

The Henley College Corporation

MINUTES of the Extra Ordinary Meeting of the Audit Committee held on Wednesday 19 September 2018 at 18.00

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| <p>Members Present: Stephen Forward Mohammed Khaliel David Welch Jeni Wood Tony Sanderson</p> <p>In attendance: Satwant Deol Simon Cuthbert Eva Dixon</p> <p>Jacky Gearey</p> | <p>Independent Member/Chair Independent Member Independent Member Independent Member Co-opted</p> <p>Principal Deputy Principal Interim Director of Finance (DoF)</p> <p>Clerk</p> |
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| Agenda Item | Minutes | Action by |
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| 1.1 | <p>Opening of meeting The meeting opened at 18.01 The Chair welcomed everyone and thanked them for coming to this extraordinary meeting which had been convened to cover off the internal audit reports from the previous meeting that had not been available in time.</p> | |
| 1.2 | <p>Apologies for Absence There were no apologies.</p> | |
| 1.3 | <p>Declaration of Interests No interests were declared.</p> | |
| 1.4 | <p>Election of Chair The Chair that he would be retiring and leaving the area at the end of this year and therefore asked for a nomination as Chair for decision at next meeting. As one of the nominees was arriving late this item is covered under Any Other Business.</p> | |
| 1.5 | <p>Minutes of the Meeting of 11 June 2018 The minutes of the meeting 11 June 2018 were approved. Resolved: The Committee agreed that the Minutes were an accurate record of the meeting of 11 June 2018 and were signed by the Chair.</p> | |
| 1.6 | <p>Matters Arising from Previous Meeting The Chair went through the following action items:</p> <p>David Welch arrived at 18.15</p> <p>Item 3.5(i) – The DoF showed the complex processes for funding covering the FIS system, ILR funding, DNLN and Business Process Review MGUY. The Chair thanked the DoF for the overview, noted the complexity of the processes, and commented that there appeared to be several areas in which efficiencies might be possible through improved processes and transfer of information between the various parts of the activities. Several committee members asked about the tolerances within the</p> | |



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| | <p>process, how assurance was achieved that all aspects were covered without relying on the knowledge of individuals, and where information regarding anomalies was flagged up to ensure that emerging issues were dealt with in a timely manner. In particular, the committee still felt that they had yet to see an overview of the strategic high-level processes such that they could focus their attention on the most fruitful areas for internal audit and potential enhancements. The DoF said that the management accounts would provide much of this information using the RAG index, and that at the last Corporation meeting it was agreed that copies of these management accounts would be sent out to the Board on a regular basis. Further to the committee's concerns about assurances that what needs to be done is being done, the DoF said that the processes are checked by the following people: Chair of Finance, ESFA, internal auditors and finally external auditors. In addition the DoF referred to the Board Assurance Framework which was a toolkit aimed at gaining a clear understating of the activities undertaken and the type of assurances obtained. This would also identify any potential areas where assurance activities are not present or are insufficient. The Chair asked that this document be sent to the committee as an initial way of understanding the high-level processes within the College's financial control structures.</p> <p>Item 3.5(ii) - The DoF confirmed that there would be a financial control processes audit in the spring term. Closed</p> <p>Item 3.5(iv) - The DoF advised the committee that the cyber security penetration testing had been conducted in June 2018 and IT phishing in July 2018 details of which are covered under item 1.8(iii) and (iv). Closed</p> <p>Item 3.5(v) - ESFA Funding Audit Report – a summarised version of the Funding Assurance Review report is discussed under item 1.8(v). The DoF confirmed that it would be presented to the Corporation in October 2018 for information. Closed</p> <p>Item 3.5(vi) & 3.12 – a GDPR policy to be presented to the committee at the next meeting – this is covered under item 1.9 GDPR update but the Chair noted that the presentation of the GDPR policy document was still outstanding.</p> <p>There were no further matters arising.</p> <p>Resolved:</p> <ul style="list-style-type: none"> (i) Clerk to send Board Assurance Framework to all committee members (ii) The DoF to present the GDPR policy to the Audit committee at the next meeting. | <p>Clerk DoF</p> |
| <p>1.7</p> | <p>Selection of External / Internal Auditors for 2018/2019</p> <p>External Auditors An OJEU compliant mini-competition was carried out seeking responses from 11 audit firms vetted and approved by the Crescent Purchasing Consortium. Only one response from the incumbent, Buzzacott LLP was received with other firms who provided feedback on declining to bid stating words to the effect that it was not economically viable work for them. Buzzacott were invited to attend the College to present and discuss their bid response with a panel comprised of Principal and Accounting Officer, DoF, two members of the Audit Committee and the Purchasing Officer.</p> <p>The opportunity was also taken to provide feedback on historical work by Buzzacott at the College including concerns regarding budget assurance. In response to the</p> | |

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| | <ol style="list-style-type: none"> 1. Curriculum planning in December reporting in January 2019 2. Financial control report in February and report in March 2019 3. Learner number systems in May agreed as the best time because the EFA publishes funding rules at this time and reported for June meeting 2019 <p>The committee asked that the SLT bring the internal audit schedule for the following academic year to the appropriate June meeting for approval. The Chair also asked that in future the internal auditors be invite to attend audit meetings where relevant.</p> <p>Resolved:</p> <ol style="list-style-type: none"> (i) the committee approved the internal audit scheduled above for 2018-2019 (ii) SLT to bring internal audit schedule for the following academic year to the June Audit meeting for approval <p>The Chair then referred the committee to the following consultancy reports, the committee unanimously felt that the reports seemed to be somewhat biased to selling solutions from their authors rather than solving issues.</p> <p>Capita Consultancy Report</p> <p>The Capita Consultancy Report was a business process review undertaken to look at the information systems in place at the College. The conclusions drawn were that high quality information should be at the heart of institutional management processes as well as monitoring, decision-making and quality improvement and that this was in the main missing. The SLT has noted some of the recommendations, namely in relation to HR, whilst many of the other recommendations were centred on selling the College their own Capita system. However, where training was identified as an area of improvement the DoF said that money has been put aside for this training, which the committee felt was essential.</p> <p>Review of Cyber Penetration tests –</p> <p>9ine Consulting conducted a cyber security phishing susceptibility test. The audit was to evaluate the cyber security posture of the college in relation to employees' alertness and reaction to phishing attempts in order to educate and prepare staff in the event of a real attack. The committee felt that overall this had been a flawed penetration test because it had relied on the phishing source email address being whitelisted by the college's IT Staff prior to launch of the attack. As such, it did not establish that the College's system did not work, and the email presented had no obvious clues that it did not emanate from within the College. As such, the rather pessimistic results from the test were viewed with a high degree of scepticism.</p> <p>Review of IT Systems penetration Tests - The penetration results were presented and a number of vulnerabilities were noted. Many of these vulnerabilities were associated with hardware that had passed their support dates and the committee asked the DoF what the SLT actions were going to be in this respect. The DoF acknowledged the issues but commented that the Head of IT had just left the College. Although actions needed to be taken, the SLT awaited the recruitment of a new head of IT before they could be taken further. The committee were unanimous in recommending that funding be found to either replace or upgrade key parts of the College's IT systems in order to ensure proper protection from cyber attacks.</p> | DoF/Deputy Principal |
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| | <p>ESFA Funding Assurance Review - The auditors recommended that in future as set out within funding rules (Section 106), the Subcontractor Fees and Policy document is to be signed by the Accounting Officer and the Chair of Corporation. The DoF confirmed that this document is to be amended to include this signature block.</p> <p>Whilst all of the reports contained useful information, the Chair commented that what was missing from all of the documents was the College's response and proposed action plan to address associated issues. The Chair asked that, in future, any internal audit reports presented to the committee should also include a covering document at least stating what the SLT's comments and responses were, what recovery actions were proposed, and why any issues (if any) would not be addressed as recommended in any internal audit reports.</p> <p>Resolved:</p> <ul style="list-style-type: none"> (i) The Capita Consultancy Report was received by the committee (ii) The Cyber Security Phishing Susceptibility Test including Appendix A to the Phishing Tests of this report by 9ine Consulting were received by the committee (iii) The Assurance Report on Subcontracting Controls 2017-18 by Buzzacott was received by the committee (iv) DoF to amend the Subcontractor Fees and Policy document to include a signature block and that document to be signed in future by the Accounting Officer and Chair of Corporation. (v) SLT to provide the audit committee with a report detailing what actions were to be taken from these reports for the next audit meeting. | <p style="text-align: center;">DoF</p> <p style="text-align: center;">DoF/Deputy Principal</p> |
| 1.9 | <p>GDPR Update</p> <p>The DoF confirmed that the College had engaged the assistance of a specialist organisation (9ine Consulting Ltd) to roll out the College's GDPR structures and processes to ensure full compliance with the regulation. 9ine had produced an IT Risk management log and action plan which identified the critical and high risk issues and provided an overview of the current IT infrastructure and cyber security. It also detailed all issues that were identified, associated risks and the recommend actions to be taken. The committee voiced their concerns over the content of the report and the log itself, which was highly negative and even included the life of data switches. The DoF said that the SLT had accepted the report and that some of the issues highlighted had been rectified. The Chair emphasised that this was a move towards being GDPR compliant but that more needed to be done.</p> <p>Regarding the GDPR Policy the Chair noted again that the committee had yet to receive the overall GDPR policy paper. The DoF said that this would be delivered at the next audit meeting.</p> <p>DoF who is the current DPO, said that as she was leaving the College soon and a replacement DPO as a named senior member of staff was in the process of being actioned, all other issues regarding GDPR were handled by 9ine who effectively ran the data protection system. The specialist governor for GDPR said he would review the role of DPO and see whether the competences of any nominee matched the requirement; he would advise the SLT accordingly.</p> <p>Resolved:</p> <ul style="list-style-type: none"> (i) The IT Risk Management and Action Log by 9ine Consulting Ltd was received by the committee | |

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| | <p>(ii) DoF to provide the overall College GDPR policy document to the committee at the next audit meeting</p> <p>(iii) Specialist GDPR governor to look at DPO requirements and competences of nominated staff.</p> | <p>DoF</p> <p>MK</p> |
| 1.10 | <p>Any Other Business</p> <p>Item 1.4 – Two members of the committee had voiced their interest in becoming Chair. The current Chair said that if this was still the case at the next meeting then both would be required to submit a document explaining why they are the one for the role, after which a vote would be taken.</p> | |
| 1.11 | <p>Items to be taken forward to next Corporation Meeting:</p> <ol style="list-style-type: none"> 1. External and internal auditors approval 2. The ESFA Funding Assurance Review Report | Clerk |
| 1.12 | <p>Date and Time of Next Meeting</p> <p>(i) Scheduled meeting is on Monday 29 October at 09.30</p> | Clerk |
| | <p>Meeting Closure</p> <p>The meeting closed at 19.36</p> | |
| | <p>MINUTES of the meeting held on Wednesday 19 September 2018 were agreed and accepted as a true and accurate record and signed by the Chair</p> <p>..... on</p> | |