SOLIHULL COLLEGE

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE MEETING HELD ON 18th JUNE 2018 AT SOLIHULL COLLEGE, BLOSSOMFIELD CAMPUS, starting at 5.30pm

PRESENT: Lucy Lee (Chair)
                   Paul Large
                   Geraldine Swanton
                   Eric Wiles
                   Badri Gargeshnari

IN ATTENDANCE: John Callaghan (Principal)
                   Lindsey Stewart (Deputy Principal)
                   Heather Evans (Vice Principal – Finance)
                   Pete Haynes (Vice Principal – HR and Student Services)
                   Beth Selwood (Vice Principal – Quality and Curriculum)
                   Theresa Lynch (Clerk to the Corporation)
                   Rosa Wells (Director of Employment and Skills)

                   Mark Dawson - KPMG
                   Harpreet Samra – RSM
                   Sarah Powell - RSM

1.   Membership

1.1 Apologies for Absence

Apologies for absence were received from Tony Worth and Sam Bromwich (Director of Risk, Control and Compliance).

1.2 Declarations of Interest

There were no new declarations of interest.

2.   Minutes of the previous meetings and matters arising

The minutes of the meeting held on 12th March 2018 were **agreed** as a correct record and signed by the Chair.

Item 2.1 Health and Safety Report – the Vice Principal Finance confirmed that information relating to College preventative measures would be included in the next report.

3.   Board Assurance Presentations

3.1 Area 3 Safeguarding

The Vice Principal HR and Student Services presented the safeguarding board assurance framework and used the document to describe the new format and combination of the board assurance and risk register information. An explanation regarding the assurance processes and evidence in place at the management, corporate and independent levels was provided. It was noted that Ofsted provide a strong element of independent assurance, as well as, reviews carried out by SMBC and auditor reports.

Q. How much support are you getting from the external supervisor?
A. The external supervisor comes into talk to individual safeguarding officers to discuss how they are approaching cases and she meets with managers at the end of the day to discuss any improvements that could be made to safeguarding processes.

3.2 Area 1 Teaching and Learning

The Vice Principal Quality and Curriculum presented the teaching and learning board assurance framework and provided a description relating to the risks and controls in place. Discussion took place regarding the fact that 'likelihood' had gone up and it was noted that there was slightly lower confidence due to the colleges coming together and that it was recognised that this would increase risk for a period of time.

3.3 Curriculum – Apprenticeships

The Director of Employment and Skills presented the board assurance framework in relation to apprenticeships regarding the controls in place and assurance processes.

Q. Are the processes largely paper-based?
A. The majority are, but increasing the College is moving away from paper based processes, for example, assessors have iPads and the contracts process is electronic. This was being rolled out to Stratford staff too. Some had to be paper-based due to compliance requirements. It was confirmed that all information was stored and processed on the College network, which was very secure.

Discussion took place regarding risk of being unable to draw down funds if contracts were not in place and it was noted that this was monitored carefully.

Q. Where there are small pockets of non-compliance the response seems to be that people will be reminded – is this adequate?
A. It is hoped that the dashboard will be used to monitor this by incorporating all indicators to highlight issues and non-compliance, so it can be managed appropriately with staff.

Q. There does seem to be high quality employer engagement – is there a formal process for reviewing unsuccessful tenders?
A. A report goes to SLT weekly re successful tenders and feedback received about unsuccessful tenders is provided too.

Q. There are a lot of risks and a lot of additional work in the new system – are the current resources adequate?
A. The current resource has been reviewed and the contracts teams focus has been shifted to work more on apprenticeships. A part time administrator has also been employed who tracks paperwork etc and concentrates on getting apprentices onto the ILR.

4. **Update on Key Systems and Processes impacted by Merger**

The Vice Principal Finance provided a verbal update regarding the alignment of key systems and processes during and since the merger. She noted that the finance and student records systems went live before merger and that 2017/18 student information for Stratford had been on the Solihull system since the start of the academic year. The HR and payroll systems had merged on 1st April 2018. Work had been taking place on the corporate IT infrastructure and this would be fully aligned by the start of the new academic year in September 2018. Work was on-going to ensure embedding of systems and consistency across the College.

5. **Internal Audit**

5.1 Cyber Security Review

The Internal Auditor presented the report and confirmed that substantial assurance provided that the controls upon which the College relies to manage this risk are suitably designed, consistently applied and operating effectively. Six low and medium level actions had been identified.

Q. Given the Stratford assessment highlights areas for concern, with a lack of IPS and IDS

noted (Intrusion Detection/Prevention) to what extent are the Solihull and Stratford systems now linked? If they are linked, this automatically weakens the Solihull systems by providing attackers with an easier route in.

A. The Vice Principal confirmed that the Stratford system was linked into Solihull using a Virtual Desktop Environment. This technology allows a secure connection where the client computer is 'sandboxed' to prevent any malicious code from getting onto Solihull systems. The same technology is used to facilitate remote access from computers that have no administrative control over e.g. staff or student home computers. RSM confirmed that this had not been part of the audit, because it had taken place pre-merger in January 2018.

Q. What levels of attempted (and successful) intrusion have been detected and prevented for the year to date in Solihull?

A. The Vice Principal Finance explained that the firewall has network intrusion detection capabilities and specifically identifies unusual patterns and blocks them. The firewall maintains a log of all traffic on the network, and both live and historical data is available. - the following have been recorded:

- Denied on average 8000 logon requests per day (many of these are automated such as iPads repeatedly trying to connect but others are genuine attacks)
- Filtered out 3.5k emails with virus payloads
- Detected and quarantined 36 internal virus infections (i.e. downloaded or brought in by users)
- Mitigated 2 denial of service attacks (upstream of the College connection)

It is believed that there have been only two credible threats this year.

RSM had not established the level of attempts made during this audit.

Q. Cyber Security review: to what extent are administration super user accounts and passwords monitored to establish levels of use and reasons therefore? Is there a password safe?

A. RSM explained that the Network Manager had confirmed that there are six senior members of the Network team, all of whom have administrator access to the network, each with an individual account. There is a requirement to re-enter administrator login credentials when attempting to make an administrator change on the network, even when using an admin account. The default admin account is active, but the password had been randomised. Usage of the administrator accounts and the changes made were not reviewed as part of this audit.

The Vice Principal Finance confirmed that there are safety processes in place to ensure that the administrator password is stored safely and thycotic secret server is used to store passwords in an offsite hosted archive. Audits can be carried out regarding password usage.

Q. Only 3 out of 11 third-party hosted services questionnaires had been received – what was being done about this?

A. Some companies did not return the questionnaires, but there were no real consequences for them of not completing them. It was noted that when contracts were renewed companies would be required to complete and return the questionnaires. Those that had not been returned were being risk-assessed and any identified as high-risk would be followed up further, eg. HR and payroll.

Discussion took place regarding College IT security and it was noted that this audit had related to security around users, rather than central data storage. It was noted that this could be built into the audit for 2019. A meeting would take place between Badri Gargeshnari, the Vice Principal Finance and the Network Manager to discuss previous audits in the area and on-going requirements. **ACTION.**

5.2 Post 1 May 2017 Apprenticeships – Framework Review

The Internal Auditor presented the report and noted that there were 7 medium recommendations. She confirmed that the College had reasonable assurance that the specific controls tested relating to compliance with the agreed sample of funding requirements were

suitably designed and consistently applied. However, there were issues that needed to be addressed in order to ensure that the control framework was effective in managing this area.

Q. The report identifies students and the College not having signed learning agreements at Stratford, which suggests that the system is not as effective as Solihull. Whilst this will now be picked up, what will happen to unsigned forms?
A. All unsigned forms will be followed up. They wouldn't be dated on the original date, but a form would be in place.

Q. Will there be an impact on eligibility for funding?
A. It is hoped that having a form in place will be adequate in terms of eligibility, but this would be checked with the Funding Team. **ACTION.** The potential risk relating to this would be considered and any mitigating actions undertaken, as appropriate.

5.3 Framework for Compliance with Legal Requirements: General Data Protection Regulation (GDPR) Governance Framework

The Internal Auditor presented the report and noted that 5 actions had been agreed.

Q. Also, for the GDPR review (agenda item 5.3), have all of the actions due for completion by the end of May now been done?
A. The Vice Principal HR and Student Services confirmed that all actions had been addressed.

5.4 Follow Up: Additional Support: Key Control Framework

The Internal Auditor presented the report and noted that all actions had been implemented.

5.5 Follow Up: Stratford upon Avon College

The Internal Auditor presented the report follow up report and noted that this included review of the Learner Number Systems audit undertaken in 2017/18. It was noted that there had been 9 actions: 4 had been implemented, 4 were on-going and 1 had been superseded. It was noted that the 4 to be implemented would be introduced from 1st September 2018.

5.6 Follow Up

The Internal Auditor presented the report and confirmed that of the 12 actions 10 had been implemented and 2 had been superseded.

5.7 Progress Report

The Internal Auditor presented the report and confirmed that all audits were complete for 2017/18. Benchmarking information had been included for information.

6.   **Internal Audit Plan for 2018-21**

The Internal Auditor presented the Internal Audit Plan for 2018-21. It was developed by reviewing core systems and high-risk areas of the College, based on the Board Assurance Framework.

Discussion took place regarding how often near misses are identified with regard to Disaster Recovery and Business Continuity Planning.

Clarity was sought regarding having the Financial Plan and Budgeting review in 2020/21and whether this was adequately timely. It was noted that this area had been closely scrutinised during the merger process and through year end processes. It was also noted that a review of the risk of having an unresponsive curriculum was not planned until 2021. This was due to the scrutiny provided by the HMI, Russell Jordan during the support and challenge process and that

RSM had reviewed curriculum planning in 2017/18, so it was felt that 2021 was appropriate, although the Audit Plan was a rolling document and audits could be moved forward if it was felt necessary.

Discussion took place regarding the need for internal audit to also be development and the possibility of obtaining assurance from other sources, as appropriate.

It was noted that an estates management audit had taken place in January 2018 and action had been identified. This would be reviewed in the 2018/19 follow up audit, so that the Committee could obtain assurance that this area was being addressed.

The Vice Principal Finance explained that the College had had capital project reviews in the past, but as no major works had been undertaken for some time this had not been necessary. A review may be required, subject to developments at Stratford upon Avon College in the future.

7. **Risk Management and Board Assurance Reports – Covering Report**

7.1 Strategic Risk Register 2018/19 and Board Assurance Framework

The Vice Principal Finance presented the merged risk register and board assurance framework and noted that this provided one source to review risks and assess assurance levels. Further the report included actions required, so all information about risk management was clearly evident.

The Strategic Risk Register and Board Assurance Framework for 2018/19 was **recommended** to Corporation for approval.

7.2 ESF Business Elevator Risk Register

The Vice Principal Finance presented the ESF Business Elevator Risk Register and it was **recommended** to Corporation for approval.

7.3 Institute of Technology (IOT) Project Risk Register

The Vice Principal Finance presented the IoT risk register and noted that there were limited risks until the final approval was received. The current risks identified outlined risks relating to the project not going ahead. These would be updated once final project approval was received to consider risks of the full collaboration.

8. **Members' Report and Financial Statements for Stratford upon Avon College to 31st January 2018**

8.1 Financial Statements Covering Report

The RSM Financial Statements Auditor presented the management letter and noted that further information was required from Lloyds Bank. A final check of the accounts would be undertaken prior to submission to Corporation for final sign-off.

The Vice Principal Finance noted that the accounts would not be forwarded externally – the EFSA would not require a final set, so these would be kept internally only.

8.2 RSM Letter of Representation and Regularity Letter

The RSM Letter of Representation and Regularity Letter were received and **recommended** to Corporation for approval.

8.3 Regularity Audit

The contents of the regularity audit were noted.

8.4 Members' Report and Financial Statements

The Members' Report and Financial Statements were **recommended** to Corporation for approval.

9. **KPMG Financial Statements Audit Plan and Strategy for 2017/18**

The FSA Auditor presented the Plan and Strategy for 2017/18 and it was agreed to **recommend** approval to the Corporation.

10. **Health and Safety Termly Report**

The Vice Principal presented the health and safety report and noted that Stratford information had been incorporated. There had been one RIDDOR accident. She explained that health and safety training was being rolled out at Stratford. It was noted that it was difficult to show the % of staff that had undertaken training because events were completed on a rolling programme, so the data would not represented the number of staff of the whole workforce that had done the training. It was suggested that it may be helpful to state how many staff had not done the required training.

Q. Is it possible to show levels of training by curriculum area?
A. Yes. In some curriculum areas there is a need for specific training too as certain accidents or risks exist. This is all reviewed by the Health and Safety Committee on a regular basis.

11. **General Data Protection Regulation (GDPR) Update**

The Vice Principal HR and Student Services provided an update on GDPR and noted that he and the College Legal Counsel had reviewed the policy. There were some minor amendments to job titles to be completed. It was agreed to recommend the Data Protection Policy to the Corporation for approval. The Clerk noted that the Committee terms of reference had been reviewed and there was an appropriate reference to data protection, but that it may be useful to include in the Policy that the Chair of the Audit Committee should be notified of major breaches. **ACTION**.

12. **Insurance Report**

This item was deemed confidential.

13. **Management Report on Implementation of Audit Recommendations**

The contents of the Management Report on Implementation of Audit Recommendations were received.

14. **Dates of Meetings in 2018/19**

The dates for 2018/19 were noted.

15. **Value for Money Update Report**

This item was deemed as confidential and received for information.

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16.   All Additional Work – Ad Hoc Audits and Work by College Auditors

This item was deemed as confidential and received for information.

Best wishes were expressed to Sam Bromwich and thanks to Heather Evans for completing the Audit Committee papers in good time for the meeting.

Signed: _____

Date: 22nd October 2018.

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