

Minutes of the meeting of the Audit Committee held on **24 February 2020**.

Present: Liz Stanley (Chair), Cllr Ken Richardson and Ann Corrigan.

In attendance: The Principal (Yultan Mellor), the Assistant Principal – Finance and Business Services (Joy Whistlecraft), Rob Winter - Barnsley MBC Internal Audit Services and the Clerk to the Governors (Sarah Johnson).

Apologies: Seb Schmoller.

A20/1 DECLARATIONS OF INTEREST

Cllr Ken Richardson declared his role as chair of the BMBC Audit Committee which was also served by Barnsley MBC Internal Audit Services. The committee agreed that this position did not raise any issues regarding conflict of interest in relation to any matters to be considered at the meeting.

A20/2 MINUTES OF THE LAST MEETING

The minutes of the meeting held on 11 November 2019 were approved as an accurate record (a copy is filed in the minute book).

A20/3 MATTERS ARISING FROM THE LAST MEETING

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| A19/76 | It was reported that the student union accounts for 2018/19 had been submitted to and approved by the Policy and Finance Committee. |
| A19/79 | It was reported that the internal audit plan for 2019/20 had been approved by the Board of Governors. |
| A19/94 | It was reported that the financial statements for 2018/19 had been approved by the Board of Governors. |
| A19/92 | It was reported that the Board had considered a going concern assessment at its meeting in December 2019 and concluded that the College should continue to adopt the going concern basis in preparing its financial statements. |
| A19/103 | It was reported that the Board had approved revised financial regulations. |

A20/4 PRESENTATION – MANAGEMENT INFORMATION SYSTEMS

The committee received a demonstration of the College's new Staff Net, with a particular focus on data reporting and assurance. The committee:

- welcomed the new approach;
- considered data validation, security/protection and conversion;
- explored and welcomed the benefits in relation to data quality assurance.

A20/5 INTERNAL AUDIT SERVICE REPORT (Document 3i)

The committee considered a report from the internal auditors which presented an update on progress, any changes since the last meeting and any reports from audits completed during the period. It was noted that:

- two assignments had been completed since the last meeting – journals and cash and bank;
- the planned audit of contract management/procurement had been delayed awaiting a legal update;
- the risk management session with the Board of Governors was scheduled for July 2020;
- the information governance audit would commence with an independent review of the College's data protection compliance framework and supporting action plan, with a view that this would inform the scope of further audit work.

- A20/6** The committee considered the **Internal Audit Report – Journals**. It was noted that:
- the scope of the audit had been to ensure that:
 - journals posted related to bona fide transactions of the College and were supported by appropriate and relevant documentation;
 - there was evidence of the Assistant Principal's review and authorisation of journals raised by the Head of Finance/other officers;
 - the journals had been posted correctly.;
 - sample testing had confirmed this to be the case;
 - the audit had confirmed that controls were operating satisfactorily.

- A20/7** The committee considered the **Internal Audit Report – Cash and Bank**. It was noted that:
- the scope of the audit had been to provide assurance that there were appropriate and effective controls in operation over the cash and bank system;
 - nine merits attention recommendations were raised relating to updating cash and bank procedures, controls relating to stamps, till access, the frequency of cash counting, written receipts, controls relating to petty cash, the use of procurement cards, the counting of cash for banking and the signing of bank reconciliations;
 - an **adequate** assurance opinion was given.

- A20/8** The auditor reported that:
- it was evident from the audit that the College was control conscious in this area and there were many examples of areas of good practice;
 - the majority of the findings had arisen as a result of the pressure on existing resources as a result of there being a vacant post in the Finance Team;
 - this had had an impact on the management oversight arrangements as well as the ability to complete some of the procedures;
 - an improved control framework and improved segregation of duties was planned once a new finance officer was in post;
 - whilst levels of cash were relatively low, the review of the control issues raised in the report should be considered to improve the overall management of cash;
 - the College had been proactive in progressing actions to address the findings as they were identified during the audit visit and this had resulted in many of them either being completed or in progress.

- A20/9** The committee tested the opinion in the cash and bank audit in detail and were assured that whilst there were a significant number of recommendations which appeared to go beyond enhancing existing controls the College had been aware of them, had accepted them all, had a clear action plan in place, materiality was low and the new post was in the process of being recruited to. The committee noted that it would closely follow the implementation of the recommendations via the regular audit recommendations status report.

Resolved: i That the report be noted.

- A20/10** **AUDIT RECOMMENDATIONS STATUS REPORT** (Document 3ii)
The committee considered the regular report which outlined the status of previous audit recommendations and enabled it to ensure that they were appropriately implemented in a timely manner.

- A20/11** The committee noted that there were four outstanding recommendations relating to IT systems, learner numbers, payroll and performance management. It was reported that:
- the ICT security policy would be developed in-line with the College's new policy framework;
 - the work being undertaken in relation to data systems was in progress and on track to be completed by the end of the academic year;
 - the appointment process for the new senior payroll and finance officer was underway;

- the revised capability policy would be presented for approval by the Board of Governors in March 2020.

A20/12 The committee agreed that overall appropriate progress was being made with the implementation of recommendations and welcomed the development reported.

Resolved: **i That the report be noted.**

A20/13 **ASSURANCE AND RISK MANAGEMENT – KEY STRATEGIC RISKS** (Document 4ii)

The committee considered the **risk register – key strategic risks** and particularly explored:

- C1 - failure to manage the impact of the devolution of the Adult Education budget leading to a change in funding – noting that the College had received informal indications that it would not secure special case status beyond 2020/21;
- E1 - failure to manage the deterioration in the College's Main House drainage system leading to a major blockage which closes the College to business – noting that the required drainage work was scheduled for April 2020;
- I2 - loss of key College information systems – noting that this risk had been upgraded to red as a result of a recent simultaneous failure of two of the three back-up systems, and though this was coincidental further infrastructure controls would be implemented;
- F4 - failure to manage the loss of ESFA funding following the DfE review of learner support funding – noting that this was a new risk resulting from the work being undertaken by the DfE.

A20/14 The committee explored the DfE review of learning support funding in detail, noting the data that had been requested and the potential implications, opportunities and risks.

A20/15 It was agreed that the risks remained appropriate, the controls in place provided assurance and the approach to risk management remained fit for purpose ahead of the review by internal audit.

Resolved: **i That the report be noted.**

A20/16 **ASSURANCE PROVIDED BY QUALITY COMMITTEE**

The committee considered the monitoring work undertaken by the Quality Committee and the assurance this could provide the committee. The committee particularly:

- explored the purpose and scope of the new performance reviews framework which would be scrutinised by the Quality Committee and would enable it to test performance in relation to all aspects of curriculum, quality and the student experience;
- welcomed the introduction of a newly formatted College report which would be presented to each meeting of the Board of Governors and would provide governors with an overview of key items of internal strategic and operational College business;
- noted that any control issues identified by the Quality Committee would be reported to the Audit Committee.

A20/17 It was agreed that the college report would be circulated to independent members of the Audit Committee.

Resolved: **i That the college report be circulated to independent members of the Audit Committee.**

A20/18 **CONTROLS, GOVERNANCE AND RISK – COLLEGE STRATEGIC PLANS**

The committee received a verbal update regarding the College's strategic planning and monitoring processes. It was reported that:

- a new draft strategic plan would be presented to the Board for approval at its meeting in March 2020;
- this would be supported by a range of College wide sub-strategies linked to key areas of the College;

- it was envisaged that there would be a number of high level targets with SMART actions linked to the strategies that would be monitored as appropriate at Board/committee level.

Resolved: i That the report be noted.

A20/19 FINANCIAL STATEMENTS AUDITOR

The committee considered an evaluation of the performance of the financial statements auditors in 2018/19 against a range of performance indicators, noting that the audit had been effective overall, but there had been some comments added to the audit findings post the meeting with College management and some slight confusion regarding who had control of the accounts post audit, possibly due to the appointment of a new engagement manager.

A20/20 The committee considered and approved performance indicators for 2019/20.

A20/21 The committee noted that the 2019/20 audit would be the seventh year with the College for the current audit lead after which mandatory rotation would be required and agreed that this would be an opportune time for the College to test the market and re-tender for the service. The committee therefore agreed to recommend the reappointment of Grant Thornton for 2019/20.

Resolved: i That it be recommended to the Board of Governors that Grant Thornton be reappointed as the College's financial statements auditors for 2019/20.

A20/22 DATE AND TIME OF THE NEXT MEETING

The date of the next meeting is **Monday 15 June 2020** at **11.30am** – Queen Anne 3.

Signed	
Position	Chair of Audit Committee
Date	