute Taken By:</b> Jackie Kane		<b>Sederunt:</b> Gill Hogg (Chair), Marian Docherty, Joyce Clark, Pete Smith, Richard Butt, Jamie Davidson (Henderson Loggie), Ben Wood (University of Edinburgh)		<b>Apologies:</b> Jean Urquhart, George Archibald		<b>Absences:</b>	
<b>FOR INFORMATION</b>							
<b>No.</b>	<b>Agenda Item</b>	<b>Action</b>	<b>When</b>	<b>By Whom</b>	<b>Status</b>		
1.	Apologies	Apologies were received from Jean Urquhart and George Archibald.	12.11.21	JK	Complete		
2.	Minute of Previous Meeting (Paper 1)	Minute of the Meeting held on 14 May 2020 was approved as an accurate record.	12.11.20	Audit	Complete		
3.	Matters Arising						
	Update from Principal on college arrangements since start of session	<p>The Principal updated the committee on college progress since lockdown and the following was noted:</p> <p>Since September 2020, a positive start to the session has taken place. The college continues with blended learning, which is working well. Student retention remains positive thanks to the efforts of the Learning &amp; Teaching Team and support that is in place for students.</p> <p>A Covid-19 Working Group has been established made up of staff and students to ensure compliance with Scottish Government guidelines for colleges and universities. Few significant issues have been raised to date and our guidelines are working well.</p> <p>The Principal also updated the committee SFC communication and the following was noted:</p> <p>The additional information requested by SFC in relation to the college</p>	12.11.20	MD	Information		

		<p>Recovery Plan has been submitted. A meeting has been organised for 12 November 2020 with SFC, Chair of Board and college SMT. High on the agenda will be the use of Capital Funding to offset deficit costs and cashflow. Plans for the 2020-2021 Capital Spend cannot be defined until the college receives clarification from SFC on the flexibility of the funding.</p> <p>The Business &amp; Resource Manager and Estates &amp; Facilities Manager have met with the Assistant Director of Estates, SFC to discuss priority tasks completed for 2019/2020 capital spend. Another request from SFC to be submitted by 4 November 2020 has been completed.</p>			
	Trustees Update	<p>At the last meeting of the Trustees a Survey Report, carried out by an external consultant, was tabled, detailing the costs of upgrading the Business Park. The report included refurbishment of the roads, improving the overhead cables, and refurbishing a derelict unit which could be developed into five commercial units. The Trustees agreed to progress the upgrade, as detailed in the report.</p> <p>The college awaits response from the WIAT application for funding towards the maintenance of Lord Ancrum's Wood only. A request for funding from the Trustees is awaited towards the woodland maintenance.</p> <p>The Trustees are aware of the college's financial situation. They will be updated on any further information from SFC re funding.</p>	12.11.20	MD	Information
<b>FOR DISCUSSION</b>					
4.	Risk Register (Paper 2)	<p>The committee discussed the Risk Register and the risks that have increased and the following was noted:</p> <p>International House have requested a suspension or reduced minimum guarantee payment for the summer season. They do not expect much business before summer 2021 and that will be reduced. The Business &amp; Resource Manager has sought legal advice on the impact this would have on the contract. The committee agreed that a decision on International House be discussed at the next Board Meeting on 26</p>	12.11.20	Audit	Ongoing

		<p>November 2020.</p> <p>The college's relationship with Edinburgh College in relation to ICT provision remains a high risk, along with ICT as a whole within the college. The committee requested that the Risk Register be updated to this effect.</p> <p>The committee are aware of the financial position of the college. The Business &amp; Resource Manager continues to update the Board on the financial position.</p> <p>Under the present circumstances, it has been difficult to follow the induction process for new staff members. This has increased the risk. However, the Business &amp; Resource Manager ensures that communication is important and continues to interact with new staff members and staff who are working from home.</p>			
5.	2019/2020 Internal Audit Report on GDPR Compliance (Paper 3)	<p>The Internal Auditor spoke to his 2019/2020 Internal Audit Report on GDPR Compliance and the following was noted:</p> <p>The objective of the review was to assess the College's progress towards compliance with the General Data Protection Regulations (GDPR) in line with recognised data protection frameworks.</p> <p>The assessment against the Information Commissioner's Office Data Protection Self-Assessment Checklists highlighted that a number of aspects had been addressed but further work was still required and gaps were noted in a number of areas. 5 recommendations in the following areas:</p> <ul style="list-style-type: none"> <li>• The need for more formal arrangements to be established in relation to the IT services provided by Edinburgh College.</li> <li>• The need for more formal checking of the effectiveness of controls and compliance with GDPR requirements on an ongoing basis.</li> </ul>	12.11.20	BW	Information

		<ul style="list-style-type: none"> <li>The need to develop and embed an Information Security Policy to support overall Data Protection arrangements.</li> <li>Finalisation, approval and embedding of the Data Breach Policy which is still currently in draft.</li> <li>Establishing a more formal sign-off for staff and management to confirm that they have read and understood the Data Protection policy.</li> </ul> <p>The committee endorsed the report which will be presented to the Board on 26 November 2020 for their approval.</p>	26.11.20	Board	Ongoing
6.	External Audit 2019/2020	<p>The External Auditors spoke to his report and the following was noted:</p> <p>The college has reasonable controls in place and there was no evidence of any management override over these controls, journal entries or in more subjective areas such as judgements and estimates including accrued and deferred income and the assumptions used within the actuarial report of the defined benefit pension liability.</p> <p>As part of auditing procedures, auditors must consider whether an entity can continue to operate for a period of twelve months from the date of signing the financial statements. This needs to be considered on an annual basis. Trustees to consider their view on going concern in the letter of representation.</p>	12.11.20	JD	Ongoing
	Financial Statements for the year ended 31 July 2020 (Paper 4)	<p>The results for the year indicate a net deficit of £675k and reserves of £118k, and a deficit before other gains and losses of £50k. The outbreak of the COVID-19 pandemic and subsequent government imposed restrictions saw the loss of all International School income as well as other income sources including Adult Achievement Awards and Forest College. Costs savings were made where possible including furloughing of staff. Operationally, the college delivered its teaching remotely from 23 March 2020 with a blended learning approach now adopted in the new term. The budget for the year ahead forecasts a deficit of £332k in light of the COVID-19 pandemic, and all core and student support</p>	12.11.20	JD	Information

		<p>funding has been secured.</p> <p>The liability of the college needs to be resolved before the accounts are signed off. This will be dependent on the meeting with SFC on 12 November 2020, which will focus on the college as a going concern. The committee requested that they are updated on the result of this meeting before the Board Meeting on 26 November 2020.</p> <p>The External Auditor will attend the Board Meeting on 26 November 2020 to present the auditor's point of view.</p>	26.11.20	JD	Ongoing
	Credits Audit Report 2019/2020 (Paper 5)	<p>Our report was submitted to the SFC on 15 October 2020. The External Auditors reported that, in their opinion:</p> <ul style="list-style-type: none"> <li>the student data returns have been compiled in accordance with all relevant guidance</li> <li>adequate procedures are in place to ensure the accurate collection and recording of the data</li> <li>on the basis of our testing we can provide reasonable assurance that the FES return contains no material mis-statement</li> </ul> <p>The committee endorsed the report which will be presented to the Board on 26 November 2020 for their approval.</p>	12.11.20  26.11.20	JD  Board	Information  Ongoing
	Education Maintenance Allowance Audit Report 2019/2020 (Paper 6)	<p>The External Auditors were able to certify all fund statements for the year and submit these to the appropriate bodies, without reservation.</p> <p>The committee endorsed the report which will be presented to the Board on 26 November 2020 for their approval.</p>	12.11.20  26.11.20	JD  Board	Information  Ongoing
	Student Support Funds Audit Report 2019/2020 (Paper 6)	<p>The Auditor highlighted that in 2018/19 the college provided the External Auditors with an email from the SFC dated 8 December 2016 accepting, at that time the college's treatment of ASN costs as an interim measure, taking into account the likelihood of fundamental changes to the system being implemented in the next few years. The SFC requested that the college should allocate student-specific elements against individual students and that those elements of spend</p>	12.11.20	JD	Information

		<p>that are core i.e. those shared between groups of students, should be apportioned between those students who benefit from the provision in relation to the students' use of the services. All ASN costs have been treated as shared costs. It is understood that there has been no further instruction from the SFC on this matter during 2019/2020.</p> <p>The committee endorsed the report which will be presented to the Board on 26 November 2020 for their approval.</p>	26.11.20	Board	Ongoing
<b>FOR INFORMATION</b>					
7.	Audit Committee Report 2019/2020 (Paper 7)	The committee discussed the Audit Committee Report 2019/2020. The Business & Resource Manager will update the report following the committee's recommendations. Thereafter, the Chair of the Audit Committee will sign off.	12.11.20 12.11.20 12.11.20	Audit JC GH	Ongoing Ongoing Ongoing
8.	AOCB	<p>The committee thanked the External and Internal Auditors for their work carried out during a difficult year.</p> <p>The Internal Auditor will circulate a draft paper on the suggested internal audit for 2020/2021 bearing in mind SFC's comments on financial controls.</p>	12.11.20  12.11.20	Audit  BW	Information  Ongoing
9.	Date of Next Meeting	Thursday, 4 February 2021, 11am - 1.00pm	4.2.21	Audit	Information