

# EXETER COLLEGE FURTHER EDUCATION CORPORATION

## AUDIT AND RISK ASSURANCE COMMITTEE

### Minutes of the meeting held on Monday 18 November 2024 via Zoom

|                |                 |          |
|----------------|-----------------|----------|
| <b>Present</b> | Neil Hitchings  | Chair    |
|                | Rob Hutchins    |          |
|                | Damion Norcombe |          |
|                | Adele Westcott  | Co-opted |

#### In Attendance

|                    |                    |  |
|--------------------|--------------------|--|
| <i>To item 9</i>   | John Laramy        | Principal & CEO                                    |
| <i>To item 9</i>   | Bindu Arjoon       | Corporation Chair                                  |
| <i>Item 7 only</i> | Kate Barczok       | College Accountant                                 |
|                    | Nathan Coughlan    | Bishop Fleming                                     |
| <i>To item 9</i>   | John Dowell        | Executive Director of Finance                      |
| <i>To item 2.1</i> | Toby Coombes       | Executive Director of College Information Services |
| <i>To item 2.2</i> | Steve Strang       | Executive Director of Estates and Sustainability   |
| <i>To item 2.2</i> | Mike Loomes        | Safety, Health and Environment Manager             |
|                    | Alison Layton-Hill | Head of Governance                                 |
|                    | January Roberts    | Minutes  |

|                  |      |
|------------------|------|
| <b>Apologies</b> | None |
|------------------|------|

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|-----|---|---------------|
| 1.  | <b>Welcome, Apologies and Declarations of Interest</b><br>The Chair welcomed colleagues to the first meeting of the academic year. He extended a particular welcome to Nathan Coughlin from Bishop Fleming. The Chair confirmed that January Roberts had now taken over the servicing of this Committee. The Chair of the Corporation was in attendance from the start of the meeting. John Laramy was also in attendance.<br><br>There were no apologies or declarations of interest received. | <b>Action</b> |
| 2.  | <b>Deep Dive</b>  |               |
| 2.1 | R2.32 IT security – risk of “hacking” attack by internal or external source<br>The Committee received a presentation of assurance related to risk R2.32.<br><br>The Executive Director of College Information Services provided a comprehensive presentation. The Governors noted the overview of challenges faced by the College and the types of hacking - most notably hacking for monetary gain. The way hackers gain access to systems was   |               |

also highlighted, noting that supply chain is a weak link for the College. The Executive Director of College Information Services emphasised that hacking cannot be stopped altogether but comprehensive measures are in place, and he provided detailed assurance around what the College is doing to protect itself as well as students and staff.

The Committee questioned whether there is a Cyber Incident Response Plan and if so, had it been tested. There was confidence expressed relating to the plan and that testing had started, providing assurance on the progress that had been made on disaster recovery, but it was advised that there was more to be done. The Committee noted that some of the most valuable experiences and assurances had been gained from monitoring live hacking attempts which have informed the implementation of new processes.

The Committee confirmed that they felt there were good controls in place and sought assurance on whether there was adequate Cyber Security insurance. The College confirmed that there is, and that adequate cover is in place.

The Committee remarked on whether there was enough funding being allocated to IT and Cyber Security, noting that some institutions allocate 10% of their total IT budget to Cyber Security. The College advised that a large amount of funding has already been put towards IT Security, notably outsourcing the Cyber Security staff training, and confirmed that the College constantly has a range of projects in the pipeline for when further funding becomes available.

The Executive Director of College Information Services finished off with emphasising the importance for external validation through internal audit and, more rigorous cyber security testing. The College confirmed that this was something they were keen to pursue in the near future.

**The Committee noted the assurance provided by the presentation.**

*Toby Coombes left the meeting*

**2.2 Business Continuity**

The Committee received a presentation of assurance from the Executive Director of Estates and Sustainability who was also joined by the Safety, Health and Environment Manager highlighting the Business Continuity framework.

The presentation detailed the external links the College has with other organisations and local groups such as Protect UK and Exeter, Mid and East Devon Emergency Responders forum. The Safety, Health and Environment Manager highlighted the College Business Continuity group, providing assurance around the focus of the group and who the members are.

The presentation highlighted Martyn's Law and the progress made around compliance and the work being carried out with local anti-terrorism groups

to increase knowledge and expertise on the new law. The Executive Director of Estates and Sustainability also highlighted other local groups and how this has strengthened the Colleges response to local incidents.

The presentation raised one of the more recent projects being worked on by the Business Continuity Group, discussing how the College responds to system outages, with a concern around how the College can continue teaching. The presentation led on to explain the work carried out with the Teaching, Learning and Development Department to develop grab packs which are available in all faculties, along with having the option to move teaching online should this be necessary.

The Executive Director of Estates and Sustainability provided a flow chart being used during unforeseen events, particularly noting the process being followed should there be an issue with utilities.

The Committee challenged whether the needs of more vulnerable staff and students are included within the plan. The Executive Director of Estates and Sustainability confirmed that each faculty and department have a tailored response, based on the needs of their staff and students, providing relevant examples which gave additional assurance to the Committee. The Committee also questioned whether travel disruptions are part of the Business Continuity plan, which was confirmed.

*Steve Strang and Mike Loomes left the meeting*

3. **Minutes**

- 3.1 The open minutes of the meeting held on 10 June 2024, as circulated, were agreed.
- 3.2 The confidential minutes of the meeting held on 10 June 2024, as circulated, were agreed.

4. **Matters arising**

There were no matters arising.

5 **Risk Management Update**

5.1 Risk Register

The Committee received and scrutinised the updated risk register, which had been reviewed by the Senior Leadership Team. The Executive Director of Finance explained the amendments to the risk register since the previous meeting and the Committee noted that three risks remained high. However, none of the risks had increased since the last meeting.

The Committee were informed that the risk on social space was likely to remain high until the completion of the current on-going building works. IT Security also remained high as there remain ongoing improvement requirements to ensure robust and reliable systems are in place. The

Executive Director of Finance confirmed that there had been a decrease in the residual risk relating to adverse publicity and reputational damage.

The Executive Director of Finance drew the Committee's attention to a new risk relating to the changes in national government policy, referencing the possible nationalisation of railways and reforms to the apprenticeship levy. The Committee noted that awareness is needed around the possible changes and risks associated for the College.

**The Committee agreed:**

- a) The proposed risk score relating to the deep dive item, IT Security, and noted the assurance provided by the presentation.**
- b) The proposed risk relating to Business Continuity, and noted the assurance provided by the presentation.**
- c) To recommend the risk register to the Board for approval on 13 December 2024.**

**HofG**

**5.2 Risk Management Policy**

The Committee received the updated Risk Management Policy.

The Executive Director of Finance provided the Committee with a brief overview of the changes, noting that this version had received a reasonable rewrite to bring it up to date, but still contained standard information.

The Committee scrutinised the policy, referring to section 3.2, expressing that they would like to see a reference to termly reporting as opposed to monthly. The Executive Director of Finance confirmed that this would be amended but advised that departmentally more regular reviews were being carried out.

The Committee asked for an increased reference to independent assurance from third parties and a reference to the Assurance Map. The College assured the Committee that the Assurance Map would be included once it had been fully developed.

The Committee requested that an additional box be added to the Hierarchy of Assurance Diagram relating to independent assurance that comes from third parties. Overall, the Committee felt it was a well thought out policy.

**The Committee agreed to recommend the Risk Management Policy to the Board for approval at its meeting on the 13<sup>th</sup> December 2024, subject to minor amendments.**

**HofG**

**5.3 Risk Management Annual Report to Corporation**

The Committee received and reviewed the report. The Executive Director of Finance confirmed that the Annual Report summarised the activities relating to risk management for the year.

**The Committee agreed to recommend the Risk Management Annual Report to the Board for approval at its meeting on 13 December 2024.**

**HofG**

5.4 Internal Audit of IT

The Chair led a discussion related to how the Committee could receive wider IT provision assurance including around resources, team management and processes, as well as cyber security. The Executive Director of Finance advised the Committee that he had requested a formal IT audit proposal from TIAA and will extend the remit as requested. It was agreed to schedule this work for the next academic year allowing for internal cyber penetration testing and resourcing during this year.

The Chair requested that the External Auditors share their work on IT, in so far as they are able, to help to inform the scope of the future review of IT governance.

**The Committee agreed to receive the proposal from TIAA and discuss the appointment of an external provider in more detail at the next meeting.**

**HofG**

6. **Internal Audit Service (TIAA)**

6.1 Estates Management Report

The Committee received the final Estates Management Report, having received an oral update at the last meeting. It was noted that there had been no significant amendments, and the actions had been accepted by the College.

The Committee raised that some areas of electrical testing had been overdue and requested further assurance at a future meeting.

**The Committee noted the report.**

6.2 Annual Internal Audit Report 2023/2024

The Committee received the Annual Internal Audit Report 2023/2024 noting the Head of Internal Audit's opinion, which provided further assurance.

**The Committee noted the report.**

7. **Financial Statements – Confidential**

7.1 Key Issues Discussion Document (KIDD)

The report was received, and the external auditors updated the Committee on the Key Issues Discussion Document.

The auditors had completed the fieldwork and received all that was required to be able to issue a clean audit opinion, subject to Board approval of the

financial statements and receipt of the letters of representation. Bishop Fleming gave an overview of the audit process.

There had been one notable change to amber status. The auditors expressed that they felt that this was due to changes in the finance function which caused a minor delay in meeting deadlines. However, they expressed their confidence that this was a one-off issue, and that normal service would resume in the next financial year. It was emphasised that it was still a very positive audit.

Following testing, there was no concern over regularity and the auditor was comfortable to give an unqualified opinion. In terms of the auditor's work related to risk, compliance and regulations they were content that key controls are in place.

The report summarises that there were no management override of controls. There were some minor proposed adjustments, but none were material.

The Chair enquired whether a paper on going concern would be presented to the Board in line with best practice. The Executive Director of Finance confirmed this was due to be an agenda item at the next Business Services Committee meeting.

This item was further discussed as a confidential item and recorded in the confidential minutes.

The Chair, on behalf of the Committee, extended his thanks to Kate and the team for their hard work in ensuring a smooth audit.

**The Committee noted the positive report and agreed to recommend the Key Issues Discussion Document to the Board at its meeting on the 13 December 2024.**

**HofG**

## 7.2 Financial Statements – Exeter College

The financial statements were received and noted. They would be scrutinised by the Business Services Committee on the 25 November 2024 and, subject to scrutiny, recommended to the Board.

**The Committee noted the financial statements.**

## 7.3 Regularity self-assessment report

The Committee received and considered the report, which requires the signature of the Chair of the Board.

The Executive Director of Finance explained in more detail part of the process and why the College need to complete the Self-Assessment prior to the full audit.

**The Committee agree to recommend the Regularity Self-Assessment 2024 to the Board at its meeting on 13 December 2024.** HofG

- 7.4 Financial Statements - A Plus Training (SW) Ltd, Exeter College Apprentices Ltd and Exeter College Services Ltd (including letter of support and going concern update)

The accounts for the subsidiary companies were received and noted. They would be scrutinised by the Business Services Committee on the 25 November 2024 for recommendation to the Board.

A Plus Training (SW) Ltd and Exeter College Apprentices Ltd are dormant companies. A letter of support related to Exeter College Services Ltd will be considered by the Business Services Committee prior to Board approval.

**The Committee agreed to note the financial statements.**

- 7.5 Letters of Representation

The Committee received and considered the letters of representation.

They are to be recommended for Board approval confirming that the Committee was satisfied that the financial statements gave a true and fair view of the financial position of the College and its subsidiaries.

**The Committee agreed to recommend the Letters of Representation to the Board on 13 December 2024 for approval.** HofG

*Bindu Arjoon and Kate Barczok left the meeting*

8. **Audit and Risk Assurance Annual Report**

- 8.1 Audit and Risk Assurance Committee Annual Report to Corporation

The Committee considered the draft report, which would be presented to the Board. The Committee agreed that the report was an accurate reflection of the work of the Committee during the year.

**The Committee agreed to recommend the Audit and Risk Assurance Committee Annual Report to the Board for approval at its meeting on 13 December 2024.** HofG

*John Laramy and John Dowell left the meeting*

9. **Governors' Only Item with External Auditors**

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

10. **Emerging Risks**

The Committee considered any emerging risks and were comfortable that these were already captured on the risk register.

11. **Future Meetings**

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

- Risk Register
- Risk Management Policy
- Risk Annual Report
- Key Issues Discussion Document
- Regularity Self-Assessments
- Letters of Representation
- ARAC Committee Annual Report

11.2 Items for next meeting

The Committee reviewed and agreed the cycle of business for the following meeting.

11.3 Dates of Next Meetings

- Monday 24 February 2025
- Monday 9 June 2025

12. **Items for Information**

12.1 Anti-fraud Register

12.2 Gifts and Hospitality Register 2023/2024