

## HNC FURTHER EDUCATION CORPORATION

Audit Committee Meeting held on Tuesday 14<sup>th</sup> March 2023 from 5pm  
via Teams



### Confirmed open Minutes

**Present:** Mr N Uppal, Mr K Webb, Mr S Williams, Ms P Cooke (100% attendance)  
**In attendance:** Mr A McCulloch, Mr M Smith-Connor and Mr J Flynn  
**Clerk:** Mrs C Coupland

#### **1. Apologies for Absence/ Declaration of Interest**

There were no apologies for absence and there were no declaration of interest.

#### **2. Minutes from Meeting held on 28<sup>th</sup> November 2023**

#### **Resolved:**

- That these be accepted as a correct record.

#### **3. Matters arising**

It was noted that an ONS update had been provided to governors at the recent strategy day – held on 10<sup>th</sup> Feb 2023. The reform update paper had been shared separately with the Chair of Audit.

The Clerk confirmed that all year-end reports and representation letters had been signed and also forwarded to the ESFA in advance of the deadline 31<sup>st</sup> Dec 2022

The Clerk also confirmed that the Financial Statements and Members Report had also been published on the college's website again in advance of the deadline - 31<sup>st</sup> Jan 2023.

The Financial Irregularity is to be addressed under agenda item 5.

#### **4. Data Security breaches and testing report 2022/23 (term 1)**

Ms Harris reminded the committee that this report is produced termly to collate the results of security testing; PEN testing, email testing, attempted attacks, security breaches and cyber security risk assessments thus providing comprehensive assurance to SLT and Governors that the college is doing as much as it can to mitigate these cyber risks.

Ms Harris confirmed that staff training for Cybersecurity is mandatory, certificated and refreshed annually, phishing tests take place for staff once a term. Student training for Cybersecurity is also mandatory and progress is tracked. The Committee asked for reports in future to confirm actual numbers of the staff, governors and students successfully completing the required training to be able to track the effectiveness of such training; however members were reminded that any high risks users continue to be quickly identified, with follow up

certificated training being provided to ensure that they understood how to identify cyber threats.

Time was taken to consider the breadth of IT security incidents mentioned within the report – it was agreed going forward that it would be helpful for the report to make clear which incidents were only suspected breaches that required no action to be taken once investigated so as to prioritise committee attention to the actual breaches of more serious nature.

The committee was satisfied that no critical or high risk issues affected the College adversely in term 1 and reported to be assured that the integrity of College security, networks and data had been maintained due to the high level of protection systems in place. It was agreed however that profile analysis of any email trends would be welcomed, if possible, in future reports.

Members agreed that the report continues to provide comprehensive assurance to the committee that the college is doing as much as it can to mitigate against cyber security risks. And in particular are continuing to follow all business processes and procedures designed to protect the college from fraud.

The Clerk confirmed that the Data Protection and Security Group have reconvened as of term 2 with monthly meetings taking place. The group decided that future iterations of these reports will also include information on general data breaches (not just IT related actual/suspected breaches). This will provide the committee with a comprehensive update on all termly data security activity. Members present agreed that this was sensible and would provide further assurance on the security measures in place as well as the college's response to any suspected or actual reported breaches.

The committee asked if any general (non IT) breaches had been reported during term 2 to date; the Clerk confirmed that there had been a number of low level breaches – none of which needed to be reported to the ICO but all had resulted in refinements to processes, procedures and systems to best guard against similar events happening in the future. The committee asked for details to be shared as soon as possible on breaches rather than waiting for the next iteration of the report in June in order to provide timely assurance and opportunity to comment by members if so desired. The Clerk also confirmed that the Senior Leadership Team had just approved the college's handling data breach procedure as recommended by the Data Protection and Security Group – this will be shared with the committee at its next meeting for opportunity to comment. The committee welcomed this.

#### **Resolved:**

- **That the report be received**
- **For future reports to make clear the number of staff having successfully completed all mandatory data protection and security training**
- **For future iterations of the report to include a comprehensive of all termly data security activity not just IT related breaches.**
- **For the committee to be notified of details relating to the reported breaches during term 2 to date which are not covered within the report.**

#### **5. Financial Irregularity (confidential)**

#### **6. Internal Audit Report : Assurance Review of Budgetary Control and Business Planning**

Mr McCulloch explained the review considered the budget preparation process, the monitoring arrangements, and reporting to the Corporation/Committee. The review also considered how the annual budget aligned with the College's medium term business planning.

The scope of the review did not include consideration of the assumptions used in preparing the budgets; depreciation policies; apportionment of central costs; or financial information included in tenders prepared by the organisation.

Mr McCulloch advised the committee that substantial assurance had been assigned to the audit with no recommendations made and no operational effectiveness matters identified.

Mr McCulloch advised the committee that a number of other requests had been made by the College's Risk Management Group in addition to the change to the audit plan.

Mr McCulloch confirmed that Tiaa were to be responsive to SLT's request for more on site audits to be undertaken, where possible, to allow auditors to dig further into the work culture and lived experience of frameworks, policies and procedures etc – which may determine different recommendations or raise different operational effectiveness matters to that which may be concluded in remote audits only. Mr McCulloch explained however that should physical audits not be possible for all dates for the remainder of 2022/23; the audit experience would however be more engaged with the introduction of more teams meetings between auditors and SLT lead for the area under review in addition to the opening and closing meetings. The committee welcomed this change of practice.

Mr McCulloch also advised the committee of his offer of training to the wider SLT to assist in better understanding risk management and in turn the role of internal audit. This had been actioned on hearing that senior leaders had recently concluded that as a consequence of silo working practices of the previous SLT lead for internal audit; risk management and internal scrutiny are currently not dynamic and engaged management functions – which is something that they would like to address.

**Resolved:**

- **That the report be received**
- **For Mr McCulloch to confirm revised dates of audits for remainder of the year to the Clerk asap.**

**7. Recommendation tracker (Internal and External)**

Mrs Coupland confirmed that the tracker would be cleared of all previous audit titles for 2021/22 given that a follow up review would not be necessary as no recommendations had been determined.

Mrs Coupland also explained that the one recommendation relating to the external Audit Review from November 2022 had now been implemented but will remain on the tracker until officially signed off by the external auditors in November 2023. The points raised from last year's external audit will now be removed given that the external auditors had signed them off as having been completed.

**Resolved:**

- **That the report be received**

**8. Risk Register & Board Assurance Framework: Overview**

The Clerk confirmed that all current strategic risks identified throughout 2022/23 are on track, by the end of the academic year, to have all been subject to assurance reviews at committee or corporation level.

The Senior Leadership Team continue to monitor and review each residual risk and re-score when necessary, however it was noted that a comprehensive risk assessment remains

outstanding for the new risk featuring within the risk register: Failure to effectively lead change within the college. This is to be addressed at the next Risk Management Group Meeting.

The committee was asked to note by the Clerk that the key business risks (strategic, financial and operational) are to also be comprehensively reviewed in response to the new strategic plan and objectives for 2023/26, once approved by the Corporation. Outcome of this review will be reported back to the Committee.

The Senior Leadership Team are however to undertake a full evaluation of the structure of the risk register. Consideration is being given to underpinning the risk register to the Education Inspection Framework (EIF) to better guide and inform risk identification; risk measurement and assessment; risk mitigation; risk reporting and monitoring; and risk governance. Further information will be provided to the committee at its next meeting.

Key Judgements within EIF are:

- quality of education
- behaviour and attitudes
- personal development
- leadership and management

The Committee reported to be satisfied that the Board Assurance Framework, in its entirety continues to provide an adequate and effective framework for risk management as well as a vehicle for open dialogue between committee members and senior leaders. The committee was open to recommendations from senior leaders as to the structure of the risk register going forward.

**Resolved:**

- **That the report be received.**

## **9. Any other Business.**

The Clerk stated that in light of Ms Haigh's resignation – a new Vice Chair for the committee will need to be appointed. Expressions of interest were therefore sought from the Committee. The Clerk confirmed that she was available to answer any questions that members may have with regards to role responsibilities and expectations.

## **10. Learner Impact Reflection**

**The impact of discussions and scrutiny of the Committee work in improving the outcomes and experience for all learners was considered and the following agreed:**

- **Assurance received that the college has an adequate and effective framework for governance, risk management and control and that the Audit Committee has fulfilled its statutory and delegated responsibilities for 'the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets'.**
- **The Committee recognises that the Corporation has a responsibility to manage internal and external risks as a key component of good corporate governance and is committed to embedding risk management to help achieve the College's strategic objectives.**

- The Committee continues to focus, scrutinise, challenge and support the college leadership team in sustaining and improving (where necessary) cyber developments.
- Effective risk management increases the probability of successful outcomes, whilst protecting the reputation and sustainability of the College.
- Effective auditing services help governors understand student experience and learning outcomes.
- An informed Board of Governors is effective in its scrutiny, challenge and support of the senior leadership team, thus ensuring positive outcomes and progress for all students
- Bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes for the benefit of all.
- Establishing compliance with statutory regulations and laws as well as internal frameworks, policies, procedures and processes.

#### **11. Determination of confidentiality**

It was agreed that the supporting papers for 4, 5 and 8 are to be marked as confidential.

It was also agreed that the minutes relating to agenda item 5 are also marked as confidential.

#### **12. Date of next meeting: 20<sup>th</sup> June 2023 at 5pm via Teams**