

# HAVERING SIXTH FORM COLLEGE

## MINUTES OF THE MEETING OF THE AUDIT COMMITTEE held on Monday 6<sup>th</sup> March 2017 at 6.00 p.m.

Present: Richard Bint, Tracy Edmonds, Nicola Lawrence, Atul Vadher

Apologies: Joy Johnston

Attendance and quoracy: Meeting quorate. 4 out of 5 Members present (80%)

In attendance:

Paul Wakeling	Principal
Paul Nutter	Deputy Principal
Andrew Frater	Assistant Principal
Sue Bannocks	Associate Principal
Simon Tolaini	College Accountant
Paul Goddard	Scrutton Bland
Leisyen Keane	Scrutton Bland
Cathy Horne	Clerk

In the Chair: Richard Bint

Richard Bint welcomed Atul Vadher to his first meeting explaining that he was replacing Brian Martin who had moved off the Committee. All present introduced themselves.		
<b>A/17/01</b>	<b>Declarations of Interest</b> No declarations were made.	
<b>A/17/02</b>	<b>Minutes of the meeting held on 24<sup>th</sup> November 2016</b> The minutes were approved and signed by the Chair as a true record.	
<b>A/17/03</b>	<b>Matters Arising</b>  <u>A/16/38 – Risk Management Report (measuring progress)</u> – the Principal explained that the new qualifications had made comparisons difficult but that a full report would be brought to the Corporation on 23 <sup>rd</sup> March.  <u>A/16/38 – Risk Management Report (curriculum reform, cyber security and Government funding)</u> – the Chair commented that these items would be considered under agenda item 7 – Risk Management Report.  <u>A/16/42 – Draft Financial Statements (Student Numbers)</u> – the College Accountant confirmed that he had checked the figures and that the number of students on roll was 2711 in both 2014/15 and 2015/16.  <u>A/16/42 – Draft Financial Statements (Insolvency Training)</u> – the Clerk confirmed that a briefing for governors on the implications of insolvency would be added to the Corporation training plan once the legislation had been finalised.  <u>A/16/44 – Implementation of Audit Recommendations</u> – the Assistant Principal tabled the health and safety internal inspection schedule which showed dates for the next five years. He confirmed that this would be led by the Premises Manager and the Quality and Innovation Faculty Leaders.	
<b>A/17/04</b>	<b>Report on Governance Framework</b> <i>Paper: Governance Framework</i>  The Clerk explained that the report had been written as a result of a question arising at	

	<p>the previous meeting and at the request of the Chair. The Member concerned had confirmed that the report fully answered her question.</p> <p>The Chair commented that the Corporation signed up to the UK Corporate Governance Code and that it would be helpful to see the aspects which were applicable to Sixth Form Colleges. He requested that a report be brought to the Committee when considering the Financial Statements which referred to the Code to allow Members to determine whether the Corporation met the requirements. The Clerk and College Accountant <b>AGREED</b> to bring a report to Members at the appropriate time.</p> <p>The Committee <b>RECEIVED</b> the report.</p>	CLH / SJT
A/17/05	<p><b>Report on the Ransomware Attack</b>  <i>Paper: Report on recent Ransomware attack</i></p> <p>Introducing the report, the Associate Principal explained that a particularly vicious ransomware attack had hit the College on 18<sup>th</sup> December 2016. The disaster recovery and back-up systems had been effective with the majority of systems rebuilt and operational soon after Christmas. All data had been recovered and full service was now resumed. He explained that the ransomware was so new that Microsoft did not have a protection system in place. Several high profile organisations had also been affected including Westminster College, Leicester University, Bart's Hospital and St Francis Hospice.</p> <p>Responding to questioning, the Assistant Principal explained that it was likely that the virus entered the College via an external link connected to a system which updated the library database overnight. The College needed to have these systems in place but the hackers had used the open access link which then encrypted 65 out of 80 core servers meaning that the College was unable to run many of its services in the last week of term. Members were informed that the ransom, which had not been paid, was 300 roubles per file. The Chair commented this type of attack was increasing rapidly and was potentially extremely serious.</p> <p>The Principal informed the Committee that a report would be brought to Executive during March regarding tighter controls and a discussion on the lessons learnt. However, he added that such solutions could also reduce functionality and would not necessarily stop new viruses so it was important to consider them carefully on merit.</p> <p>Responding to a question from the Chair, Leisyeen Keane confirmed that it would be possible to look at the controls in place as part of the audit of 'Information Management' which was taking place on 27<sup>th</sup> and 28<sup>th</sup> March. The Assistant Principal informed Members that following the SharePoint crash in summer 2015, a full review of data storage, back-up and recovery performance had been undertaken by the Internal Auditors and an external consultant. As a result, new internal controls were put in place and the data back-up provider was changed. The ransomware virus severely tested the systems and showed that they met the service level agreement.</p> <p>The Chair requested a further report to the June meeting following the consideration by Executive and the Internal Audit work.</p> <p>The Committee <b>RECEIVED</b> the report.</p>	ANF
A/17/06	<p><b>Risk Management Report</b>  <i>Papers: Strategic Risk Report; Board Assurance Framework; Risk Register</i>  <i>Tabled Paper: Key Assessment Differentials Per Assessment</i></p> <p>Introducing his report, the Principal informed Members that the Risk Management Group had met on 31<sup>st</sup> January just after the inspection had taken place and before the report was published. He explained that there were 4 red risks and 4 amber risks and that actions and controls were in place. Referring to page 5 of the Strategic Risk Profile Report, he explained that the key issue was student progress and teaching and learning. Three of the risks – 'students fail to make adequate progress', 'Quality of teaching and learning' and 'Adverse inspection report' had moved from amber to red as a result of the inspection. The fourth red risk related to the original learner numbers target of 2875</p>	

	<p>but actions were in place and financial forecasting exercises were based on the revised target of 2620.</p> <p>In response to a Members question, the Principal explained that there were various streams in place to help students progress including improving teacher quality, inspiring students, using data to identify underperforming students, coaching and Success Panels. He explained that a significant amount of work was taking place with staff and students and parents were also involved as much as possible. The Chair asked the Principal to explain how the Success Panels worked and the Committee was informed that these were used for students who were either underachieving or who had poor attendance. He explained that the result of the Panel was often for the student to sign-up to an improvement plan and that they sometimes escalated to a Disciplinary Panel. Parents were invited to attend the Success Panels to ensure their involvement and support in the students' progress.</p> <p>The Principal explained that the College had refined the use of data to monitor value-added more accurately. Reports were being run to identify students who were doing well in all but one subject to try to identify causes. Responding to questioning, he confirmed that students were able to change course in year if necessary but that enrolment was good and any seemingly controversial enrolments due to the breadth of courses offered would be looked at. Members were informed that interview week would be taking place the following week. He informed Members that the Science Department were considering shared A level / BTEC assessments to allow more time for students to move from A level to BTEC if appropriate.</p> <p>In response to Paul Goddard's comment that the College was data rich but there may be a question over whether staff were inputting consistently, the Principal explained that there was 100% compliance and the data was very good. He added that there were 150 teachers and although the framework was good, consistency could be a factor and it was always possible to improve. Members were informed that an ex-Principal of an outstanding college had been particularly impressed with the data available.</p> <p>Referring to the Curriculum Reform risk, the Principal reminded Members that the first linear A Level exams would be taking place in the summer and that there were no grade boundaries or sample work to look at, meaning that teachers were nervous. The College had invested money in staff development including exam board training and was working with the London Sixth Form Colleges Partnership. Some subjects had chosen to undertake AS exams in summer 2016 which, whilst they did not count towards the final grade, had given some comfort. The Principal commented that the linear A levels were a big risk but that all possible actions had been put in place. The Chair asked whether there were more mocks or exam coaching for the linear A level subjects and was informed that the mocks for all A levels were more robust and realistic and that exam preparation was taking place in lesson. Members were informed that students received 5 hours of teaching per subject against the more normal 4.5 hours and that this allowed for revision and exam preparation in class without the need for specific exam revision classes. Additional study support with facilitators would take place in some areas. An initiative to check marking with the London SFCs had been developed. The Chair asked whether the exam preparation, including breakfast, used by the Film Studies teachers, and referred to in the AMC presentation to the Corporation, would be rolled out across College as it appeared to be successful. The Principal <b>AGREED</b> to report back to the next meeting of the Committee.</p> <p>Responding to a Member's question about predicted grades for university applications in the absence of AS grades, the Principal explained that teachers used the key assessments along with knowledge of their students.</p> <p>Referring to BTEC courses, the Principal explained that it was now possible to continue with the old specification, which did not include external assessment, for a further year although some courses had already introduced the new specifications. Referring to the tabled paper showing the Key Assessment differentials per assessment, the Principal explained that courses were being tracked and further details would be brought to the Corporation. Drawing Members attention to the bottom of the tabled paper he</p>	<p>PGW</p>
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	<p>explained that it showed the Business BTEC Certificate course which was piloting the NOF with external assessment and which the Chair had asked for a further report on at the previous meeting. He explained that at KA1 students were approximately one grade below their 50% target but that at KA3, this had improved and students were approximately 1/3 of a grade below target.</p> <p>The Chair commented that the ransomware virus had provided an effective 'live' penetration attack enabling the College to fully test its systems and controls and requested that risk 4.14 be reworded to specifically mention cyber security. The Principal commented that the risk relating to the reliance on Government funding was controlled through the three-year financial plan.</p> <p>The Committee <b>RECEIVED</b> the report.</p>	<p>PGW</p>
<p>A/17/07</p>	<p><b>Student Numbers</b>  <i>Paper: Report on Student Numbers</i>  <i>Tabled Paper: Report on Student Numbers (update as at 6<sup>th</sup> March 2017)</i></p> <p>Referring to the tabled paper, the Associate Principal, Recruitment, Marketing and Admissions, informed Members that applications from new students were currently above target by 9% (229 students) despite being below target for in-Borough applications. Applications from existing students progressing from Level 2 to Level 3 was below target. However, Members were informed that there were an additional eight existing Level 2 students who would be applying as well as 23 who had not yet decided or started their application. She confirmed that the spreadsheet predicted numbers and conversions and, based on current data, the target of 2620 should be achieved. Responding to a question, she confirmed that the conversion rate was based on historical data.</p> <p>The Associate Principal explained that the predicted conversion rate of 80% for lower 6<sup>th</sup> to upper sixth had been based on the actual number on roll on the 42<sup>nd</sup> day. She explained that the impact on linear A levels and higher numbers of BTEC courses should have a positive impact. The number of current applications (3070) was the highest it had been at the same point in the year for the previous four years. The Associate Principal explained that this was largely attributed to increased liaison activity in schools and an improved website which made the student online application process easier.</p> <p>Referring to the situational analysis on page 5 of the report, the Associate Principal explained that she was working with the Assistant Principal, Quality and Innovation on a contingency plan should outcomes decline in summer 2017. She acknowledged that the Grade 3 Ofsted report could have a negative impact on reputation but confirmed that actions were in place to mitigate this.</p> <p>A Member commented that the unique selling point of the College was that it was an excellent stepping stone between school and university or work and that developing students independence in preparation for that move should be emphasised. The Associate Principal confirmed that the transfer film and all presentations gave that message as a consistent theme along with the positive destinations achieved by the vast majority of students. The Principal added that progression was the biggest strength of the College and that he would be proposing that Governors consider a change to the vision and mission statement to make specific reference to it as it was an area in which the College could be outstanding. Governors would be asked to consider the vision and mission in May at the Development Conference with final approval in July. The Chair commented that while the concern regarding white males progressing to university was a national issue, Havering was last of the 33 London Boroughs in the Social Mobility Index and therefore this was an area where the College could become the outstanding experts.</p> <p>The Chair questioned the progression of students from Level 2 to Level 3 which the spreadsheet showed was 25% below target. The Associate Principal explained that there were 275 students on role but that only 65% were targeted as some were unsuitable to continue. The 100% target was aspirational but unrealistic. She agreed to</p>	<p>SJB</p>

	<p>reconsider how the data was presented in future.</p> <p>Referring to the recent Ransomware attack, Paul Goddard asked whether there was a risk that some applications might have been affected. The Associate Principal explained that the applications had been closed immediately with an explanation put on the website. She added that, in her view, it was very unlikely that this would have affected any applications or deterred anyone from applying.</p> <p>The Principal informed Members that the student applications report showing that the target of 2620 was realistic was being used to justify financial and curriculum planning.</p> <p>The Committee <b>RECEIVED</b> the report.</p>	
A/17/08	<p><b>Internal Audit Assignment Reports</b>  <i>Paper: Internal Audit Plan 2016-17</i></p> <p>Referring to the Internal Audit Plan, the College Accountant confirmed that the fieldwork for three of the audits had taken place and two of the reports were in draft stage. The final reports would be brought to the next meeting of the Audit Committee.</p> <p>Leisyen Keane confirmed that the draft reports for 'Key Financial Controls' and 'Careers, Advice and Guidance' were both with management for comment. She explained that the 'Careers, Advice and Guidance' audit had been extremely positive and strong assurance (the highest level) had been given. There were no recommendations arising from the audit and a robust framework was in place. Regarding 'Key Financial Controls' she explained that there were two aspects to the audit: general ledger and data analytics. There were no adverse findings and a good set of controls was in place. Three low level recommendations had been made and significant assurance (second highest level) had been given. Members were informed that the 'Student Recruitment and Retention' report had not yet been submitted but that the fieldwork was complete.</p> <p>The Chair asked if, in future, the reports could be finalised in time for the spring meeting to avoid too many reports at one time. Paul Goddard commented that, once finalised, some reports could be shared with Members of the Committee to give them more time to read them.</p> <p>The Committee <b>RECEIVED</b> the report.</p>	<p>Scrutton  Bland /  ANF</p>
A/17/09	<p><b>Implementation of Audit Recommendations – progress report</b>  <i>Paper: Register of Outstanding Audit Recommendations – February 2017</i>  <i>Tabled Paper: Health and Safety Inspection Schedule</i></p> <p>Introducing the report, the Assistant Principal, Performance, Services and Resources, explained that it showed the actions and management responses since the last report to the Committee in November. Two areas reviewed under the Internal Audit Plan for 2015/16 had resulted in recommendations and he confirmed that the HR Performance Management actions were all now complete.</p> <p>Members were reminded that the appointment of the new Premises and Facilities Manager had resulted in a significant tightening up of health and safety policies and procedures and good progress was being made against the recommendations. The Assistant Principal referred to the tabled Health and Safety Inspection Schedule which he had agreed to bring to the Committee, explaining that the Schedule detailed the dates for routine Faculty inspections for a five-year period.</p> <p>The Committee <b>RECEIVED</b> the report.</p>	
<p>7.10 pm Paul Goddard and Leisyen Keane left the meeting</p>		
A/17/10	<p><b>Financial Statement Auditor's Performance Review</b>  <i>Paper: Performance Review for the Financial Statements and Regularity Auditors for 2015/16</i></p> <p>The Chair of the Committee confirmed that the performance review had been printed</p>	

	<p>on pink paper, meaning that it was confidential and confirmed that it had not been provided for either set of auditors. The College Accountant confirmed that Buzzacott had performed very well and that he was pleased with their work. He commented that the Partner, Katharine Patel, was particularly good and that all reports were clear and well presented. They had followed the agreed plan and attended meetings as required. Members noted that the tender required the Financial Statements Auditor to attend two out of three meetings. Referring to the rating, he explained that he had scored them 23 out of 24 with one point deducted as they had not made any especially insightful recommendations. He sought and received assurance from the members of the Committee and management present that the assessment was accurate. The Principal agreed and commented that Katharine was challenging but good to work with and the Assistant Principal commented that she had come across particularly well at the Panel interview.</p> <p><b>RESOLVED: The Committee APPROVED the Financial Statements and Regularity Auditors Performance Review for 2015/16.</b></p>	
<p><i>7.15 pm Paul Goddard and Leisyn Keane returned to the meeting</i></p>		
A/17/11	<p><b>Appointment and Remuneration of Financial Statements and Regularity Auditors</b> <i>Paper: Cover Page</i></p> <p>The College Accountant informed Members that Buzzacott's fees for the audit of the financial statements, the Regularity Audit and the TPA Audit for 2016/17 were £16,890 including VAT. This represented a 2% increase on the prior year and was in line with their tender. He added that, even with the increase, the fees were good value.</p> <p><b>RESOLVED: The Committee APPROVED the reappointment of Buzzacott as the Financial Statements and Regularity Auditors for the financial year 2016/17.</b></p>	
A/17/12	<p><b>Interim Report on Gifts and Hospitality (including Register Entries)</b> <i>Paper: Gifts and Hospitality Register (February 2017) and Policy</i></p> <p>The Assistant Principal informed Members that there had been one entry since the previous report to the Committee. Questioning the need for an interim update as well as the yearly report, the Chair asked whether an annual report would suffice. Paul Goddard stated that, in his experience, it was normal to receive one report per year.</p> <p>The Committee <b>RECEIVED</b> the interim Gifts and Hospitality report, noted the one entry and <b>REQUESTED</b> the Clerk to amend the Business Plan for future years so that the Committee received an annual report in the autumn term and no interim report.</p>	CLH
A/17/13	<p><b>Evaluation of Meeting</b> <i>Paper: Evaluation of Audit Committee Meeting and Paper</i></p> <p>Members were asked to complete the evaluation forms individually and return them to the Clerk at the end of the meeting.</p>	
A/17/14	<p><b>Date of Next Meeting</b> Wednesday 21<sup>st</sup> June 2017 at 6.00 pm.</p>	

*The meeting ended at 7.20 p.m.*

Chair \_\_\_\_\_

Date \_\_\_\_\_

CLH 8<sup>th</sup> March 2017