



Northern College

THE AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on **22 February 2021**.

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, Pam Radley - Barnsley MBC Internal Audit Services, Mike Redfern – Grant Thornton (up to and including A21/5) and the Clerk to the Governors (Sarah Johnson).

Apologies: None.

DECLARATIONS OF INTEREST

A21/1 None.

MINUTES OF THE LAST MEETING

A21/2 The minutes of the meeting held on 16 November 2020 were approved as an accurate record (a copy is filed in the minute book).

MATTERS ARISING FROM THE LAST MEETING

A21/3 None.

The committee agreed to re-order the agenda to facilitate attendance.

ESFA AUDIT UPDATE

A21/4 A separate confidential minute was recorded.

FINANCIAL STATEMENTS AUDIT 2019/20 – UPDATE

A21/5 A separate confidential minute was recorded.

INTERNAL AUDIT SERVICE REPORT (Document 2i)

A21/6 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 debtors;
- assurance had been requested from management that compliance with the remote working checklist had been documented.

A21/7 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.

- A21/8 The committee considered the **Internal Audit Report – Debtors**. It was noted that:
- the scope of the audit had been to provide independent assurance that the governance, controls and risk management arrangements associated with the income and credit control (debtors system) were appropriate and operating effectively.;
 - the overall conclusion was an adequate assurance opinion;
 - two significant recommendations had been made relating to updating of procedures and reconciliation of tuition and residential related income;
 - two merits attention recommendations had been made relating to wording in debt recovery letters and the chasing of aged debts;
 - all recommendations had been accepted by management and were being actioned.

A21/9 The committee reviewed the **remote working checklist**, noting that appropriate controls had been implemented.

Resolved: i That the report be noted.

AUDIT RECOMMENDATIONS STATUS REPORT (Document 2ii)

A21/10 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.

A21/11 The committee noted that there were seven outstanding recommendations relating to IT procedures, payroll, cash and banking and procurement. It was reported that:

- a number of long standing recommendations remained relating to the planned appointment to the payroll and finance lead post, it was noted that an appointment had now been made and the new post holder was expected to commence in March 2021;
- the digital strategy was currently being finalised, the ICT policies in place had been further reviewed and it had been confirmed that there were no immediate significant issues/inaccuracies and they would be updated once the strategy had been approved.

A21/12 The committee agreed that whilst it was disappointing that appointment to the payroll and finance post had been repeatedly challenging, overall appropriate progress was being made with the implementation of recommendations and welcomed the development reported.

Resolved: i That the report be noted.

FRAUD STRATEGY (Document 3i)

A21/13 The committee considered a draft fraud strategy noting that the College had a long standing set of fraud procedures but had developed this fraud strategy to meet the requirement set out in the post 16 audit code of practice.

A21/14 The committee approved the strategy, agreeing that the document provided appropriate assurance that the College had the relevant controls and procedures in place.

Resolved: i That the Fraud Strategy be approved.

ASSURANCE AND RISK MANAGEMENT – RISK REGISTER (Document 4ii)

A21/15 The committee considered the revised risk register which had been developed as part of the College's review of its risk management and assurance framework. It was noted that:

- the register was in two sections with section one covering significant actual risks which had materialised and were being actively managed by the College, and section two outlining potential risk areas faced by the College, their current status and how they were being mitigated, along with a judgement regarding the likelihood of them actually materialising into a significant active risk;
- it was envisaged that the approach would enable staff and governors to focus on the key actual risks, whilst also being able to see an overview of the full spectrum of potential risk areas and any emerging concerns;

- the register required updating since its issue in relation to the work of the further education commissioner;
- the version of section two presented was a first draft which required further development.

- A21/16 The committee:
- welcomed the new approach and agreed that the key significant risks very much reflected the live issues being addressed by the committee;
 - agreed there was a need for a risk related to the retirement of the assistant principal – finance and business services and the FEC directed appointment of an interim to the post;
 - explored the current level of resilience in the College's finance team and the corporate memory that will potentially be lost and how the College was managing that process;
 - agreed consideration should be given to how the risk register should reflect future challenges and how they will be managed by the College.

- A21/17 It was agreed that with the addition of the above the risks were appropriate, the controls in place provided assurance and the approach to risk management was fit for purpose.

Resolved: i That the report be noted.

FINANCIAL STATEMENTS AUDITOR (Document 4iii)

- A21/18 The committee considered an evaluation of the performance of the financial statements auditors in 2019/20 against a range of performance indicators, noting that;
- the audit process was not yet complete due to the on-going ESFA assurance audit;
 - it had been an extremely difficult year due to a number of external factors;
 - at some points during the period the College had found it difficult to make contact/acquire timely responses to some matters of urgency.

- A21/19 The committee gave careful consideration to a range of options including retendering and partner rotation, but agreed that in the current circumstances stability and corporate knowledge were critical factors. It was agreed however that the College should strengthen the KPIs for 2020/21 to ensure that communication and responsiveness issues were addressed.

Resolved: i That it be recommended to the Board of Governors that Grant Thornton be reappointed as the College's financial statements auditors for 2020/21.

ii That the KPIs for 2020/21 be strengthened as agreed and approved by chairs' action.

POLICIES FOR APPROVAL (Document 4iv)

- A21/20 The committee considered a revised business continuity policy and agreed that reference to a location to maintain operations from in the event of a complete site closure should be added.

- A21/21 The committee considered and agreed to recommend to the Board of Governors for approval a revised health, safety and welfare policy, noting the timetable for the review of related procedures.

- A21/22 The committee sought and received assurance that the whistleblowing policy allowed for disclosures relating to health and safety.

- A21/23 The committee considered and agreed to recommend to the Board of Governors for approval a revised risk policy.

Resolved: i That the business continuity, risk and health, safety and welfare policies be recommended to the Board of Governors for approval.

OTHER BUSINESS

A21/24 The committee noted that this would be the last meeting prior to the retirement of Joy Whistlecraft from her post as Assistant Principal – Finance and Business Services. The committee formally recorded its thanks to Joy for her outstanding contribution to the College and wished her the very best for her retirement.

DATE AND TIME OF THE NEXT MEETING

A21/25 The date of the next meeting is **Monday 14 June 2021 at 11.30am**