



HART SCHOOLS TRUST AUDIT & RISK COMMITTEE

A meeting of the HST Audit & Risk Committee was held on Thursday 16 March 2023, starting at 16.00, by videoconference (Microsoft Teams).

PRESENT

Jonathan Ellam (Chair/Trust Board member) Paul Extance (Trust Board member)
Howard Crompton (LGB member) Andy Palmer (LGB member)

IN ATTENDANCE

Mark Lewis (Chief Executive) Kate Prince (HST Business Manager)
Paul Harte (Group Finance Director) Robert Dale (Governance Professional)
Andrew McLeod (HST Chief Financial Officer)

WELCOME

ITEM 1a: APOLOGIES FOR ABSENCE

- None.

ITEM 1b: DECLARATIONS OF INTEREST

- Jonathan Ellam declared that he was working for HFL Education (formerly Herts for Learning) as a member of its Governance support team.

ITEM 1c: MINUTES OF THE PREVIOUS MEETING

- Minutes of the meeting held on 30 September 2022 were agreed as an accurate record and would be signed in due course.

ITEM 1d: MATTERS ARISING/ACTIONS

- Actions had been addressed as follows:
 - Approach the individuals suggested to ask if they might consider becoming Members of the Trust. **Action complete.** Revised Articles are currently with DfE for final approval and a new Chair for the Roebuck Academy LGB had been appointed to take over from the end of this academic year.
 - Seek support from RSM for a session on Risk Management training. **Action under way.** Slides from HfL training on Risk management were circulated by email on 19 December 2022 and a webinar invitation from Buzzacott for a session on charity governance was shared on 23 January 2023. HfL Education was offering a further session on 14 June which promised to be a worthwhile event.
 - Prepare report on how the COVID recovery grant had been spent in Trust schools including consideration of impact where possible. **Action under way.** This was being covered in future management accounts reporting.

- Update the draft report as advised by the Committee. **Action complete.** This action related to the Audit & Risk Committee Annual Report for 2021/22; the change to a note about Fraud and Whistleblowing was made as requested.
- Advise the Trust Board of this recommendation. **Action complete.** This action related to the Going Concern statement which was recommended to the Board at the AGM on 6 December 2022.
- Request a correction for the Post-audit Report. **Action complete.** This action related to some funding for tutoring support that was unspent and could be clawed back. The draft report said that this related to Roebuck but it actually related to TAA. This was corrected in the final version shared with the Board.
- Develop increased reporting of unrestricted income and costs. **Action complete.** This action related to the internal audit recommendation in respect of increased granularity in financial reporting (including the setting up of new account codes) which would be reported at Item 7.

ITEM 2: CORPORATE RISK REGISTER

- One risk (Risk 12) had been added since the last meeting. This concerned a risk that the 2024/25 Admissions Policy for the Thomas Alleyne Academy (TAA) might be referred successfully to the Office of the Schools Adjudicator (OSA) over its 'feeder school' Rule 4. This risk had arisen because the number of Y7 places for September 2023 awarded to pupils from the Roebuck Academy had risen from c10 to 25 (14% of the TAA PAN).
- Since the previous unsuccessful referral to the OSA (in 2018/19) the Board had continued to keep Rule 4 under review. As a mitigation action, as soon as the information about the unexpected increase in Roebuck places awarded was known, contact had been made with the local authority. They had confirmed that they were not intending to raise the matter with the OSA.
- However, it was possible that an individual parent could do so before the deadline of 15 May 2023. It was suggested that the Rule be reviewed in autumn 2023 as part of the consideration of the 2025/26 TAA Admissions Policy.
- Two risks (Risk 6: That the Trust lacks sufficient members, board directors and local governing body members to meet the terms of its articles; and Risk 8: That the TAA Sixth Form reduces in size due to low student enrolment numbers) have had their post-mitigation scores reduced. These are now scored 2 (Impact =2; Probability =1) and 3 (Impact =3; Probability =1) respectively. In both cases, the probability of the risk arising has been material reduced as a result of mitigating actions.
- One risk (Risk 10: Disruption to learning following industrial action on 1 Feb, 1 March, 15 & 16 March) had its risk score increased as the risk had crystallised. As there had been no settlement of the dispute, the risk would remain on the Register but it was anticipated that it would be closed in due course.
- Two other risks (Risks 5 and 9) were rated Amber post mitigation. Risk 5 concerned IT infrastructure, including cyber security, and Risk 9 concerned energy costs.

Question: *What would the impact be of changing the Admissions Policy?* It would restrict the number of Roebuck pupils who would be awarded places at TAA, as children living nearer to TAA would get priority. It would be very hard to uphold the rule with more than one

'feeder primary'. Conversely, it would address future concerns of parents in schools located closer to TAA whose applications might otherwise have been unsuccessful. This was the peak year for secondary applications, and numbers were likely to start a modest decline overall, which might ease pressure somewhat. These and other issues would be for the Board to consider in the autumn when it reviewed the Admissions Policy for 2025/26.

Question: *Was there a reason Safeguarding was not listed on the Corporate Risk Register?* This had been discussed with the Committee in the past; Safeguarding was always a risk for schools and there were regular checks on processes and procedures. There had been an Internal Scrutiny report in 2022/23 which had identified no major weaknesses and made some suggestions for improvement which were being followed up. A change in the risk environment might mean a particular aspect of safeguarding should be called out on the risk register, but at present, the Committee had been content to keep it at operational level.

- **The Audit & Risk Committee accepted** the latest version of the Risk Register.

ITEM 3: P5 (JANUARY 2023) MANAGEMENT ACCOUNTS REPORT

- Both schools were currently ahead of budget year-to-date (YTD) but the full year forecast remained as originally set. Cash was strong and the cashflow forecast also remained positive. Outcomes from the Capital Improvement Fund (CIF) bids were not known and so the capital contribution from the Trust had not yet been included in reporting. It was very unlikely that all bids would succeed, but if they did, the contributions would be affordable, though they would reduce the reported cash position and the reserves.
- Governors welcomed the increased scrutiny on utility costs and asked for information about the cost of biomass fuel to be included in future reports. Arrangements with a possible alternative supplier were being discussed.

Action: Include biomass pellet fuel costs in future Management Accounts reports.

Question: *What was the reason for the Tuition fund clawback?* As had been widely reported in the national media, it had been difficult to find tutors of the right quality, and the Trust had preferred not to compromise on standards. The amount of clawback had been underestimated in the budget, but savings in pay arising from the industrial action had offset this.

Question: *Was the biomass fuel from sustainable sources?* The Trust had been assured that it was when the contract was agreed. This was a long-term agreement, which meant that the Trust had not needed to make a major capital investment in the 'district heating system' provided by the biomass boiler.

Question: *What position had the Board taken on the expected level of reserves?* The result in 2021/22 (£270k addition) was likely to be exceptional with £125k to £150k more likely to be the norm.

Question: *Could future Management Accounts reports include Balance Sheets?* Yes, these would be included in future, although it was noted that the bulk of the reported value related to assets (the schools' leased premises) rather than operations.

Action: Include Balance Sheet in future Management Accounts Reports.

Question: *Were the net figures incorporated in the report analysed in more detail?* Yes, there was more detail included in the Annexes. For example, the cost and income for the Buccaneers provision at Roebuck could be found in the Roebuck schedules.

Question: *Would the Chancellor's Budget announcement about additional support for childcare costs impact Buccaneers?* It was too early to say – the arrangements were not due to be fully in place before 2026, and exactly how this would operate in practice was unclear. The position would be monitored.

- For the record, Howard Crompton confirmed that he had attended the finance discussion that took place on 13 March. This would be corrected in future reports.

Action: Correct the record of attendance at finance discussions.

- The Schools Resource Management Self-assessment (SRMS) for 2022/23 had been submitted and would be circulated with the minutes. One issue raised related to the need for a Finance Committee. Currently, the Trust had not established such a body. Members discussed whether an existing Board or committee could act as a Finance Committee and agreed that the Board should consider the options at a future meeting.

Action: Invite the Board to consider the formation of a Finance Committee.

- **The Audit & Risk Committee welcomed** the report.

ITEM 4: TRUST GROWTH – DUE DILIGENCE PROGRESS REPORT

- The CEO reported that due diligence work was in progress with Ashtree Primary School. This was giving rise to concerns over the financial position of the school, which in the context of a falling roll (a projected future intake of c30 annually) made taking on the school a high risk in financial terms. Without some financial commitments from the Local Authority to ameliorate the present situation, this opportunity might be very challenging. More information would be presented at the Board meeting on 29 March 2023.

Question: *What was the cause of the declining roll?* This partly reflected local demographics; the peak year for primary recruitment had now passed (it had just reached Y7 this year) but there was also an element of parental choice. The need to operate with mixed year groups and the large number of 'fair access' admissions in year together with the high proportion of learners with additional needs increased the challenge for the staff team.

- **The Audit & Risk Committee noted** the report.

ITEM 5: INTERNAL AUDIT REPORTS

- Kate Prince reported on the Internal Scrutiny report relating to cyber security. Much of the technical protection was delivered by external service providers, and this report restricted itself to practice at TAA. It had been undertaken by the IT lead at North Hertfordshire College and followed the approach applied by an internal auditor to the college's cyber security. Originally intended to have been conducted during 2021/22, it had been deferred because of the unforeseen implementation that year of a new Management Information System (MIS) across the Trust.
- Members welcomed the report and the recommendations made, noting that it identified a current reliance upon individual personal knowledge, and recommended a consolidation of systems and processes across schools over time. Other

recommended actions related to the creation of policies and structure to bolster organisational awareness and understanding of cyber security best practice.

- Roebuck had now also completed the internal scrutiny questionnaire.

Question: *Was the reliance upon individual knowledge reflective of a 'single point of failure' risk or about failure to share information?* More of the former than the latter; arrangements worked well because of good relationships between colleagues but were not always well-documented. The relationship with HfL (who provided the internet service and security for TAA) was good but careful succession planning was required.

Question: *Had Disaster Recovery plans been tested?* More research into options and cost was required, and it was not clear that there was internal capacity to undertake a full consideration was being given to seeking Cyber Essentials accreditation. Hertfordshire Police were always willing to provide cyber security advice.

Action: Consider seeking cyber security advice from Hertfordshire Police (Jonathan Ellam to provide contact).

Question: *Were there any plans to undertake Penetration testing?* This would be explored with HfL Education.

Action: Discuss how frequently HfL Education undertook penetration testing and consider whether this could also be carried out at school level.

Question: *It was generally recommended that generic accounts be de-activated; could this not be mandated?* The risk arising from generic accounts was understood and their use was limited; supply staff needed temporary access to registers, and the associated password was changed daily. The access was limited to Arbor only. Similarly, a generic account for use during Open evening was useful. However, the challenge was a fair one and the matter would be explored further with an update to the next meeting.

Action: Consider how to avoid using generic log-in accounts in future and report to the next meeting.

- The Audit & Risk Committee accepted the report.

ITEM 6: REPORT ON PROGRESS WITH INTERNAL AUDIT RECOMMENDATIONS

- The report confirmed that action continued to be taken to follow up recommendations from 2021/22 Internal Scrutiny reports. Four remained 'in progress':
 - Create a summary document of all safeguarding activities across the Trust.
 - Update [the Attendance] policy with centre's approach to home visits and elective home education.
 - Review PSHE and science curriculum coverage of these topics [sexual reproduction, puberty and healthy relationships].
 - Consider appropriate use of student voice to inform PSHE curriculum plans.
- Members agreed that recommendations arising from Hertfordshire Improvement Partner (HIP) visits to both schools to consider aspects of teaching and learning quality might usefully be added to the follow-up process. It was helpful for the Committee to be aware of the content of these reports and the assurance they provided.

- Another consideration for Internal Scrutiny might be the Single Central Record (SCR); Roebuck already undertook a regular external review of its arrangements and TAA should consider the same approach.

Action: Circulate future HIP visit reports to both schools as part of Audit & Risk Committee meeting packs and include any recommendations arising as part of the follow-up of internal scrutiny actions.

Action: Consider scheduling a periodic internal audit of the TAA SCR.

- **The Audit & Risk Committee accepted** the report.

ITEM 7: REPORT ON PROGRESS WITH MANAGEMENT LETTER RECOMMENDATIONS

- Since the previous meeting, further discussion with the auditors had taken place about additional account codes, which had now been implemented. It was understood that the changes had satisfied the auditors that their recommendations had been addressed. The action would therefore be closed.

- **The Audit & Risk Committee accepted** the report.

ITEM 8: POLICIES REVIEW

- The ongoing review of Policies had identified that TAA had an existing Pay Policy, but Roebuck did not. It was possible to adapt the TAA Policy into a Trust wide one as the principles applied equally at primary as at secondary level. The proposed amendments were identified by 'Track Changes'.
- Governors agreed that if approved by the Board, the new Policy should come into effect for 2023/24.

Question: *Should there be reference made to the involvement of local governing bodies (LGB) in performance management?* While LGBs had an interest in the performance of teams and might provide advice, remuneration and performance decisions were delegated to the relevant headteachers.

Question: *Might a better title for the proposed Policy be "Pay and Progression"?* That was a good suggestion and would be adopted.

Question: *Did the Trust Board provide input into headteacher performance management?* This was addressed through the Remuneration Committee (currently a joint committee with the Hart Learning Group, although proposals for change might come forward in future).

- **The Audit & Risk Committee agreed to recommend** the proposed policy to the Board, subject to the suggested changes being made.
- Andy Palmer apologised but had to leave the meeting at this point. The meeting remained quorate.

ITEM 9: CYBER SECURITY AND INFORMATION MANAGEMENT REPORT 2021/22

- The report provided information about Freedom of Information or Subject Access requests received by the Trust during 2021/22 and gave a summary of the circumstances that gave rise to the small number of data breaches experienced.

- The cyber threat environment had continued to increase during 2022/23 and staff awareness continues to be raised through regular reminders eg in respect of identifying potential phishing attacks.
- **The Audit & Risk Committee accepted** the report.

ITEM 10: FRAUD AND WHISTLEBLOWING REPORT

- No cases of fraud had been identified and no instances of whistleblowing had been raised since the previous report. Staff were reminded periodically about the Trust’s Whistleblowing Policy.
- **The Audit & Risk Committee accepted** the report.

ITEM 11: CLOSED SESSION

- The Audit & Risk Committee discussed how this opportunity might be taken in practice and agreed that it should always follow the closing business, so that executive members could depart from the meeting and permit the non-executives the routine opportunity to speak confidentially among themselves or with the auditors. Future agendas would be adjusted accordingly, with the meeting not being declared closed until after any such closed session had taken place.

Action: Adjust the future agenda structure as proposed.

- **The Audit & Risk Committee agreed** that there was no need for a closed session at this meeting.

ITEM 12: ANY OTHER BUSINESS

- None.

ITEM 13: DATE OF NEXT MEETING

- The next meeting was scheduled to take place on Thursday 22 June 2023 starting at 16.00, by videoconference (Microsoft Teams).

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 Signed as an accurate record: Chair Date

ITEM 14: INFORMATION PAPER

- Members noted the information paper concerning Cyber Security and schools. They were aware of the regular warnings shared with staff about the risk of cyber attack and the dangers posed by ‘phishing’ emails and similar threats.

ACTION LOG

	Item	What	Who	When
09/09/21	3.	Approach the individuals suggested to ask if they might consider becoming Members of the Trust.	Robert Dale	30/09/21
30/11/22	1d.	Seek support from RSM for a session on Risk Management training	Robert Dale	31/12/22
30/11/22	3.	Prepare report on how the COVID recovery grant had been spent in Trust schools including consideration of impact where possible.	Andrew McLeod/Mark Lewis	28/02/22
16/03/23	3.	Include biomass pellet fuel costs in future Management Accounts reports.	Andrew McLeod	30/04/23
16/03/23	3.	Include Balance Sheet in future Management Accounts Reports.	Andrew McLeod	30/04/23
16/03/23	3.	Correct the record of attendance at finance discussions.	Andrew McLeod	22/03/23
16/03/23	3.	Invite the Board to consider the formation of a Finance Committee.	Mark Lewis	30/04/23
16/03/23	5.	Consider seeking cyber security advice from Hertfordshire Police (Jonathan Ellam to provide contact).	Kate Prince	30/04/23
16/03/23	5.	Discuss how frequently HfL Education undertook penetration testing and consider whether this could also be carried out at school level.	Kate Prince	30/04/23
16/03/23	5.	Consider how to avoid using generic log-in accounts in future and report to the next meeting.	Kate Prince	30/04/23
16/03/23	6.	Consider scheduling a periodic internal audit of the TAA SCR.	Robert Dale	30/04/23
16/03/23	6.	Circulate future HIP visit reports to both schools as part of Audit & Risk Committee meeting packs and include any recommendations arising as part of the follow-up of internal scrutiny actions.	Robert Dale	30/04/23
16/03/23	11.	Adjust the future agenda structure as proposed.	Robert Dale	30/04/23