

HAVERING SIXTH FORM COLLEGE

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE held on Monday 25th June 2018 at 6.00 p.m.

Present: Richard Bint, Rodney Eborn, Michelle Forde, Atul Vadher

Apologies: David Humber

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

In attendance: Paul Nutter Deputy Principal
Andrew Frater Assistant Principal
Sue Bannocks Assistant Principal
Simon Tolaini College Accountant
Leisyen Keane Scrutton Bland
Katharine Patel Buzzacott
Emma Roscoe Buzzacott
Cathy Horne Clerk

In the Chair: Richard Bint

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| The Chair welcomed Michelle Forde to her first meeting of the Audit Committee as a Co-opted Member. He also welcomed Emma Roscoe of Buzzacott. | | |
| A/18/15 | Declarations of Interest No declarations were made. | |
| A/18/16 | Minutes of the meeting held on 7th March 2018 The minutes were approved and signed by the Chair as a true record. | |
| A/18/17 | <p>Matters Arising</p> <p><u>A/18/04 – Matters Arising A/17/37 Risk Management Report</u> – the Principal informed Members that the GDPR Audit had taken place that day and that it was hoped to downgrade the risk as a result. Responding to questioning from a Member, the Assistant Principal explained that staff training on GDPR had been taking place for approximately 9 months and it was proposed to introduce an on-line certification process shortly.</p> <p><u>A/18/05 – Risk Management Report</u> – the Principal confirmed that some progress had been made on movement from gross risk to residual risk and this would be discussed further under agenda item 14 – Risk Management Report.</p> <p><u>A/18/07 – Internal Audit Assignment Report</u> – The Deputy Principal AGREED to send the requested information on unauthorised absence to all Members of the Committee.</p> <p><u>A/18/10 – Appointment and Remuneration of the Financial Statements' Auditor and Regularity Assurance Reporting Accountants</u> – the College Accountant confirmed that reference was made to the tender process on the cover page of item 6.</p> <p><u>A/18/11 – Review of Value for Money Policy</u> – the College Accountant confirmed that the changes suggested by the Committee had been included.</p> <p><u>A/18/12 – Review of Anti-Fraud, Corruption and Bribery Policy</u> – the Assistant Principal, Performance, Services and Resources, confirmed that the changes had been made to the Policy as requested.</p> | PAN |

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| <p>A/18/18</p> | <p>Financial Statements and Regularity Assurance Reporting Accountant's Performance Indicators for 2017/18 <i>Paper: Proposed Performance Indicators for 2017/18</i></p> <p>No changes were proposed to the performance indicators against which the performance of the Financial Statements and Regularity Assurance Reporting Accountant's would be measured.</p> <p>RESOLVED: The Committee, on behalf of the Corporation, APPROVED the Performance Indicators for 2017/18.</p> | |
| <p>A/18/19</p> | <p>Financial Statements and Regularity Assurance Reporting Accountant's Plan for 2017-18 <i>Paper: External Audit Strategy - Buzzacott</i></p> <p>Introducing her report, Katharine Patel of Buzzacott explained that a planning meeting had been held with the Principal, Assistant Principal, Performance, Services and Resources and the Finance Manager. As a result, the External Audit Strategy had been written which detailed the services to be provided, the team and time table and the fees. Katharine explained that the fees for the Teachers Pension Scheme Audit had increased due to additional work required by the new audit guidelines. All other fees had increased in line with inflation.</p> <p>Emma Roscoe of Buzzacott took Members through pages 4-7 of the report explaining the key issues of audit significance. Responding to a question about the proposed merger, Katharine confirmed that there would be minimal adjustments required should the College dissolve, however relevant wording would need to be considered.</p> <p><i>(Confidential Minute)</i></p> <p>RESOLVED: The Committee, on behalf of the Corporation, APPROVED the Financial Statements and Regularity Assurance Reporting Accountant's Audit Strategy for 2017-18.</p> | |
| <p>A/18/20</p> | <p>Internal Audit Assignment Report – HR and Performance Management <i>Paper: Risk and Assurance Report on Human Resources and Performance Management</i></p> <p>Members were informed that the GDPR Audit had taken place that day and the assignment report would be brought to the Committee in November.</p> <p>Referring to her report, Leisyen Keane of Scrutton Bland explained that the audit of HR and performance management had resulted in five low recommendations and that Significant assurance (second highest level of assurance) had been given. There was one added value point. Members commented on the positive report and the good work carried out by the College, particularly relating to performance management.</p> <p>The Committee RECEIVED the report.</p> | |
| <p>A/18/21</p> | <p>Implementation of Audit Recommendations – progress report <i>Paper: Risk and Assurance Recommendations 2017/18 – Scrutton Bland</i></p> <p>Introducing the report, the Assistant Principal, Performance, Services and Resources, explained that it was a working document which showed the actions and management responses since the last report to the Committee in March. The recommendations related to key financial controls for which all actions were now complete; student recruitment and retention where, again, all actions were complete; and information management. The Assistant Principal explained that good progress had been made against the information management recommendations. However, one medium risk relating to masking ports on the College's firewall which had been recorded as complete had been identified by Leisyen that day as incomplete. He apologised to the Committee for the inaccurate information contained in the report and confirmed that this would be revisited as a matter of urgency. The Chair asked the Assistant Principal to email all Members of the Committee once this had been done to confirm that it had been completed to the Internal Auditor's satisfaction. The Chair checked with the Internal Auditor that she was satisfied with progress on risk 8, page 8 which related to Capita and compliance with GDPR.</p> | <p>ANF</p> |

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| | <p>Members were informed that actions arising from the HR and Performance Management Audit would be added to the list of Audit Recommendations and a further progress report brought in the autumn term.</p> <p>The Committee RECEIVED the report.</p> | |
| A/18/22 | <p>Internal Audit Plan for 2018-19 <i>Paper: Scrutton Bland Assurance Strategy and Annual Plan 2018/19</i></p> <p>Leisyen Keane, of Scrutton Bland, explained that the Audit Plan had been drafted on the assumption that the Committee wished to receive a full audit opinion in 2018/19. Drawing Members attention to the summary Audit Plan on pages 10 and 11, she explained that five areas for consideration had been identified with a total of 23.5 days allocated:</p> <ul style="list-style-type: none"> • Curriculum planning • Business continuity, estates management, health and safety • IT infrastructure • Disadvantaged and high needs funding • Anti-fraud framework health check <p>The Committee commented on the need to focus on activities which either would still be relevant should the proposed merger take place or would be helpful going into merger. As a result of the discussion, Leisyen AGREED to discuss the timetable with management and carry out the audit of Curriculum Planning first followed by the IT infrastructure audit.</p> <p>RESOLVED: The Committee, on behalf of the Corporation, APPROVED the Internal Audit Plan for 2018-19.</p> | LK / PGW |
| A/18/23 | <p>Value for Money Report <i>Paper: Value for Money Report</i></p> <p>Introducing the report, the College Accountant reminded Members that the annual report gave details of activities taking place across College to ensure value for money was achieved. The report listed the VFM policy objectives and gave examples of activities against each one. He informed Members that there had been a cultural change across the College with staff now fully aware of the VFM agenda. Non-pay costs had been kept at a steady level. Responding to a Members suggestion, the College Accountant confirmed that the College was part of a group which then collectively achieved better value for services such as gas and electricity. A Member asked about the new process for charging students for missed exams and was informed that students had always been charged but the new process was more efficient. The charge covered the actual cost of the exam and did not generate any cash for the College. The Chair thanked the College Accountant for his report, commenting that the Audit Committee had seen good evidence over the previous two years to demonstrate that the College was ensuring value for money.</p> <p>The Committee RECEIVED the report.</p> | |
| <p>6.45 pm Leisyen Keane, Katharine Patel and Emma Roscoe left the meeting</p> | | |
| A/18/24 | <p>Internal Auditor's Performance Review for 2017-18 <i>Paper: Performance Review for the Internal Auditors for 2017/18</i></p> <p>Introducing the report, the Principal confirmed that, overall, Scrutton Bland had performed very well and he was pleased with their work. Referring to the rating, he explained that there was no evidence of liaison with the Financial Statements and Regularity Assurance Reporting Accountant's and therefore the score was reduced to 2/3 'disagree/agree' for this. Regarding 'attendance at and good professional relationships with the audit committee', Scrutton Bland scored 2 'disagree' due to an incident in the autumn term. The College Accountant reminded Members they had sent a representative to the Committee who had not participated in the fieldwork and had been unable to answer any questions around a specific point relating to</p> | |

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| | <p>safeguarding training. Responding to a Members concern that this suggested Scrutton Bland did not value the College as a client, the Assistant Principal, Performance, Services and Resources, explained that a full debrief had taken place. Scrutton Bland had apologised and explained that there had been seven audit committees taking place on the same evening. The Deputy Principal commented that management had greater confidence in Scrutton Bland, and particularly Leisyen who had a good understanding of post-16 education, than they had with the previous audit firm. The Chair acknowledged the good work carried out by Scrutton Bland, adding that the lower score related to one incident which would hopefully not be repeated.</p> <p>RESOLVED: The Committee APPROVED the performance review for the Internal Auditors for 2017/18.</p> | |
| <p>6.55 pm Leisyen Keane, Katharine Patel and Emma Roscoe returned to the meeting and Leisyen was informed by the Chair that the Committee were very happy with the quality of work carried out. He commented on the difficulties experienced at the Audit Committee in the autumn term and asked her to bear this in mind in future.</p> | | |
| A/18/25 | <p>Internal Auditor's Performance Indicators for 2018-19 Paper: Cover Page</p> <p>The Chair drew Members attention to the performance indicators used in the previous item to assess performance in 2017/18. The College Accountant had not proposed any amendments.</p> <p>RESOLVED: The Committee APPROVED the Internal Auditor's performance indicators for 2018/19 to be the same as for 2017/18.</p> | |
| A/18/26 | <p>Appointment and Remuneration of Internal Auditors for 2018-19 Paper: Cover Page</p> <p>Members were reminded that Scrutton Bland had provided the Internal Audit Service since 2016 when they had been appointed for three years. The schedule of prices had been included in the tender and, in line with this, the proposed fee for the third year of the contract was £11,506 plus VAT.</p> <p>RESOLVED: The Committee APPROVED the reappointment of Scrutton Bland as the Internal Auditor for 2018/19 at a cost of £11,506 plus VAT.</p> | |
| A/18/27 | <p>Risk Management Report Papers: Strategic Risk Management Report; Risk Register; Risk Management Action Plan</p> <p>Introducing his report, the Principal reminded Members that the College had identified the key risks to the Strategic Objectives. These were shown on the risk register and the Risk Management Action Plan showed mitigating actions. In line with internal audit recommendations, from September 2018 all risks would be assessed to shown their 'gross' (inherent) risk priority and the residual risk. Members were informed that there were 11 amber risks with good progress made on a number of them. One additional risk relating to GDPR remained red, however following positive verbal feedback from Scrutton Bland that day, it was hoped that this would be downgraded to amber or green at the next Risk Management Group. The Principal commented that there had been a three year improvement trend and the in-year indicators suggested that the risks around student progress and achievement, student numbers and an adverse inspection report would diminish. The Chair commented that the priorities identified were as expected.</p> <p>The Committee RECEIVED the report.</p> | |
| A/18/28 | <p>Review of the Risk Management Policy Paper: Risk Management Policy with tracked changes</p> <p>Members were reminded that the Risk Management Policy was reviewed by the Committee on behalf of the Corporation on an annual basis. The Internal Audit of risk management had considered the Policy and advised that the causes of risks could be incorporated into the overall description of the risk, rather than requiring a separate</p> | |

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| | <p>cause column in the Risk Register. This change, simplifying the documentation, had been made. The Chair thanked the Principal for the tracked changes version which enabled the Committee to clearly see the amendments.</p> <p>RESOLVED: The Committee, on behalf of the Corporation, APPROVED the Risk Management Policy.</p> | |
| A/18/29 | <p>Report on Student Applications 2018/19 <i>Paper: Report on student applications 2018/19</i> <i>Tabled Paper: Updated Report – position as at 21st June 2018</i></p> <p>Tabling an updated paper, the Assistant Principal, Marketing, Recruitment, Admissions and Alumni, informed Members that 'mop up' interviews were taking place on 5th July and a further report would be brought to the Corporation on 12th July. Currently applications and offers suggested that the challenging target of 2424 would be met providing the predicted conversion rates were achieved. The Principal informed Members that the proposed sixth form at Abbs Cross school had been rejected and there had been an increase in applications from the school. Coopers had also reduced the size of its sixth form by 30. The Assistant Principal explained that retention of L6th students was good and that predicted numbers in the upper sixth would offset the slight shortfall in new applications. She commented that she was cautiously optimistic that the target would be met.</p> <p>The Committee RECEIVED the report.</p> | |
| 7.10 pm Leisyeen Keane, Katharine Patel and Emma Roscoe left the meeting | | |
| A/18/30 | <p>CONFIDENTIAL ITEM – Merger: Due Diligence <i>Confidential Papers: Merger Risk Report; Pro-forma Merger Finances 31/7/19; Commentary on the Pro-forma merger finances; legal due diligence reports on Epping Forest College and NCC</i></p> <p><i>(Confidential minute)</i></p> <p>The Committee RECEIVED the report.</p> | |
| A/18/31 | <p>Review of Committee Terms of Reference <i>Paper: Existing terms of reference with tracked changes</i></p> <p>The Clerk explained that there had been significant changes made to the terms of reference following changes to the Post-16 Audit Code of Practice. The Code provided a common standard for the provision of assurance in relation to funding of post-16 providers. She explained that the revised terms of reference replicated the wording of the Code with the existing functions of the Committee, not specifically referred to in the Code, now referred to as residual functions.</p> <p>There were two main changes. Firstly in relation to the appointment, reappointment, dismissal and remuneration of the auditors, the Code required the Committee to 'advise' the Corporation rather than 'approve on behalf of' the Corporation. The second change concerned having a Staff Member on the Committee. This was a 'should' rather than a 'must' but the Clerk advised the Committee that it would be sensible to make this change as it was a funding body requirement for the College to sign up to the sector's code of practice and it would be difficult to provide a robust reason to go against the recommendation.</p> <p>Recommendation: The Corporation should APPROVE the revised Terms of Reference of the Audit Committee for a period of one year until July 2019.</p> | |
| A/18/32 | <p>Evaluation of Meeting <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> | |

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| A/18/33 | Date of Next Meeting Thursday 22 nd November 2018 at 6.00 pm. | |
| The Chair thanked Atul Vadher, who would be leaving the Corporation at the end of September, for his valuable contributions to the Committee, commenting that he would be missed. | | |

The meeting ended at 8.00 p.m.

Chair _____

Date _____

CLH 2nd July 2018