

## The Henley College Corporation

---

### MINUTES of the Meeting of the Audit Committee

held on Monday 21 June 2021 at 10.00 via remote participation

<p><b>Members Present:</b> Brian Fennelly Dr Tim Lincoln Tony Sanderson</p> <p><b>In attendance:</b> Satwant Deol Ashok Patel Dakshita Takodora (DT) Jacky Gearey</p>	<p>Independent Member/Chair Independent Member Co-opted</p> <p>Principal Director of Finance (FD) TIAA Ltd Clerk</p>	
<b>Agenda Item</b>	<b>Minutes</b>	<b>Action by</b>
3.1	<p><b>Opening of meeting</b> The meeting opened at 10.02</p>	
3.2	<p><b>Apologies for Absence</b> 1. Justin Sutherland</p> <p>There were no other apologies</p>	
3.3	<p><b>Declaration of Interests</b> There were no declarations of interest.</p>	
3.4	<p><b>Minutes of Previous Meeting</b> The minutes of the meeting 17 March 2021 were approved as an accurate record of the meeting.</p> <p><b>Resolved that: the Committee agreed that the Minutes were an accurate record of the meeting of 17 March 2021</b></p>	
3.5	<p><b>Matters Arising from Previous Meetings</b> <b>Item 2.4 – plan on diversifying income</b> - the Chair asked for an update on this – FD reassured the committee that this was now built into the strategic plan to be signed off at the June board meeting. Income diversification would come from the adult and apprenticeship sector the latter the college will be looking at as part of the strategic plan but this will not happen within the next 3 years. Regarding the adult sector the College has no experience in providing this so the college's approach will be cautious. Rental income will be brought onstream as restrictions ease. The action is left open for further update at the next meeting.</p> <p>There were no other matters arising.</p>	
3.6	<p><b>External Audit</b> The draft external audit strategy for 2020-21 was provided by Buzzacott. The overall approach was in line with previous years and will cover:</p> <ul style="list-style-type: none"> <li>• Financial Statements audit</li> <li>• Regularity Assurance</li> <li>• Teacher's Pension Scheme audit</li> </ul>	

## The Henley College Corporation

---

For the 2019-20 audit, work was done remotely due to the Covid-19 Pandemic. Assuming government restrictions have been lifted by the time the audit field work takes place, some work will be undertaken on site.

To note the following changes were referred to in the strategy document

- Audit Code of Practice (ACOP) issued March 2021;
- three key changes in auditing standards which apply for the year ending 31 July 2021 covering going concern, accounting estimates and forming an opinion and reporting on the financial statements; and
- issues of audit significance

The committee asked what reassurance would be required regarding the risk of financial clawback from Adult Education Budget (AEB). The FD confirmed that this did not impact the College as the college did not receive such funding. The Chair asked about the AEB and the FD explained what had been happening within the sector explaining that the ESFA had increased the threshold from 68% to 90% in response to the coronavirus pandemic which meant that only colleges with funding for AEB which hit 90% of their allocations will be able to keep all of the funding.

The committee asked about the implications of IR35 and FD confirmed that there was only one contractor and therefore no concerns. Additionally referencing one of the issues of audit significance i.e. management override of controls, the committee asked for clarity on this and FD explained that there is an inherent risk in all organisations that management may be in a position to override any controls in place to manipulate results. This was especially significant this year as the College experienced periods of enforced closure as a result of the coronavirus pandemic meaning that management were often not working from one central location. This was a generalised statement within the document and not specifically directed at the College. Principal assured the committee that the management was adhering to the controls in place.

The FD advised that Buzzacott's contractual term was 3 years but could be extended for a further two years. The College had been happy with the service provided and there were no concerns and it was recommended that their contract be extended for the additional two years. The committee agreed this extension.

A new requirement for the External Auditor to present their audit findings to the Chair and Board either at a board meeting or by invitation for them to join the audit committee meeting receiving the Auditor's report was raised. This had been a recommendation resulting from the Dame Mary Ney Report. This issue had been referred to Buzzacott who had recommended that if the Auditor's report is sent to all board members and minuted to that effect and there are no issues, then the Auditor's physical presence at a Board meeting would not be required. The FD said that a directive regarding this from the ESFA had yet to be received. The Chair asked that this be brought to the next committee meeting where a decision could be made.

**Resolved that:**

- (i) the Buzzacott External Audit Strategy document and planning letter was received by the committee**
- (ii) FD to arrange the extension of the Buzzacott contract for a further two years**

## The Henley College Corporation

---

	<b>which was approved by the committee</b>	
3.7	<p><b>Internal Audit Report</b> The FD advised that the internal audits for performance management and cyber security were planned as part of the college's internal audit strategy and introduced Dakshita Takodora from TIAA to provide comment.</p> <p><b>Performance Management Assurance Review</b> The review considered the arrangements for performance management and reporting including arrangements for setting KPIs in line with corporate objectives. The College's restructure in 2019/20 had resulted in a streamlined structure enabling clearer and efficient lines of communication and effective decision making, as well as a consistent approach to performance management across the College. Minimal disruption had occurred to the engagement and satisfaction of students during the Pandemic. The findings included the following:</p> <ul style="list-style-type: none"> <li>• the Board, and Quality and Standards Committee receive regular updates on progress against the Quality Improvement Plan which highlights areas for improvement following self-assessment against the Curriculum Plan</li> <li>• Compliance testing of a sample of KPIs did not highlight any material differences to the source data</li> <li>• Performance reporting has shown improvements in the KPIs which are reported on a term by term basis</li> <li>• no formalised performance management framework - a new Performance Management and Reporting Policy is being produced in preparation for 2021/22, that includes details of staff responsibilities, performance indicators and reporting frequency, as linked to the Strategic Plan.</li> </ul> <p><b>ICT Review of Cyber Crime</b> The review considered the security management arrangements for the pro-active identification, prioritisation and mitigation against cyber-crime risks including a review of policies, procedures and risk management activities in place for the key elements of the Communications-Electronics Security Group (CESG) framework. (CESG is part of National Cyber Security Centre advising organisations on how to protect their information and information systems against present day threats). As a result of the cyber-attack in 2020, the College had appointed CyberClan to provide managed cyber security services and for Syscomm to cover the College's backup data. The findings of the audit were as follows:</p> <ul style="list-style-type: none"> <li>• the College does not have the Cyber Essential accreditation</li> <li>• The College has had vulnerability scans but has not had any penetration testing</li> <li>• The College's disaster recovery plan was prepared in 2018 and is out of date.</li> <li>• The College has not undertaken any disaster recovery testing</li> </ul> <p>Although these finding were classified as important none were deemed urgent.</p> <p>DT explained how the audit was carried out referencing the three levels of review which included a cyber security lead who looked at the incident that occurred in 2020. The audit provided overall reasonable assurance that the system of internal controls was generally adequate and operating effectively but some improvements were required to ensure that risks are managed and process objectives achieved.</p>	

## The Henley College Corporation

---

	<p>The Chair asked for questions and expressed his own concerns regarding the audit findings in particular the lack of a disaster recovery plan. The committee asked DT if all the findings were important why none of them were urgent? DT said that these findings were not high risk areas and that was why reasonable assurance had been given. There followed a robust discussion on this and it was understood that work was being done on penetration testing and the intention to rewrite the IT element of the disaster recovery plan for a rehearsal in Easter 2022. The FD further reassured the committee that as part of the reinsurance and underwriting process, CyberClan was providing additional 24/7 protections on the whole system with daily back up of data sent to Syscomm. It was agreed that more work needed to be done on a real time disaster recovery plan, however until such times as the funders have agreed what the cyber essentials are, the College cannot progress this. In addition as this is a specialist area the College will have to bring in subject matter experts to write these practices and this will be expensive. For reassurance the FD confirmed that controls were in place to protect the College albeit nothing is 100%.</p> <p>DT agreed that in response to the context around the findings made, more explanation would be useful and would be provided through the follow up meeting which would confirm how the risks are to be mitigated and the timelines. Some committee members felt uncomfortable with this and wanted an action plan to take this forward.</p> <p>The Chair summarised saying that there was more work to be done and felt that further reassurance was required. It was essential that cyber essential accreditation should be completed sooner than November and that the disaster recovery plan should be tested. FD advised caution on this as currently it would be extremely challenging to undertake dependent not only on an IT team which had recently changed but also on the amount of work to be done. This would suggest that this should be done by an outside agency but this could leave the organisation vulnerable at a critical time i.e. enrolments. However the FD confirmed that he would ascertain which parts of the system could be tested. Whilst the Chair and committee felt uncomfortable with these key findings, the FD was asked to go back to CyberClan and Syscomm to ascertain what could be done to give substantial reassurance albeit the committee appreciated that this going straying into the operational side. FD said this would be done in consultation with the IT manager.</p> <p>The Chair thanked DT for the reports.</p> <p><b>Resolved that:</b></p> <p>(i) <b>the TIAA Internal audit review on were received by the committee</b>  (ii) <b>FD to speak to IT manager, CyberClan and Syscomm regarding an action plan to address the findings in the audit report</b></p>	
3.8	<p><b>Internal Audit Plan for 2021/22</b></p> <p>The Audit Committee has already approved a three-year strategy for internal audit coverage and 2019/20 was the first year of that plan.</p> <p>The audit plan for 2021-22 was:</p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Financial controls</li> <li>• Learner numbers</li> </ul>	

## The Henley College Corporation

---

	<p>The College has good internal control systems and previous internal and external audit outcomes have confirmed this. Risk register has been reviewed to take account of this. In light of current situation within education, the committee asked if there should be an internal audit on the actions of EDI within the College. The Principal said that this would come under Ofsted and the DT confirmed that this would be outside of FD an internal audit process.</p> <p>There were no further questions  <b>Resolved that the internal audit plan for 2021/22 was received by the committee</b></p> <p>DT left the meeting at 11.30.</p>	
3.9	<p><b>Risk Management</b>  The Risk Management Group (RMG) had not been able to meet prior to the audit meeting and as a result the risk register presented had not been updated. However the FD confirmed that it had been reviewed and considered by the FEC at the end of May who were felt that it was a robust and good scoring system with a good mitigation system.</p> <p>The committee had asked to be reappraised of the risk management process which the FD then covered.</p> <p><b>Resolved that the updated Risk Register and Risk Management Process were received by the committee</b></p>	
3.10	<p><b>GDPR Update</b>  The verbal update from the DoF confirmed that there had been no freedom of information requests nor any data subject access requests over this academic year 2020-2021 so far.</p> <p><b>Resolved that the GDPR verbal update was received by the committee</b></p>	
3.11	<p><b>Review and approval of:</b>  Standing Agenda and cycle of business - there were no proposed changes</p> <p>The terms of Reference had very minor textural changes under the following:</p> <ul style="list-style-type: none"> <li>(i) Quorum</li> <li>(ii) In Attendance</li> <li>(iii) Titles of those invited to attend</li> </ul> <p><b>Resolved that the standing agenda and revised Terms of Reference were received and agreed by the committee</b></p>	
3.12	<p><b>Committee Self evaluation</b>  The Clerk asked for the committee self-evaluation form to be returned to her by mid-July. A report on this would be provided for the next meeting.</p> <p><b>Resolved that the committee self-evaluation form was received by the committee to be completed and returned to the Clerk by mid-July</b></p>	
3.13	<p><b>Any Other Business</b>  There was no other business.</p>	

## The Henley College Corporation

---

3.14	<b>Items to be taken forward to next Corporation Meeting:</b> 1. Terms of Reference	<b>Clerk</b>
3.15	<b>Date and Time of Next Meetings and to be held virtually unless advised to the contrary:</b> 1. 8 November 2021 at 10.00 2. 15 March 2022 at 10.00 3. 6 June 2022 at 10.00	
	<b>Meeting Closure</b> The meeting closed at 11.45	
	MINUTES of the meeting held on <b>Monday 21 June 2021</b> were agreed and accepted as a true and accurate record and signed by the Chair  ..... on .....	