

## EXETER COLLEGE FURTHER EDUCATION CORPORATION

### AUDIT AND RISK ASSURANCE COMMITTEE

#### Minutes of the meeting held on Monday 9 March 2020 in the Board Room, Hele Road, Exeter College

<b>Present</b>	Sarah Brampton	Chair
	Dave Underwood	Vice Chair
	Jo Matthews	
	John Coombs	Co-opted
	Neil Hitchings	
<b>In Attendance</b>		
	<i>For item 2 only</i>	
	Emma Webber	Governor
	Rob Bosworth	Deputy CEO
	Toby Coombes	Director of Finance, Funding and MIS
	Kate Barczok	College Accountant
	<i>For item 2 only</i>	
	Paul Knee	ICT Manager
	Alison Layton-Hill	Clerk to the Corporation
<b>Apologies</b>	John Laramy	Principal

#### 1. **Welcome, Apologies and Declarations of Interest** **Action**

The Chair welcomed colleagues to the meeting and extended a particular welcome to Neil Hitchings, Emma Webber, Toby Coombes and Kate Barczok.

There were no declarations of interest.

*Paul Knee, ICT Manager joined the meeting for item 2 only*

#### 2. **Deep Dive**

##### 2.1 Cyber Security

The Committee received a deep dive presentation from the ICT Manager outlining risks associated with cyber security and the mitigations that the College had put in place. He advised that the main threats to the College are: accidental data breaches, ransomware, phishing emails and DDoS attacks.

Mitigations in place were identified as:

- Leading anti-virus and firewalls
- Investment in Microsoft security services
- Enhanced DDoS Protection, which also protects the website

- Patch management on all desktops, laptops and mobile devices

The Committee was also advised of the following actions to be undertaken to further minimise the cyber security risk to the College:

- Cyber security awareness training (preferably mandatory)
- Introduce multi factor authentication
- Expand data encryption
- Implement removable media (USB) controls
- Cyber Essentials

The National Cyber Security Centre website was highlighted as a useful resource.

The Committee questioned the level of risk awareness training students receive as part of their induction and was informed that this is delivered through the Personal Development Plan tutor scheme. There is an Inspiring Digital Enterprise Award (iDEA) cyber security badge that can be achieved, and misuse information is covered in the student Code of Conduct.

Governors requested a timeline for the mandatory training for staff. It was noted that some senior staff had already engaged in the training and that it was hoped to make this available to all staff by September 2020.

The Committee was reassured that the College hardware replacement strategy is sufficiently funded. There is a comprehensive asset register and the IT service is identifying devices that will not be upgradeable. The challenge of lengthy lead in times of six weeks to acquire hardware was acknowledged.

The Committee was also reassured that the College bankers do impose dual factor authorisation. The College has carried out test phishing emails to support awareness and learning.

Governors noted that although the College has an effective back up mechanism, there is not a disaster recovery strategy specifically for cyber security in place. It is hoped that this will be completed by the end of the academic year.

The Committee acknowledge that there had been a marked improvement in the College's cyber security processes over recent years and although there was still work to do, the presentation offered good reassurance.

**The Committee thanked the ICT Manager for his informative and helpful presentation.**

*Emma Webber left the meeting.*

3. **Minutes**

- 3.1 The minutes of the meeting held on 18 November 2019, as circulated, were agreed and signed by the Chair.

4. **Matters arising**

- 4.1 Appointment of Neil Hitchings

To support its independence, the Audit and Risk Assurance Committee membership is not determined by the Board. Therefore, the Chair proposed that the Committee approve the appointment of Neil Hitchings to this Committee.

**The Committee approved the appointment of Neil Hitchings to serve on the Audit and Risk Assurance Committee**

Clerk

5. **Risk Management Update**

- 5.1 Risk Register (February 2020)

The Committee received and considered the updated risk register, which had been reviewed by the senior leadership team on 2 March 2020. The Deputy CEO highlighted the high-risk areas and any amendments since the previous Committee.

R17, Maintain Financial Stability – It was proposed to reduce this risk as the College had received in year funding due to growth, and also confirmation that funding for the following year is positive.

R52, Declining HE numbers – It was proposed that the residual risk is amended from 4 to 5. HE Courses that have a purpose and clarity are recruiting well. However, unconditional offers from Universities are still impacting the numbers at the College. The Committee was advised that this risk will be further discussed at the Board Residential.

R53, Decant space – The intention is to reduce this risk from 4 to 3. The Baker view café is now open and the reception area had been successfully relocated.

R35, Flybe/Virgin Connect - the circumstances around Flybe going into administration are widely known and the Deputy CEO updated the Committee of the impact on the College's students.

The Apprentices (26 students) are being supported to find alternative employment and the College will continue with learning input.

The BTEC Level 3 first year full time aerospace engineering students are not impacted as they are already located in the Technology Centre. The second year students will complete the Diploma in Aeronautical Engineering at the Technology Centre and will be able to progress to the Foundation Degree.

The main concern relates to the Foundation Degree Year 1 (19 students) and the Foundation Degree Year 2 (26 students). The Committee was advised that a contingency plan was agreed in January 2020, which was invoked successfully, to minimise the impact on students, when the demise of Flybe was announced. All students have been relocated to the Technology Centre.

The College is endeavouring to ensure that its students are able to acquire the number of hangar hours required to complete the Foundation Degree and obtain the EASA/B License and is in conversation with the CAA and other providers. It was agreed that communication is of paramount importance and the Committee noted that a parental engagement evening has been arranged.

The Committee acknowledged the effort that had been put into supporting the students affected and discussed the current risk, which is no longer about the possibility that Flybe falls into administration but more about the effect of the event. SLT will review the risk prior to the Board meeting.

R54, Coronavirus (new risk) - The Deputy CEO explained the College's Coronavirus scenario planning which includes plans for the status quo, immediate closure, long term closure and 20% workforce reduction. There is a leadership meeting arranged for this week with a particular focus on the impact of a reduced work force. The risk will be escalated to high. **RB**

R32, Cyber Security - Following the presentation earlier in the meeting, the Committee agreed that when the additional controls that were mentioned were in place, the risk rating could reduce. In the meantime, the risk would remain as medium. SLT to update the risk register to reflect the deep dive and the additional controls planned.

### **The Committee**

- a) requested that SLT make the agreed amendments to the Risk Register** **SLT**
- b) voted to recommend the risk register to the Board on 1 May 2020** **Clerk**

## **6. External Auditor**

### **6.1 Review of performance and reappointment**

The Committee was informed that the College enjoys a positive relationship with Bishop Fleming; communication, planning and their understanding of the sector is strong.

The Committee raised that the response in the performance evaluation to 5.1.3 and 5.3 should have been provided by the Committee. The Chair suggested that she meet with the auditor, as part of the reappointment process, to ascertain if there was scope for any improvement in the relationship between the external auditor and the Audit and Risk Assurance Committee.

**The Committee agreed:**

**Clerk**

**a) to recommend the reappointment of the external auditor for the 2019/2020 financial year to the Board for approval at its meeting on 1 May 2020**

**SB/  
Clerk**

**b) that the Chair of the Audit and Risk Assurance Committee will meet with Bishop Fleming**

**7. Internal Audit Service**

**7.1 Internal Audit Programme**

The Director of Finance, Funding and MIS outlined the proposed internal audit plan for the current academic year. The audit into the Marketing service has been completed and Business Continuity is commencing on 10 March 2020. It was disappointing to note that the Anti-Fraud training has been postponed at short notice.

Further discussion was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.

**The Committee agreed to recommend the internal audit programme to the Board for approval at its meeting on 1 May 2020.**

**7.2 Internal Audit Portal**

The Committee was advised that within two weeks the College will be using the updated Tiaa audit portal, which will include the outstanding recommendation and replace the progress report currently produced by the College Accountant.

**The Committee noted the update and requested that the portal information is tabled at the next meeting.**

**KB**

**8. Internal Audit Retendering**

**8.1** Item 8.1 was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.

**9. Anti Fraud/Irregularity**

**9.1 Anti-Fraud Register**

The Anti-Fraud Register had been circulated in the papers and the Committee noted the minor payroll fraud that had occurred in December 2019. This involved an external source posing as an employee and amending the bank account details for that employee. The Committee was reassured that processes had been improved and that bank account details will only be amended when requested face to face.

**The Committee noted the report**

10. **Letter from FE Commissioner and Annual Report**

The Deputy CEO gave an overview of the FE Commissioner's letter, which outlined that 38 colleges (out of 230) were subject to intervention and one was insolvent. The FE Commissioner gave the following reasons: poor governance and leadership, over forecasting and over reliance on sub-contracting. The Committee noted that the College subcontracts a very minor part of its apprenticeship offer.

The Committee suggested that there are specific questions about the content of the FE Commissioner's letter, particularly the implications of over forecasting put to the CFO candidates.

**The Committee noted the letter and annual report**

11. **Emerging Risks**

The Committee considered any additional risks that had emerged during the meeting.

The Committee requested that access to resources is considered within the new risk created by the Coronavirus. SLT to consider and provide a plan to the Board.

**SLT**

12. **Items for Information**

12.1 The Committee agreed to take the following items to the Board:

- Cyber Security deep dive update
- Neil Hitching' appointment to the Committee
- Risk Register
- Re-appointment of the external auditor
- Internal audit programme
- FE Commissioner's letter and report

12.2 Items for next meeting

The Committee reviewed and agreed the cycle of business for the 15 June 2020 meeting.

13. Any Other Business

13.1 Cyber Security

The Committee considered the merit of raising the issue of cyber security training for students and staff with the Quality and Standards Committee in terms of preparing learners for live. It was agreed to share with the Board through the Committee's Executive Summary.

13.2 The Committee also expressed that the marked reduction in students using payment cards as opposed to cash could increase the risk of fraud. The Deputy CEO advised that this is being addressed through student Personal Development Plans.

14. **Dates of Next Meetings**  
Monday 15 June 2020  
Monday 14 September 2020  
Monday 16 November 2020

The meeting was quorate throughout and ended at 7.00pm.