

Minutes of the meeting of the Audit Committee held on **26 February 2018**.

Present: Liz Stanley (Chair), Cllr Ken Richardson, Glen Sheppard, Ann Corrigan, Neil James and Seb Schmoller.

In attendance: The Principal, the Head of Finance, the Health, Safety and Premises Manager (up to and including Min A18/6), Rob Winter - Barnsley MBC Internal Audit Services (up to and including Min A18/17), Pamela Radley - Barnsley MBC Internal Audit Services (up to and including Min A18/17) and the Clerk to the Governors.

Apologies: None.

A18/1 DECLARATIONS OF INTEREST

With respect to:

- Her role as a trustee Jill Westerman declared a potential conflict of loyalty in items where they related to the Wentworth Castle and Stainborough Park Heritage Trust;
- Their role as internal auditors for the pension's authority Barnsley MBC Internal Audit Services declared a potential conflict of interest in items relating to pensions.

It was agreed that no decisions to be taken would be affected by these interests and it was not considered necessary for anyone to withdraw from the meeting.

A18/2 MINUTES OF THE LAST MEETING

The minutes of the meeting held on 13 November 2017 were approved as an accurate record (a copy is filed in the minute book).

A18/3 MATTERS ARISING FROM THE MINUTES

A17/68 The committee explored the status of the draft digital strategy and noted that work on its development remained on-going; that the JISC workshop had taken place but had not been as effective in moving the strategy forwards as anticipated; and that work would continue recognising that it was important to take the time to ensure the resulting strategy was right for the college. The committee asked to be kept up to date with the on-going work.

Resolved: i That the committee be kept informed of the status and development of the emerging digital strategy.

A18/4 PRESENTATION - HEALTH AND SAFETY – CONTROLS AND COMPLIANCE CHECKING

The committee received a presentation regarding the health and safety controls and compliance checking in place at the college including:

- Details of the health and safety audits undertaken;
- Sample audit reports and scoring criteria;
- Audit results from May 2017 and November 2017;
- Details of priorities for 2017/18.

A18/5 The committee explored the college's:

- Accident management and reporting system and agreed that additional data should be provided in future health and safety reports to the board of governors, including near misses;
- Emergency evacuation plans, particularly in relation to learners with mobility support requirements;
- Approach to updating staff regarding legislative changes;

- Fire risk assessment procedures, noting that the college had done significant work with fire and rescue including regular visits to the site and work to reduce insurance premiums, and that the last enforcement visit was in 2017 and no issues had been identified;
- Business continuity plan, noting that the college had recently undertaken a desk based scenario;
- Staffing structure with regard to health and safety, including the role and qualifications of consultants and cover arrangements.

A18/6 It was agreed that further information regarding the college's fire risk assessment procedures would be provided at a future meeting.

Resolved: i **That additional data regarding accident statistics be provided in future health and safety reports to the board of governors.**

ii **That further information regarding the college's fire risk assessment procedures be provided at a future meeting.**

A18/7 **INTERNAL AUDIT SERVICE**
(A copy of document 5i is filed in the minute book)

The committee considered the reports from internal audits conducted since the last meeting, noting that:

- These were the first reports from the college's recently appointed internal auditors Barnsley MBC Internal Audit Services;
- The format of the report was different to those previously provided and also included a broader ranging progress update.

A18/8 It was noted that an updated audit plan had been provided which included:

- confirmation that Barnsley MBC Internal Audit Services would not be able to facilitate the provision of assurance regarding the treatment of income and expenditure streams with regards to VAT, but that they had supplied details of potential third party providers which were being followed up by the college.
- details of a proposed facilitated risk register discussion and input to the development of the assurance matrix to ensure breadth of assurance. It was agreed that discussion would take place first at senior management team level, followed by consideration by the board of governors;
- a broader approach to the review of journals posted by the head of finance;
- the rescheduling of the information governance audit which would now take place in June 2018 in line with the schedule for preparation for the General Data Protection Regulation in May 2018.

A18/9 The committee considered the **Journals Audit Report 2017/18** noting that:

- the scope of the audit was to provide assurance that the journals posted were bona fide transactions and had been posted in line with the college's financial regulations/procedures;
- in order to ensure that the risk of management override was fully covered it had been agreed that testing would include all journals, including those of the principal finance officer;
- sample testing had confirmed that journals posted related to bona fide transactions and were supported by appropriate and relevant documentation and were posted accurately and correctly;
- an adequate assurance opinion was provided.
- the following areas of good practice were noted:
 - the head of finance maintains well organised and comprehensive supporting documentation for journal entries;
 - the head of finance implements a thorough budget review process and there was evidence of a detailed review and challenge of December staff costs by individual and category at the time of the audit.

- one significant recommendation was made relating to routine review of journals posted by the principal finance officer, the recommendation was accepted by management and had been implemented.

A18/10 The committee considered the **Payroll Report 2017/18** noting that:

- the scope of the audit was to provide assurance that there were appropriate and effective controls in operation over the college's payroll system;
- an adequate assurance opinion was provided;
- three significant recommendations were raised relating to:
 - reviewing and updating payroll procedures;
 - monthly reporting of all amendments to standing and permanent data;
 - reviewing the Finance Team structure and officers' responsibilities to ensure appropriate management oversight, segregation of duties in running the payroll and to reduce the risk of over reliance on key officers;
- three merits attention recommendations were raised relating to:
 - developing a clear processing timetable;
 - 'z lining' claim forms after the final entry;
 - updating the authorised signatory list.
- the following areas of good practice were noted:
 - the finance team maintains well organised and comprehensive supporting documentation for the payroll processes;
 - accuracy checks completed by the finance manager and the finance officer are clearly evidenced.

A18/11 The committee explored:

- the basis for the sample testing, noting that this was based on industry conventions and analytical review and professional judgement;
- the circumstances relating to the non-recovery of £500 payroll overpayment, noting that the IAS had concluded this was not a system failure and all reasonable steps to recover had been taken.

A18/12 It was noted that point 6, para one on page 34 should read with effect from the 1 August 2017, not 2018.

Resolved: i That a risk register discussion facilitated by internal audit be undertaken with the senior management team, followed by consideration by the board of governors.

A18/13 **AUDIT RECOMMENDATIONS STATUS REPORT**
(A copy of document 6i is filed in the minute book)

The committee considered the regular report which outlines the status of previous audit recommendations and enables it to ensure that recommendations are appropriately implemented in a timely manner.

A18/14 The committee noted that:

- there were eight recommendations outstanding;
- progress was being made in all areas;
- in particular the new college website was due to be launched imminently, engagement with RAST managers regarding risk was continuing to develop effectively and the principal finance officer had completed the most recent claim for learner support which had gone well.

Resolved: i That the report be noted.

A18/15 **ASSURANCE AND RISK MANAGEMENT**
(A copy of document 7i is filed in the minute book)

The committee considered the **risk register – key strategic risks** - and was satisfied that the

risks identified, the scoring applied and the controls in place were appropriate and that the overall approach to risk management remained appropriate for the needs of the college.

A18/16 The committee explored risks related to the retirement and replacement of the principal and suggested that a risk relating to key person dependency be considered.

Resolved: i **That the inclusion of a risk related to the retirement and replacement of the principal and key person dependency be considered.**

A18/17 **PRINCIPAL'S REPORT**
(A copy of document 8i is filed in the minute book)

The committee received and noted the Principal's Report December 2017.

A18/18 **FINANCIAL STATEMENTS AUDITORS**
(A copy of document 9i is filed in the minute book)

The committee considered an evaluation of the performance of the financial statements auditors in 2016/17 against a range of performance indicators.

The committee considered and approved revised performance indicators for 2017/18.

A separate confidential minute was recorded.

Resolved: i **That the evaluation of the performance of the financial statements auditors for 2016/17 be noted.**

 ii **That performance indicators for 2017/18 be approved.**

 iii **That it be recommended to the board of governors that Grant Thornton be appointed as the college's financial statements auditors for 2017/18.**

A18/19 **INTERNAL AUDIT – PERFORMANCE REVIEW QUESTIONNAIRES**
(A copy of document 10i is filed in the minute book)

The committee considered the performance review questionnaires and welcomed the approach being taken.

A18/20 **DATE AND TIME OF THE NEXT MEETING**

The date of the next meeting is **Monday 18 June 2018** at 11.30am.

Signed	
Position	Chair of Audit Committee
Date	