

QUEEN ELIZABETH SIXTH FORM COLLEGE

Minutes of the meeting of the Audit Committee held on Monday 5 June 2017

Present: Mr A Teague, Chair
Mr I Clyde
Mr A Collishaw, Co-opted Governor

Apologies: Mr P Davison
Mr S Regan

In attendance: Mr J Deane, Governor
Emily Hudson, PwC
Mr T Fisher, Principal
Mr S Hargrove, Chief Financial Officer
Dr S Hunnisett, Vice Principal
Mr S Dowson, Clerk

01/17 Introductions and welcome

The Chair introduced and welcomed Emily Hudson from PwC and Joe Deane, Governor

02/17 Declarations of interest

There were no declarations of interest

03/17 Minutes of the previous meeting

The minutes of the meeting held on Thursday 10th November were **agreed** and **approved** for signing by the Chairman

04/17 Matters arising

There were no matters arising that were not covered by the agenda.

05/17 Agenda item 5, External Audit Planning

It is too early in the year for KPMG to have completed the external audit plan for this financial year. As in previous years, KPMG will email out a copy of the plan for approval. It was **agreed** that this method of approval was acceptable.

06/17 Agenda item 6, Internal Auditors Report

Emily Hudson explained that PwC had completed three of the four elements of the internal audit for 2016-17 and introduced the PwC Internal Auditors Report.

6.1 IT Security

The overall report classification for IT Security was Medium Risk with 3 medium and 2 low findings.

Medium risk finding, User Access Management

A medium rated finding had been raised due to a formal starters, leavers and movers process not being defined to effectively manage user access controls.

In answer to a question from Mr Deane, Mr Fisher explained that teachers had access to students' addresses and phone numbers and details of students' performance. Sensitive data, for example anything relating to safeguarding, is kept separately.

In answer to a question from Mr Collishaw, Mr Hargrove explained that all new staff are required to sign to say that they have read and understood the acceptable use policy. In future any returning staff will be required to complete the IT induction process and will not simply pick up where they had left off as had been the previous practice.

Medium risk finding, Information asset management

A medium risk finding had been raised because an Information Asset Management framework with a supplementary Information Asset Register that clearly identifies, 'Personally Identifiable Information' (PII) had not been defined.

Mr Hargrove explained that a file storage policy had been developed and is being implemented.

Medium risk finding, General Data Protection Regulation (GDPR) requirements

A medium risk finding had been raised because the College has not performed an assessment to identify the requirements for the upcoming GDPR.

In answer to a question from Mr Collishaw, Mr Hargrove explained that the College was still fact finding about GDPR. There was not yet a formal plan but milestones had been identified to ensure targets were met in time for the May 2018 deadline.

In answer to a question from Mr Deane about the introduction of GDPR Mr Fisher said that the college was seriously concerned about the possible loss of all the great gains in teaching practice brought about by the recent advances of communication and information technology and that implementation would therefore need to be carefully managed.

Low risk finding, Data backup and recovery

A low risk finding had been raised due to unencrypted data backup tapes that are also being stored off-site. Additionally no full data recovery tests from backup tapes have been undertaken and a schedule for future tests has not been defined.

In answer to a question from Mr Deane about the College's response to the recent ransomware attacks Mr Hargrove said that all software updates had been installed and staff had been reminded of the steps they can take to protect themselves and the College.

Mr Hargrove explained that updates can impact on teaching time but whereas previously updates had been held until there was a suitable opportunity to install them, critical updates and patches are now installed immediately.

Mr Clyde **challenged** Mr Hargrove to explain the College backup and recovery plan.

Mr Hargrove explained that a backup was made daily to a server in a separate building and once a week a tape backup was made which was stored offsite. Although there was no formal restore testing regime, data was successfully restored 'locally' on a regular basis. Mr Hargrove explained that a full backup and restore would take two days to complete.

Mr Clyde asked about the practicality of coming to a reciprocal arrangement with a partner school to hold copies of each other's data completely off site. Mr Hargrove said that this had been investigated in the past and found to be impractical however it may be worth revisiting now that technology had advanced.

Mr Collishaw said that he had investigated this recently at Longfield Academy of Sport but had concluded that it was not practical without a dedicated direct link.

Mr Hargrove said that an incremental backup which recorded daily changes may be possible

Mr Clyde **challenged** Mr Hargrove to explain what measures are in place to prevent viruses being introduced to the network through staff inserting pen drives into local computers. Mr Hargrove explained that the antivirus software on each computer should intercept any viruses and the acceptable use policy encouraged staff to use the network to store files and to access files remotely using Horizon.

Mr Clyde asked what would be the impact of closing USB ports to prevent viruses being introduced in this way.

Mr Fisher and Dr Hunnisett said that there was no need for QE staff to use memory sticks but they were frequently used by staff attending for interview who wished to, or had been asked to give a presentation.

Low risk finding, Data protection policies and training

A low risk finding had been raised due to the lack of data protection training and awareness provided to staff. Mr Hargrove explained that this was in hand.

6.2 Partnerships

The overall classification for Partnerships was Low Risk with five low and one advisory finding

Low risk finding, Student feedback

A low rated finding was raised due to the lack of procedures in place to ensure that feedback on work experience placements and events is collated in a timely manner so that this can be used to inform decisions over future offerings. Currently low levels of student feedback are being received.

Low risk finding, Promotion of events

A low rated finding was raised as the current method of promoting upcoming work experience and events to students may not be as effective or engaging for students as it could be. It was suggested that there should be a centralised calendar of work experience events.

Low risk finding, Placement contingency plans

A low risk finding had been raised as there are currently no contingency plans in place to ensure a student can still undertake a placement should their planned placement be cancelled by the employer at short notice.

Low risk finding, Reliance on other risk assessments

A low risk finding had been raised because the current risk assessment documentation does not enable the user to record that reliance has been placed on a risk assessment completed by another institution, as is permitted.

Low risk finding, Non-partner schools strategy documentation

A low risk finding has been raised because the documentation of the planned strategy and action plans for partnering with non-partner schools is currently informal.

In answer to a question from Mr Deane about non-partner schools Mr Fisher explained that these were typically schools that had their own sixth form or else were some distance away and/or would normally partner with a sixth form college nearer to them.

Mr Fisher explained that partnering had been developing piecemeal over time and now was an appropriate time to formalise it for some additional schools.

Advisory finding, Further use of curriculum links

An advisory finding had been raised as an opportunity to further improve student application numbers through the expansion of curriculum links activities has been identified through discussions with staff.

6.3 Risk Management

The overall report classification for Risk Management was Low Risk with 1 medium and 2 low findings.

Medium risk finding, Review of risk registers

A medium risk finding had been included because the auditors had identified improvements that could be made to the College's strategic risk register. The 'Risk Factor' description for the strategic risk should be reviewed to ensure these clearly articulate the risk to the college. Key risk indicators and risk reporting triggers should be defined for reporting purposes and a process for ensuring the operating effectiveness of existing controls/mitigating factors recognised on the risk register could be introduced.

Emily Hudson said that she accepted that the Risk Management Framework had moved on since the last review but felt that it was time to make it clearer what the definition of each risk really was and what the triggers are and what action should be taken when the triggers are breached.

Low risk finding, Risk management training

A low risk finding had been raised because of the lack of training provided to senior management and operational level management with risk management responsibility.

Low risk finding, Operational risk registers

A low risk finding had been raised because there is no requirement for operational level risk registers to be maintained for high risk areas, for example IT, human resources and compliance with funding regulations.

In response to a suggestion from Mr Hargrove that the medium risk finding was advisory Emily Hudson explained that medium risk required action. It was normal in other organisation for IT to have an operational risk register.

Mr Hargrove explained that the IT department had procedures in place which were not necessarily classified as a risk or linked to a risk register.

Mr Clyde asked Mr Hargrove how he saw reporting triggers developing.

Mr Hargrove said there were not yet any formal procedures for escalating risk, for example, 'if this happens then that should happen'.

Emily Hudson asked what would happen if a risk on the register occurs, who would be informed and by whom?

Mr Fisher explained that the Risk Register was a live document which was effectively reviewed continuously and formally reviewed by the SMT twice a term and governors are informed if there are any concerns.

Mr Clyde asked Emily Hudson if the auditors had attended the SMT Risk Register review meeting. Emily Hudson replied that they had not attended the meeting but had reviewed the minutes.

Mr Fisher said that there was no reason why the Auditors or Governors should not attend the meeting.

Mr Hargrove explained that the Governors reviewed the Risk Management Policy and could formalise actions. It was a question of finding the right balance and not becoming too descriptive.

The meeting **agreed** that the SMT would investigate the possibility of linking the Risk Register to the Governors Dashboard with a view to using the dashboard as a trigger to actions linked to risks.

07/17 Agenda item 7, Progress on outstanding audit recommendations

Mr Hargrove explained that most audit recommendations had been completed.

Electronic purchase order system

The electronic purchase order system had taken longer than anticipated to install due to technical issues experienced by the software supplier. These had now been overcome and staff training was taking place this week.

File storage

A formal approval process is being introduced along with a review of user access rights. A policy for and a log of critical spreadsheets has been developed and is being implemented

08/17 Agenda item 8, Audit tendering

Mr Hargrove explained that the audit tender had been due for renewal last year but the Committee had agreed to extend the current arrangements for a further year until the outcome of the Area Review was known.

After lengthy discussion the following was agreed

- Tenders would be sought from local and national firms for 3 plus 2 years
- The number of days work would remain as now
- All firms would be invited to tender for both the internal and external audit although the committee valued the segregation of internal and external audit services
- There should be flexibility to choose future areas for audit, particularly for the internal audit

The Committee agreed the following timescale.

- Tenders would be invited now and received over the summer.
- Tenders would be reviewed in September, Governors would be invited to join the review board
- An appointment would be recommended at the November Audit Committee Meeting and approved by Governors at the November/December Corporation meeting

09/17 Agenda item 9, Risk management

The Committee considered the revised and updated Risk Register which was circulated at the meeting.

Mr Hargrove highlighted the areas that had been updated and changed which were in red.

Mr Hargrove explained where changes had been made as a consequence of the findings of the Internal Audit detailed in the minutes above.

The Committee **approved** the changes to the Risk Register

10/17 Agenda item 10, confidentiality

There were no confidential items

11/17 Agenda item 11, Date of next meeting

The dates of future meetings are to be agreed at the next Corporation meeting on 29th June 2017