Solihull College and University Centre

Minutes of the Audit Committee Meeting held on 20 October 2020 on Teams, starting at 6.00 pm

Present	Lucy Lee (Chair)
	Badri Gargeshnari
	Geraldine Swanton
	Tony Worth (External)
In Attendance	John Callaghan (Principal)
	Lindsey Stewart (Deputy Principal and Stratford Chief Operating Officer)
	Heather Evans (Vice Principal Finance)
	Pete Haynes (Vice Principal HR and Student Services)
	Sam Bromwich (Director of Risk, Control and Compliance)
	Dave Gartside (Director of IT) for Item 4
	Theresa Lynch (Clerk)
	Mark Dawson – KPMG
	Louise Tweedie – RSM

The Chair welcomed all and explained the arrangements for the online meeting.

1. Membership

1.1 Apologies for Absence

There were apologies for absence from Paul Large.

1.2 Declarations of Interest

There were no new declarations of interest.

2. Minutes of the meeting held on 15th June 2020 & matters arising & confidential items
The minutes of the meeting held on 15th June 2020 were **agreed** as a correct record and signed by the Chair.

Matters Arising

There were not matters arising.

3. COVID-19 Reset and Recovery
The Director of Risk, Control and Compliance provided an update with regard to the COVID-19 Reset and Recovery. The Risk Register presented at the last meeting had been aimed specifically at the re-opening of the College in September 2020. This had now been completed and management of risk was now undertaken through the COVID-19 Reset and Recovery Plan She noted that the College's insurers had carried out a review of the Plan and had provided useful feedback which was contained within feedback report at item 5.6 On-going Board Assurance and the College's F plan at item 16.3.

It was noted that risk assessments for all areas had been updated and reviewed in detail with the Health and Safety Team to respond to all COVID-19 related issues and these are updated whenever guidance changes as appropriate.

Q. Had the College insurers included the risk of a claim bring brought against the College for COVID-19-related issues, as had been the case in the USA?

A. The assurance from the insurers provided protection for the College to demonstrate that all measures had been put in place and this had been validated by Hettle Andrews. There had not been an increase in claims in relation to COVID-19 specific issues, although it may occur the insurers had not indicated that this was an issue in the UK for colleges.

The Chair noted that the detail and the extensive work done in terms of area risk assessments was very positive, but also very important for the College to ensure all risks are managed appropriately.

4. Board Assurance Presentations

4.1 Data Quality and Data Management Controls

The Deputy Principal explained that the Director of IS was unable to undertake the presentation on this occasion, but it would be useful for him to present to the Committee in the future. He had been in post since March 2020 and was managing the College's data well.

The Deputy Principal presented information about data quality and management controls, that she explained started with the Individual Learner Record (ILR). She described the Provider Data Self-Assessment Toolkit (PDSAT) reports that allowed the data to be interrogated and ensured the College's data was transparent for audit processes. Monthly checks were carried out to regularly review the data. She described the ESFA reports produced to monitor data alongside other providers. She confirmed that the College's Data Dashboard enabled good data management and checking, allowing exception reports to interrogate the data fully, with departments. The Principal confirmed the process relating to the lines of enquiry raised through the exception reporting process.

4.2 Anti-Fraud

The Vice Principal Finance explained that the presentation had been requested by the Committee to explain how the College's prevents fraud. She explained the procedures in place to raise awareness of processes with staff and the logs and registers in place to monitor areas like gifts and hospitality, staff and governor interests and cases raised in relation to fraud and through the whistle-blowing procedures.

The IT Director provided detail relating to the processes and procedures in place to prevent and manage potential cyber fraud, including raising staff awareness, transition to Office 365 and testing and software to detect and prevent issues. He noted the upgrading and increased security protection that was being implemented to continually improve the College's IT security.

The Vice Principal Finance explained that a shared values memo would be distributed to staff and the fraud flowchart was available for them if they wished to raise an issue. Awareness had been raised via a CMT briefing and would be incorporated through staff induction. The processes for managing and reporting an incident of fraud were noted. Examples were provided about situations that had arisen at the College.

Q. Regarding the transition to Office 365 – how far is the College to full implementation?

A. Email and groupware piece there is 100% implementation. The next phase includes the use of Teams and OneDrive for file storage and in December 2020 the current College-based drives will be made read-only and all staff will be expected to be working on Office 365 fully.

Q. Regarding the transition to MFA – is that fully implemented?

A. For Office 365 all off-campus log in requires MFA log in for staff. If connecting to a remote desktop MFA is not currently required, however, this will change on 16th November 2020. Thereafter all College systems will require MFA access.

Q. With regard to the SIEM tool and JISC support is the College informed and advised about HE/FE sector issues that have been arising recently?

A. Yes, there have been some big ransomware issues across the sectors. It has been very useful to have JISC's cross-sector perspective so that they are able to provide warning and advice for the College.

Q. Staff awareness – how often are staff trained on fraud and related issues?

A. Staff undertaken mandatory cyber awareness training at least every 2 years. For other types of fraud, this is provided at induction and then update briefings at regular intervals. Staff also receive IT bulletins highlighting any specific threats or issues, like phishing email attacks.

Q. With regard to the phishing email test – how often does this take place?

A. There was a cross-College test to replicate a phishing attack to understand the impact of this kind of phishing attack. It was extremely useful as a lot of staff clicked on the link and provided their details. This initiated the College's emphasis on the full implementation of MFA. A further test attack could be undertaken, however, with MFA it would not be successful, so reduces the need to test this area.

It was noted that protection against cyber-attacks was an on-going issue, as the types and sophistication of attacks was ever changing, so the College was continually reviewing systems and ensuring development of systems, whilst also continuing to keep staff updated about potential issues. The Principal noted the extent of the migration work that had taken place recently to move the College both onto e-systems widely for teaching and administration and to secure the College to work safely remotely. It was noted that the College had provided Sophos protection software for staff's personal devices to ensure full anti-virus and malware protection. It was noted it should be available to all who had .ac.uk email accounts and would therefore be available for Governors. The Clerk would provide the information for the Corporation. **Action**.

The Director of IT was thanked and he left the meeting.

The Clerk noted the KPMG fraud inquiries document was noted for information.

5. Risk Management and Board Assurance Reports
The Director of Risk, Control and Compliance presented the Risk Management Report.

5.1 Strategic Risk Register and Board Assurance Plan

The Director of Risk, Control and Compliance presented the Strategic Risk Register and Board Assurance Plan. The Plan had been reviewed in detail with each strategic area risk owner and also at the Risk Management Group meeting. The impact of COVID-19 and associated risks, assurances and Actions have been incorporated into the strategic risk register. As well as this, focus had been given to the areas of Apprenticeships and HE. These are shown in the Financial Risk section of the Strategic Risk Register.

5.2 Risk Management Annual Report 2019/20

The Director of Risk, Control and Compliance presented Annual Report for 2019/20. She noted that it provided a review of the year 2019/20 and aimed to provide Governors with assurance that the College had a sound system of internal control.

5.3 Timetable 2020/21

The Director of Risk, Control and Compliance presented the Risk Management Timetable for 2020/21.

5.4 Merged Risk Management Strategy and Policy

The Director of Risk, Control and Compliance presented the Risk Management Strategy and Risk Management Policy which had been merged at the request of Audit Committee. It would be reviewed annually initially, but once established the review period may be extended.

5.5 Risk Reporting to Corporation

The Director of Risk, Control and Compliance presented the high-level key risks in detail. She noted that further to the Special Interest Group meeting on the Board Assurance Framework/Strategic Risk Register it was agreed that the top key risks would be identified and presented to Corporation at each meeting. Detailed work and discussion had taken place on this by the Risk Management Group which has been a very useful exercise. As part of this process, the top key risks were initially identified as follows:

- The College is unable to maintain 'Good' Financial Health as a result of the impact of COVID-19.
- The College suffers disruption to the delivery and quality of Teaching and Learning as a result of the impact of COVID-19.
- The College is unable to complete the Stratford Campus Redevelopment Project due to COVID-19 and insufficient budgets and cash reserves.
- The College is IT systems are compromised due to a Cyber-attack.
- The College suffers reputational damage and financial impact due to failure of the GBSIoT.

However, after applying the risk scoring it was agreed that the Top Key Risks are:

- The College is unable to maintain 'Good' Financial Health as a result of the impact of COVID-19.
- The College suffers disruption to the delivery and quality of Teaching and Learning as a result of the impact of COVID-19.
- The College is IT systems are compromised due to a Cyber-attack.

The Clerk noted that top risks would form part of the Corporation agenda, informing business for the meeting. The Chair would refer to the top five risks at the beginning of the meeting to ensure they were reflected within the business for that meeting.

It was suggested that the key risk relating to the quality of teaching and learning should also include an element relating to the importance of a good IT infrastructure to underpin and support blended learning. The Director of Risk, Control and Compliance confirmed that she would amend the key risks. **Action**.

5.6 On-going Board Assurance

The Director of Risk, Control and Compliance presented the on-going board assurance report including the Hettle Andrews Feedback Report, Public Health England Walk-around feedback and the Ofsted pilot visit in September 2020.

6. Internal Audit

6.1 Governance – Financial Oversight

The Internal Auditor provided a verbal update and confirmed that the formal debrief was due to take place. The final report would be available for the next meeting.

6.2 Progress Report – October 2020

The Internal Auditor presented the Progress Report for October 2020 and confirmed that audits would take place in January and April 2021. It was anticipated that the January visit would be done remotely, now that an effective process was in place for conducting remote audits.

The Internal Auditor presented the client briefings and discussion took place:

- It was noted that following the Nye Review the ESFA were considering including an expectation that colleges would engage in an assessment of their risk appetite. The Internal Auditor noted that if this element was included in the Audit Code of Practice their expectation would be back-dated to August 2020.
- The NAO report setting out expectations regarding colleges' responses to COVID-19 had been published in summer 2020. The Internal Auditor noted that the College had been proactive about reviewing and changing processes in light of the restrictions and constraints imposed during lockdown and thereafter.
- The Audit Code of Practice did extend the notification requirements in the event of fraud and colleges needed to review current processes to incorporate these changes.

Discussion took place regarding the College's risk appetite in relation to managing controls in place. The Internal Auditor noted that it was for the College to assess their own risk appetite and noted that in general education organisations tended to be risk adverse. The organisation needed to assess risk tolerance in various areas of business to develop an overall risk appetite. RSM would be able to support the process in reviewing the assessment and reviewing consistency between behaviour and assumed risk appetite. She confirmed that the risks the College has identified are very similar across the sector, however, tolerance levels varied. The Internal Auditor confirmed, however, that she had no issues regarding the College's approach to risk and behaviour in managing the risks identified.

7. Internal Annual Report for 2019/20

The Internal Auditor presented the Internal Annual Report for 2019/20 and confirmed that a green opinion had been given - 'The organisation has an adequate and effective framework for risk management, governance and internal controls.' She confirmed that this was a very positive outcome, particularly as some high risk and complex areas had been audited and found to have adequate and effective processes and controls in place.

Resolved to recommend approval of the Internal Audit Plan for 2020/21 to the Corporation.

8. Data Protection and GDPR

The Director of Risk, Control and Compliance presented the policies and procedures in relation to data protection that had been reviewed as part of the normal annual review, but also in response to arrangements in relation to the COVID-19 pandemic. She noted that there had been an increase in data requests from external organisations, for example, Public Health England, and this needed to be reflected in the policies. Further, the increase in recording of meetings and teaching sessions required amendments to the guidance to reflect this. Discussion was on-going regarding recording of lessons and whether these were for live-streaming or for use in future learning.

The Director of Risk, Control and Compliance explained that the policies had been reviewed in consultation with the Vice Principal HR and Student Services, Legal Counsel and Geraldine Swanton and following a recent meeting some minor amendments had been suggested. It was noted that the meetings would be updated and submitted to Corporation for approval. **Action**.

Thanks were expressed to Geraldine Swanton for her valuable input to this process. She noted that it was important to maintain and apply the data protection and GDPR requirements throughout the current crisis, even though some organisations seemed to have decided to suspend their compliance.

8.1 Data Protection Policy

The contents of the Data Protection Policy and suggested amendments were received.

8.2 Data Retention Schedule

The contents of the Data Retention Schedule and suggestions amendments were received. It was noted that, whilst the JISC guidance had been reviewed it had been decided to retain the College's schedule as the JISC information was overly detailed. The Clerk had reviewed and amended the section relating to governance and this would be included for final approval.

Q. Clarity was sought regarding whether the 7 years for financial information retention started at the end of the financial period?

A It was noted that this was the case and the Director of Risk, Control and Compliance confirmed that she would make this clearer. **Action**.

8.3 Data Archiving and Retention Policy

The contents of the Data Archiving and Retention Policy and suggested amendments were received.

8.4 Privacy Policy Governors

The contents of the Privacy Policy Governors and suggested amendments were received.

8.5 Privacy Policy College Staff

The contents of the Privacy Policy College Staff and suggested amendments were received.

8.6 Privacy Policy College Students

The contents of the Privacy Policy College Students and suggested amendments were received

8.7 General Privacy Statement

The contents of the General Privacy Statement and suggested amendments were received.

Resolved to recommend approval to the Corporation:

- Data Protection Policy
- Data Retention Schedule
- Data Archiving and Retention Policy
- Privacy Policy Governors
- Privacy Policy College Staff
- Privacy Policy College Students
- General Privacy Statement.

9. Health and Safety Annual Report

The Vice Principal Finance presented the report and explained that she had reviewed the reporting process in relation to health and safety and whereas there had been 2 slightly different reports for Audit Committee and Corporation it was suggested that one report be produced that reported to Audit Committee and through to Corporation. She also noted that she would produce a report, rather than provide a presentation. These changes were confirmed.

The Vice Principal Finance presented the Health and Safety Policy and confirmed that no changes were recommended.

It was noted that there were no specific health and safety issues to raise, although a lot of work had been taking place relating to ensuring good health and safety arrangements in light of COVID-19 requirements and undertaking risk assessments for all areas.

Resolved to recommend approval to the Corporation of the Health and Safety Policy.

10. Insurance Annual Review

The Vice Principal Finance presented the annual insurance review report and noted that compared to 2019 there had been some premium increases. Insurers had had more claims in the last year that resulted in increased premiums across the sector.

11. Policy Review - Conflict and Declaration of Pecuniary and Personal Interest Policy

The Clerk presented the new Conflict and Declaration of Pecuniary and Personal Interest Policy and noted that following the Search and Governance Committee some amendments had been recommended. These changes were presented and would be incorporated for final approval at the next meeting of the Corporation. **Action**.

Resolved to recommend approval to the Corporation of the Conflict and Declaration of Pecuniary and Personal Interest Policy.

12. Draft Annual Report of the Audit Committee

The Clerk presented the draft annual report of the Audit Committee and noted that feedback had been received from the Auditors and that the report would be finalised for the annual Audit/Corporation meeting in November. **Action**.

13. Draft Regularity Report

The Clerk presented the draft regularity report and noted that a new COVID-19 appendix had been added by the ESFA. The report would be finalised for the annual Audit/Corporation meeting in November. **Action**.

14. All Additional Audit Work

The Vice Principal Finance presented the additional audit work that had taken place since the last meeting for information.

15. Recruitment of Internal and External Auditors

This item was deemed confidential and the auditors left the meeting.

16. Mgt Report on Implementation of Audit Recommendations

16.1 Status Report for internal and External Audit

The contents of the Status Report for Internal and External Audit were received for information.

16.2 ESF Audit Report Tracker

The contents of the ESF Audit Report Tracker were received for information

16.3 Hettle Andrews Reset and Recovery Action Plan Tracker

The contents of the Reset and Recovery Action Plan Tracker were received for information.

17. Date of the next Audit Committee meeting

The next meeting of the Audit Committee would take place on 30th November 2020, starting at 5.30pm.

The meeting ended at 7.45pm.

Signed:

Date: 30 November 2020