

Minutes of the Audit Committee (AC) meeting held in the Executive Boardroom at 1630 hrs on 6 March 2018

Present	Sarah Hobbs	Louise Perry (Chair)	Martin Ballard (Item 15/17c on)
In Attendance	Andrew Clare (VP(F&R))	Ralph Devereux (Clerk)	David Hoose (Mazars)
Apologies	Paul Wingfield		

STANDING ITEMS

12/17 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS

The apology was accepted, the meeting was quorate, no notice had been received of any Member becoming ineligible to hold office and there had been no interests declared.

13/17 Some typing errors were amended and the Minutes of the last meeting held on 7 December were confirmed for electronic signature; action delegated to the Clerk. **(Action 1)**

- a. **The information was noted.**
- b. **Action had been identified.** (Register at 19/17)

14/17 ACTIONS AND MATTERS ARISING FROM THE MINUTES

a. Outstanding Actions. Outstanding actions from the previous meeting were reviewed, those outstanding or varied were considered.

- (i) Action 5. The KPI framework would be circulated to AC Members by the end of March for comment, a conference call would be arranged if necessary, the agreed framework would then be considered by the Corporation on May 16. **(Action 2)**
- (ii) Action 7. An update on plans for completion of asset administration over the summer would be brought to the next meeting. **(Action 3)**
- (iii) Action 12. It was likely that a tender exercise for the External Audit service would be undertaken for 2018/19. **(Action 4)**

b. Matters Arising from the Minutes. There were no matters arising from the minutes.

c. Urgent Business. There was no urgent business requested.

- a. **The information was noted.**
- b. **Actions had been identified.** (Register at 19/17)

BUSINESS ITEMS

15/17 INTERNAL AUDIT SERVICE (IAS)

Fieldwork Reports. There were 3 fieldwork reports and the action tracker to consider; the scope, approach, risk and objectives of the testing of each had been detailed by the IAS in the documents.

- a. Sub-Contracting. The Report on the recently introduced (FY 2017/18) ESFA requirement for an annual external assurance on sub-contracting was considered. No significant or fundamental weaknesses in the effectiveness of any sub-contracting processes had been identified; "Green" assurance had been given, which indicated that the Corporation "could take **substantial** assurance that there is a sound system of internal control designed to

achieve the organisation's objectives and the control processes are being consistently applied." Positive examples of reliable operation had been identified and one Priority 3 "Housekeeping" recommendation, an area highlighted as "an opportunity to implement a good or better practice to improve efficiency or further reduce exposure to risk" had been identified, which had been agreed for implementation with responsibilities and an effective date identified. It was noted that the requirement (re legal advice) had been published after the sub-contact agreements had been made. This was a sound report, which was welcomed.

- b. Higher Education (HE). No weaknesses in the effectiveness of HE processes had been identified; "Green" assurance had been given, which indicated that the Corporation could "take **substantial** assurance that there is a sound system of internal control designed to achieve the Organisation's objectives and the control processes are being consistently applied". Positive examples of reliable operation had been identified and no recommendations had been made. This was another positive report, particularly welcomed in view of the present focus of HE provision.

Martin Ballard joined the meeting with apologies. (Traffic)

- c. Cyber Security. The Cyber Security Review had been completed by specialist agents and amongst other references had been informed by Cyber Essentials, a simple but effective, Government backed scheme that helps protect against a whole range of most common cyber-attacks. No fundamental weaknesses in the effectiveness of Cyber Security processes had been identified; "Adequate" assurance had been given, which indicated "a basically sound system of internal control, however in common with the wider sector, there were weaknesses, two of which put some of the organisation's objectives at risk and the level of compliance with some control processes may also put some of the organisation's objectives at risk". Positive examples of reliable operation had been identified and 4 recommendations had been made, all of which had been accepted, responsibilities allocated and completion dates set, these are below:
 - (i) IT Operations Testing Patches. (Significant, Priority 2) The present arrangements for Patch management could be improved, this is a specialist area and the IAS comments had been agreed;
 - (ii) Firewall. (Significant, Priority 2) Authorisation of Firewall change arrangements required improvement, again this is a specialist area and the IAS comments had been agreed; and
 - (iii) Data Protection Awareness and Vulnerability Management. (Both Housekeeping, Priority 3) Training and changes to testing processes had been recommended and accepted, these issues would also form part of the present GDPR implementation arrangements.
 - d. Implementation Progress Summary. (2016/2017) There had been 21 recommendations brought forward, 55% (11.5) had been fully implemented, 17% (3.5) had been partially implemented, one was waiting and 5 (see 15/17a & c above) were not started, full detail was RAG rated and tabulated, the sole Red entry referred to "new employee starting IT arrangements", which were under review and the issue resolved, under the co-ordination of the VP(F&R) by early April. **(Action 5)** There was some discussion around the KPMG Management Letter recommendation no 3 and it was agreed that the VP(F&R) would electronically update members on progress. **(Action 6)** It was confirmed that completed actions would remain outstanding on the reports until verification by the IAS when they would be removed. **(Action 7)**
 - e. IAS Progress Report The current IAS annual plan was progressing as planned and dates had been established for the remaining elements. The rolling 3-year plan and the 2018/19 plan would be drafted jointly by the IAS and VP(F&R) for consideration by Members in due course.
- a. **The information was noted and received.**

b. Actions had been identified. (Register at 19/17)

16/17 RISK MANAGEMENT (RM)

The latest version of the full Risk Register, was scrutinised. Each Risk had been RAG rated in the vital columns of the Register, using the post mitigation (High) calculation and with 4 additional and valuable control information columns after the final risk column. The Register was then discussed. Members were updated on the current state of the Borderville plans, with particular emphasis on the educational aspect and also on the introduction of "Google Classroom". There was then some consideration of whether the information presented on the Register could be enhanced by inclusion of a "Net" column to highlight the effectiveness of the mitigation processes. The 4 progress columns could be the mitigation element and perhaps a net RAG rating could be introduced. It was agreed to take the discussion to the Risk Management Group. (RMG) (**Action 8**)

a. The information was received.

b. Action had been identified. (Para 19/17 below)

17/17 URGENT BUSINESS

There had been no urgent business agreed.

18/17 DATES OF NEXT MEETINGS

a. Board meeting to receive committee recommendations (21 March 2018); and

b. Committee meeting to conduct business (27 June 2018 at 1630).

19/17 ACTION REGISTER

Action Register: Please refer to minute for additional information.		Resp	Date
Action 1	13/17. Minutes of last meeting (07.12.17) confirmed for signature.	Clerk	asap
Action 2	14/17a. KPI Framework to members, agreed version to Corporation.	VP(F&R)	31.03.18
Action 3	14/17a. Details of summer asset reconciliation to next meeting		27.06.18
Action 4	14/17a. Tender for External Audit in 2018/19.		2019
Action 5	15/17d. IT new starter set ups to be resolved after Easter.		10.04.18
Action 6	15/17d. Update on Tuition Fee reconciliation to be circulated.		asap
Action 7	15/17d. Completed recommendations to remain on summary until IAS verification.		With immediate effect (wie)
Action 8	16/17. RR suggestion to be considered by RMG.		asap

Ralph Devereux (Clerk) for Louise Perry (Chair)

Ralph Devereux (Clerk) for Louise Perry (Chair) (Aug 1, 2018)

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