PUBLIC

BOARD OF GOVERNORS

AUDIT COMMITTEE

Edge Hill University

Minutes of the meeting held on 4 September 2017

Present

Lisa Greenhalgh	Independent member	Committee Chair
Lesley Munro	Clerk to the Board	
Christine Donnelly	Independent member	
Clive Elliott	Independent member	
Louise Robinson	Independent member	
Mike Rush	Independent member	
Sarah Horseman	PwC	Internal Audit representative
Richard Tyler	KPMG	External Audit representative

Officers in attendance

Carl Gibson	Director of Finance
Craig Hutchinson-Howorth	Director of Strategic Planning
Steve Igoe	Deputy Vice-Chancellor

Apologies

John Cater	Vice-Chancellor	
Jane Forbes	PwC	Internal Audit representative
Clare Partridge	KPMG	External Audit representative

The Chair welcomed new members (CE and MR) to their first meeting.

AC.17.001   In-camera meeting

Prior to the commencement of scheduled business, Independent members held a private meeting with the Internal and External Auditors who confirmed there were no issues to raise with the committee. The external audit representative (RT) reported that good progress was being made in completing the year end audit of accounts and the internal audit representative (SH) reported that follow-up work on work

undertaken in previous cycles was nearing completion and would be reported to the next meeting.

AC.17.002   Declarations of Interest

There were no Declarations of Interest specific to the meeting.

AC.17.003   Chair's Announcements

There were no announcements.

AC.17.004   Chair's Action

There was no Chair's Action to report.

AC.17.005   Minutes of the previous meeting

Received: *Document AC/001/17*

The minutes of the meeting held on 5 June 2017 were agreed and signed by the Chair as a correct record.

AC.17.006   Action Log

Received: *Document AC/002/17*

Members received the Action Log noting all actions as implemented or in hand. The Director of Strategic Planning reported that the identification of potential fraud risk within the Fraud Risk Register would be expanded to cover all areas of the University.

AC.17.007   Matters Arising

01. RS Fraud: Final Review (minute AC.16.051 refers)

The Chair reported that, following consultation with PwC and other committee members, she had agreed the scope for a final review of the issues raised by the RS fraud to be undertaken by PwC. It was agreed that a copy of the proposal should be circulated to all members with final committee approval confirmed by e-mail.

Action: Clerk

SECTION A ITEMS

There were no Section A items.

SECTION B ITEMS

AC.17.008   Committee Evaluation

Received: Document AC/003/17

The Clerk introduced this item with the following points noted in discussion:

01.   Membership and Attendance

It was acknowledged that, whilst attendance levels had been exemplary over the previous year, the resignation of two members during the year had placed an undue burden on remaining members to maintain a quorum.   The allocation of two newly appointed independent members should alleviate the position for the future as well as adding a wider range of expertise for the committee to draw on. Acknowledging the current reliance on the Chair as the only member with a specific accountancy qualification, it was noted that **co-option** remained a possibility and it was agreed that this matter should be kept under review.

Action: Clerk

02.   Review of Business 2016/17 and Terms of Reference

The review of business transacted over the previous year had been in line with the Terms of Reference of the committee and the schedule of business for 2017/18 did not suggest any changes were necessary.

The committee had been fully involved in reviewing the progress of the ongoing serious fraud case which was the subject of criminal proceedings and in the subsequent negotiations with both HEFCE and NCTL surrounding a related data investigation. As noted earlier in the meeting, the committee was sponsoring a follow-up review of the actions taken in relation to issues raised by the fraud to ensure the University was as well protected as

possible against further occurrences. In this regard, the development of a specific fraud risk register had been welcomed.

In terms of further improving committee effectiveness, the new cover sheet developed to accompany data returns submitted to the committee had been welcomed as a means of highlighting important issues for consideration. It was also agreed that, in terms of future **agenda planning**, detailed scrutiny of the **Internal Audit Plan** should be the key focus for discussion at the appropriate meeting. *(Clerk's note: It has also been agreed that the Chair will attend internal meetings to develop the plan)*

Action: Clerk

Noting the challenges in formally **evaluating** the service provided by both **Internal and External Audit**, it was agreed it would be helpful if the annual reports from both providers included a section outlining performance against agreed targets.

Action: Audit representatives

03. *Schedule of Business 2017/18*

In discussion of the schedule of business for 2017/18, it was agreed that the Deputy Vice-Chancellor would provide an update to the June meeting on the operation of the **Information Governance Group** which would be overseeing the implementation of the new General Data Protection Regulation and it was noted that a paper on the **tender process for Internal Audit services** would be presented to the October meeting.

Action: Deputy Vice-Chancellor

The External Audit representative (RT) confirmed that the **External Audit Strategy** would be made available for the March meeting.

Action: Clerk

In response to a member's question, it was noted that the Office for Students (OfS) would be launched in April 2018 and that operational guidelines would be issued in Autumn this year. Whilst HEFCE (the predecessor organisation) had operated as an independent body, the OfS was an arm of government and further

regulatory changes should be anticipated which could impact on the work of the committee.

Acknowledging the progress made this year and actions for further improvements, discussion on the effectiveness of the committee concluded.

AC.17.009   Internal Audit Reports

Received: Document AC/004/17

.01   Data Assurance – Health CPD Student Numbers

The Internal Audit representative (SH) introduced the report which was undertaken to ensure there were appropriate checks and controls in place over the data submitted by the University to NHS Health Education North West and that the data was accurate, complete and submitted on a timely basis. The audit had used a standard methodology based on a sample of 25 individual cases. No data issues had been identified and **the Audit was classified as low risk** providing substantial assurance with a number of areas of good practice identified and only one low risk recommendation relating to the need to implement version control in respect of procedure documents.

In response to a question as to whether issues arising from the RS fraud had been considered, it was noted that the nature of the audit followed particular lines of enquiry identified from the scope but that, if anything of concern had come to light outside the scope, this would also have been pursued. It was further noted that Faculty staff were now operating under central Registry controls with respect to student data processing.

.02   Governance Effectiveness Progress Review

The Internal Audit representative (SH) introduced this report noting that the audit had been undertaken to understand the progress made in implementing the Action Plan emanating from the Governance Effectiveness Review carried out by the Leadership Foundation in September 2016. Of the eleven actions identified, four had been fully implemented with the remainder in progress and on track for completion during 17/18.

One of the actions arising from the Action Plan was the agreement that Academic Board should receive the minutes of Board of Governor meetings. In response to a query concerning any questions raised by Academic Board members in relation to Board business, it was noted that the Vice-Chancellor, who was Chair of Academic Board as well as being a Governor, would usually be well-placed to respond. Alternatively, Academic Board members could refer questions to the Clerk.

.03   *IT General Controls*

The Internal Audit representative (SH) introduced this report which was undertaken to assess the University's approach to the confidentiality, integrity and availability of systems and data through the design and implementation of IT General Controls. Overall this was a positive audit demonstrating good IT governance arrangements and a clear IT strategy. **The Audit was classified as low risk**, providing substantial assurance with one medium and two low risk recommendations.

With respect to the medium risk recommendation, this related to the high number of privileged access users in the Quercus (Student Records) system and the consequent increased risk of malicious data extraction, unauthorised change or accidental loss of client and corporate data. It was noted however that this position was a result of a limitation within the system as it is being upgraded and that, once this is complete, the formalised approach to managing privileged user access will be reinstated. A further check to ensure numbers had reduced would be picked up in the Follow-up review.

In relation to the low risk recommendations, one of these concerned the removal of system access from leavers which was generally applied through the single sign-on functionality but this did not cover access to the ResourceLink Webview application. Whilst the implications were mitigated by the removal of network access, a general risk of unauthorised access to dormant accounts remained. A new process would be instituted to ensure leaver access to Webview was promptly implemented.

The second recommendation related to weak password settings for Webview which was not in line with University policy increasing the risk of unauthorised or inappropriate access. Whilst potentially a high risk area, it was noted that immediate

action had been taken to remedy this and that further investigations were underway to link Webview to the University's single sign-on functionality so that password settings would be controlled centrally. It was further reported that all University systems had automatic, **timed lock-out provisions** and the Internal Audit representative (SH) agreed to check the details of this.

Action: PwC

Considering the issues raised through this audit, and previously through the RS fraud, concerning **the control environment within HR**, it was noted that these matters would be reviewed by the new Director of HR on commencement of appointment in January 2018. It was agreed that it would be helpful to receive an update in this regard and for the **Deputy Vice-Chancellor to liaise with the Chair to scope an appropriate report to the committee in June.**

Action: Deputy Vice-Chancellor/Chair

In discussion, it was noted that, whilst the University worked with the NHS in a number of areas, the University's IT systems were completely separate and that patches were applied promptly. The Deputy Vice-Chancellor indicated that the highest level of cyber-vulnerability was through the national JANET network operated through the Joint Information Systems Committee (JISC) which linked all Universities and offered a single point for disruption.

The Internal Audit representative (SH) confirmed that all actions and recommendations emanating from the audits would be checked and reported through the Follow-up review.

The Internal Audit reports were received.

RESERVED BUSINESS

SECTION C

AC.17.013   Any other Business

There was no other business.

AC.17.014   Date and time of next meeting

The next meeting of the Committee is scheduled for 30 October 2017.