

Minutes of the meeting of the Audit Committee held on **15 June 2020**.

Present: Liz Stanley (Chair), Cllr Ken Richardson, Seb Schmoller 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, Mike Redfern – Grant Thornton and the Clerk to the Governors (Sarah Johnson).

Apologies: None.

A20/23 **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.

A20/24 **MINUTES OF THE LAST MEETING**

The minutes of the meeting held on 24 February 2020 were approved as an accurate record (a copy is filed in the minute book).

A20/25 **MATTERS ARISING FROM THE LAST MEETING**

None.

A20/26 **INTERNAL AUDIT SERVICE REPORT** (Document 2i)

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:

- one report had been completed since the last meeting;
- the previously delayed contract management/procurement audit had now been rescheduled and the report would be presented to the committee in November;
- the casual and sessional staff audit has been deferred due to the current remote delivery situation, it was noted however that a review of the sessional tutor forms had been completed, though it was anticipated that these would evolve further;
- the information governance audit had not progressed as planned over the last period but a report would be available for the meeting in November;
- the work undertaken over 2019/20 would provide sufficient depth and breadth to enable the auditor to provide the College with an overall opinion;
- co-operation from College staff remained excellent.

A20/27 The committee considered the **Internal Audit Report – Follow-up**. It was noted that:

- the scope of the audit had been to ensure that:
 - responsible officers had taken appropriate action to address risks identified;
 - actions were being implemented in a timely manner;
 - actions are supported by appropriate documentation/evidence;
- the conclusion was that the College continued to make good progress;
- there were two longer standing recommendations which remained outstanding relating to IT strategy/policy and payroll, both of which were being progressed.

A20/28 The committee explored:

- the utilisation of audit days during the year, noting that it was likely that all the days would be fully utilised;
- the effectiveness of governance arrangements during the current remote working period. Members agreed that to date the approach to governance online had been effective and the

Board had dealt with some significant issues. It was noted that an initial review of the effectiveness of online governance was planned for the summer.

- the current status of the legal claim relating to procurement and were assured that this would not detrimentally impact the scope or effectiveness of the planned audit.

A20/29 The committee particularly explored risks and controls relating to current remote working. It was agreed that whilst business as usual had largely been retained in the transfer to online learning and working an oversight audit by the IAS would enable the committee to provide the Board with further assurance regarding the robustness of the working models and controls in place. The IAS confirmed that this would be possible to complete within the current allocation of days. The committee agreed that the resulting opinion should be included in the Annual Audit Committee Report to the Board for 2019/20

A20/30 **Resolved: i That a half day oversight audit be undertaken by the IAS regarding key risks and controls in place during the period of remote working.**

A20/31 **AUDIT RECOMMENDATIONS STATUS REPORT** (Document 2ii)
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.

A20/32 The committee noted that there were eight outstanding recommendations relating to IT procedures, payroll and cash and banking. It was reported that:

- the IT policy was currently being re-written as part of the new policy framework;
- failure to recruit to the senior payroll and finance officer post had delayed the implementation of recommendations;
- remote working had impacted on the ability to implement some of the cash and banking recommendations, partly as a result of a restructure of the reception team and partly due to a particular activity not currently taking place e.g. handling petty cash.

A20/33 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.

A20/34 **RISK LOG** (Document 3i)
The committee considered the risk log which had been developed to manage the particular risks faced by the College during the period of the pandemic. It was noted that the health and safety and data protection risks would be addressed as part of the compliance mid-year reports.

A20/35 The committee received an update regarding the DFE review of residential funding and the issuing of new rules by the ESFA on 6 May 2020 and the potential implications for the College and the actions being taken to address the position. The committee explored the assurances provided by the ESFA regarding protection of funding for 2019/20, noting that this had been issued to the sector as a whole.

A20/36 The committee considered

- the risks relating to the College's IT infrastructure, capacity and capability, noting the issues and planned actions;
- the virtual open day noting that this had been well attended, feedback had been positive and further dates were planned;
- the impact of remote working on staff and students, noting that a number of staff had been referred to support services.

A20/37 It was agreed that the risks in the log were appropriate, the controls in place provided assurance and the extra-ordinary approach to risk management remained fit for purpose for this period. The committee noted that the planned review of risk management was scheduled to go ahead on 9 July

as planned, but with a more focussed group of participants which would report to the Board at its meeting in October.

A20/38 Resolved: i That the report be noted.

A20/39 FINANCIAL STATEMENTS AUDIT – AUDIT PLAN 2019/20 (Document 4i)

The financial statements auditor presented the **Audit Plan for the year ending 31 July 2020**. It was noted that the audit was risk based, the work of the audit team would be based around the key areas of significant risk, and that the key and reasonable risks for the College were as follows:

Significant

- management override of controls;
- going concern (consistent with others in the sector);
- revenue cycle includes fraudulent transactions;

Other

- pension provision;
- employee remuneration;
- completeness of creditors;

A20/40 It was noted that testing of the key risks had not arisen as a result of risks specific only to the College. The auditor explored with the committee whether there were any other areas they wished them to explore; no additional areas were identified.

A20/41 The committee explored:

- the position regarding going concern, materiality and the potential implications of the uncertain context in which all organisations were currently operating;
- the likely impact of the pension schemes, noting that contributions for USS were likely to be lower this year, but LGPS would probably increase, with issues being potentially more complex in a volatile environment;
- the impact of restructuring activity;
- the logistics of the audit which would potentially take longer but would depend on the operating environment in the Autumn, it was noted that the overall timetable was currently realistic;
- the ESFA was seeking to extend their deadline for accounts, but this was complicated by OFS retaining its current deadline;
- the increase in fees and the reasons for this, agreeing that a summary of the additional work required for 2019/20 be provided for the committee;
- the FRC finding that Grant Thornton urgently needed to improve the extent and rigour of challenge of management in areas of judgement – the committee was assured that the finding referred to two years ago and it was not anticipated it would be repeated in this year's assessment, and was in relation to the evidencing and documenting of scepticism rather than the actual presence of scepticism;
- whether there were any risks related to the potential lack of face to face audit work this year – the committee was assured that training in appropriate techniques to combat the potential risks.

A20/42 Resolved: i That a summary of the additional work required by Grant Thornton in 2019/20 resulting in the increased fee be provided for the committee.

A20/43 COMPLIANCE MID-YEAR REPORTS (Document 4ii)

The committee considered the **data protection mid-year report** and noted that:

- the report provided a mid-year update regarding data protection at the College including data breaches, subject access requests, complaints/concerns and audit activity;
- ten data breaches had been recorded for 2019/20 to date, none of which had required ICO notification

- there had been no spike in breaches during the lock down period, but staff were continuing to raise issues with the data protection officer;
- there had been zero subject access requests processed during the year to date;
- zero student complaints/concerns had been raised with the data protection officer;
- a new compliance framework had been developed which included a cycle of audit work to be carried out by the data protection officer;
- completion of the audit work had been delayed during the period of remote working but it was envisaged that this would be completed during the summer in order to be included in the 2019/20 annual report;
- the focus of the audit work by the IAS would be an independent review of the compliance framework, initial feedback was that it was very thorough;
- a number of steps had been taken to minimise data protection risks in relation to remote working, but nevertheless increased risks did remain;
- an audit checklist based on remote working guidance issued by the ICO had been compiled and this would be completed in order to identify any further controls which could be implemented.

A20/44 The committee received a verbal update regarding **health and safety** compliance for the year to date and with specific reference to the current remote working position. The committee noted that:

- the membership and operation of the health and safety committee had been reviewed and updated;
- a new compliance framework, which included contractors, was being developed;
- accident and incident statistics did not identify any areas of concern;
- all actions arising from the fire risk assessment by the local authority were currently being implemented;
- health and safety assessments for staff in relation to remote DSE working and return to work plans were being undertaken;
- appropriate plans were in place to ensure health and safety in relation to the re-opening of the campus;
- signage, screens and PPE was being purchased.

A20/45 The committee explored

- the health and safety work being undertaken in relation to the re-opening of the campus and remote working in more detail and were assured that a detailed plan was being implemented which included appropriate health and safety assessments and controls;
- the scale of staff present on site during the campus closure period, noting that this was minimal at this stage and was in line with elsewhere in the sector;
- health and safety arrangements in relation to contractor work being undertaken on site during the campus closure period.

A20/46 It was noted that a full written annual report would be provided for consideration at the next meeting of the committee.

A20/47 The committee was satisfied that compliance work in these two areas was satisfactory.

A20/48 **Resolved: i That the reports be noted.**

A20/49 **AUDIT CODE OF PRACTICE**

It was reported that the 2019/20 code had not yet been published.

A20/50 **INTERNAL AUDIT SERVICE – APPOINTMENT** (Document 6i)

The committee considered an evaluation of the work of the internal audit service during 2019/20 and was satisfied that an appropriate quality of service was being delivered.

A20/51 The committee noted that 2019/20 was the final year of the initial appointment period of three years and re-appointment would now need to be considered and approved on an annual basis. The

committee agreed that subject to the negotiation of appropriate fees re-appointment of Barnsley MBC Internal Audit Services as the College's internal audit service provider for 2020/21 be recommended to the Board of Governors for approval.

A20/52 Resolved: i That subject to the negotiation of appropriate fees re-appointment of Barnsley MBC Internal Audit Services as the College's internal audit service provider for 2020/21 be recommended to the Board of Governors for approval.

A20/53 DATE AND TIME OF THE NEXT MEETING

The date of the next meeting is **Monday 16 November 2020 at 11.30am.**