



BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

MINUTES OF THE MEETING OF THE CORPORATION'S AUDIT COMMITTEE HELD ON THURSDAY 16th MARCH 2023 AT 6.00 P.M.

IN THE PRINCIPAL'S OFFICE

Present: Sarah Bovill, Jo Davis (Chair), Paul Lovegrove, Rob Milton, Neil Perry, Simon Porges

In attendance: William Baldwin (Principal), Jutta Knapp (Assistant Principal), Sarah Connerty (interim governance advisor), Rachel Robson (EBR Reviewer), Chris Rising (Internal Auditor), Jacquie Punter (Assistant Principal) - item 2.2 Update on Audit Recommendations IT/Cyber Security); Rachel Robson (Stone King External Board Reviewer)

1.1 Apologies and Welcomes

Apologies received from Simon Porges and Louise Pennington. In the absence of Louise Pennington Sarah Connerty, interim governance advisor acted as clerk.

The Chair welcomed Rachel Robson (EBR Reviewer) and Chris Rising (Internal Auditor): joining via Teams and Jacquie Punter (Assistant Principal) for item 2.2.

1.2 Minutes of the last Meeting held on 24th November 2022

The minutes were approved and signed as a correct record of the meeting.

The Chair asked for an update on the strategic meeting planned for the Governing Body. The Principal noted that the SLT have agreed that the meeting will take place once the new Co-Chairs are in role so this has been pushed back for six months.

1.3 Matters Arising

It was agreed that matters arising were included on the agenda, in progress or closed.

1.4 Declaration of Interests

There were no declarations of interest received.

1.5 Principal's Update

The Principal reported that it is the first Audit Committee since the **Ofsted** inspection and the College is really pleased with the outcome. The SLT have had a good discussion around feedback and next steps and the importance of maintaining the good results. There was an SLT Strategy on the 5 January which focused on the **draft budget** and the £250,000 deficit. SLT confirm that the deficit cannot be rectified by cost savings and structural change is needed to bring it under control.

Classroom cap size is being increased from 22 to 24. This still compares favourably in the sector and is still within the SSFA averages. The College average is 19.2 presently. The labs and art rooms are configured differently and will increase by one. The Principal noted he has written an article for the AoC on the current pressures faced by the sector. ¹

The Committee asked if there are any dangers around outcomes with increased class sizes. The Principal noted that there is a lot of evidence to say there isn't. A review of workload is underway and

¹ <https://www.aoc.co.uk/news-campaigns-parliament/news-views/aoc-blogs/my-staff-got-us-an-outstanding-ofsted-and-i-repay-them-with-larger-class-sizes-william-baldwin>

this includes keeping an eye on quality. Yesterday's spring Budget had nothing for education apart from early years.

The Committee asked how much increased class sizes will save and whether it is worth it. The Principal explained that it is worth it as the only alternatives are restructuring or changing contract hours. The College is at capacity so it can't take any more students. By increasing class sizes the College can take 139 extra students which is worth around £750k. Because of lagged funding this will be realised in two years and will be an added cost in the immediate. It is difficult to predict staff savings but it could be close to £250k in year 2. Staff are very pragmatic about increase but it runs on discretionary effort.

Industrial action continues with two days of strikes last week. The average number of staff taking action is 93. The College does need to close and move to online teaching on strike days. There is a concern from SLT about matching pay awards and the lack of funding available. BHASVIC management are doing all they can to support staff and manage the industrial action for students.

[18.13 - Chris Rising, internal auditor joined the meeting]

The Principal reported that the accounts remain tight. At the Resources Committee earlier this week the draft budget was discussed in detail. It is changing daily because there are so many uncertainties. The government have confirmed the plans to defund **BTECs** which will impact on 10% of College provision. It is a universally unpopular decision. The government are pinning all their hopes on **T Levels** despite four out of six T Levels being delayed because they are not ready to roll out. There is a very different correlation between BTECs and T Levels with students at grade 3 and 4 not eligible for T Levels. Part of the curriculum work the College is undertaking is de-risking this situation and looking at alternative provision. The additional 40 hours are being utilised well and although it has been a time consuming and fiddly process it is educationally sound.

An Assistant Principal for Digital and Comms has been appointed. They bring experience from a previous role which will allow the College to maintain momentum in this area.

BHASVIC and FE Sussex have won a **Beacon award** for education in sustainable development.

The ladies football team are through to the national cup final on the 4 May which is the third time in six years.

The Committee passed on thanks for the update and congratulated the College on excellent results.

1.6 Feedback on Tender for External Auditors

Jutta Knapp reported that three firms presented tenders on Monday (RSM, Buzzacott, Alliot) to the Assistant Principal and Chair of Audit Committee. The College needs to go out tender every five years and was due to retender last year. All three firms were appointable. Key discussion points included:

- In terms of value for money RSM were considerably more expensive, at 47% and 27% above Buzzacott and Alliot
- The College has one type of provision, no high risk activities, a large number of clean audit reports and in the current financial climate would struggle to justify the additional spend from RSM
- RSM have been with the College for a number of years and have provided a good service
- All three firms have SFC experience
- Local SFC's have been contacted for references on firms and these have been positive
- All three firms sit on the same ESFA audit forums
- The audit fees are included in the draft accounts

Jutta Knapp noted that her preference would be Alliot as they have a prior knowledge of the College and are the most favourably costed. The Chair noted that her only concern is that Alliot are growing their sixth form provision and have only eight colleges and one SFC. With a very experienced Chair leaving in the summer and two new Co-Chairs starting in the role there will be less access to sector experience so more emphasis on emerging issues will be needed.

The Committee noted that an internal audit service is not a requirement and the College chooses to contract the service because it has been very valuable and audits do give assurance and areas to focus on. It was agreed that the IT audit was very helpful. The size of the audit service is important and in the current financial environment looking at a reduced scope audit is an important discussion for the Committee. Jutta Knapp noted that every year there is a learner numbers audit and audit work is agreed in consultation with the College's risk register. The draft audit plan will come to the Committee in June to look at risk and the audits required. There was a detailed discussion about the funding audit and the value of it.

RESOLVED: The Committee recommended to approve to the Board Alliotts as the College's External (Financial Statements) Auditors, effective from 1 April 2023 for a five year term.

2.1 Internal Audit Reports

a) Governance

Chris Risling reported that the audit had been commissioned to look at governance arrangements in advance of the External Board Review. The outcomes were very positive and it was pleasing to see that the arrangements expected are in place. Through the meetings and discussions with Committee Chairs it is clear that there is a real awareness about how to make sure that the best value is gained out of the Committee structure. The Committees really help to support and inform the business of the Board.

There were no control weaknesses. To enhance those arrangements there are four low level recommendations:

- 1. Self-assessment** – an assessment of what Committees have achieved and forward thinking of objectives would be valuable.
- 2. Front sheets** – in the main they are utilised well and that could be a helpful way of steering items that are verbal discussion based.
- 3. Success measures in the strategy** – there is an opportunity to make them more quantitative and SMART to better assess achievement.
- 4. Assurance on actions of management of risk**

There are no significant issues in governance and this is a positive outcome for the College.

The Committee asked for further details around the comments in the report about improvements to setting targets and objectives. **ACTION:** Chris Rising noted that some of the measures in the strategy felt general and agreed to go back to his notes and share specific examples with the Committee.

ACTION: The Chair noted that the Search and Governance Committee considered the first three recommendations and management responses and the Chair will send through details to Chris Rising.

There was a discussion about the recommendation on the review of the strategic plan. Chris Rising explained that it is about taking a step back when indicators are set rather than immediate action for now.

[Chris Rising departed 18.26]

2.2 – Update on Audit Recommendations

Jutta Knapp reported that there are a couple of recommendations:

- IT and security – implementation of the audit recommendations are in progress
- Access to payroll systems –the College has a self-serve system and staff members are able to change their bank details. One member of IT has the permission to reset passwords. There is confusion in the recommendation which is being followed up with the auditors. There has been a change of process in HR to ensure that individuals are responsible for updating their own details and staff will be asked to come into the HR office if they are unable to change details online.

Cyber Security update

It was agreed this was a useful audit. Jacquie Punter explained that the report is an update on the progress made to date. It has been challenging and the team is bringing the risk down as much as it can before re-evaluating in the summer. Back ups and managing of devices and patching are key areas of progress. The team is dealing with a legacy system which is challenging. Some formal training has been done in the team. Good progress with reviewing priority accounts and controls has taken place. Overall there is progress, it is a big challenge and progress is iterative. The main objective is to get everything to green or amber by the end of the academic year. The report was a wakeup call for the College and the team are bringing in systems which have given a much better visibility on issues. It is a challenge because it is about managing the risks of what we do, rather than the risks out there. It is about the ability to deliver outstanding teaching and learning.

Simon Porges asked via email when the College will get to a point of documenting points around risk appetite. The Principal reported that the current risk register and risk management policy needs review to allow the College to document risk appetite more systematically. This competes with the failure to maintain financial capability and the Committee asked at what point appropriate resources get put in place. **ACTION:** The Principal agreed to take this point forward with SLT.

The Committee noted that it is about not treating cyber security as an external area, it is about SLT embracing and asking how this impacts what we do as a College. Leadership needs to come from SLT rather than from the IT team. The Resources Committee reviewed the cyber security update and welcomed the progress made and did not raise anything of significance.

There was a discussion about when the risks would start to reduce and is there a plan to have an overall data statement. The Principal noted that he would have concerns about reducing the risks from a 9 and it is more about what needs to change to reduce risk and the plan for resourcing and budgeting this work. The Committee asked about the risks to the College and the impacts and where are the reds against our critical services. It was agreed that the IT team are looking at the mitigations that will have the most impact. It was noted that for all organisations cyber security is right up there as a red risk. Jacquie Punter explained that the College is almost entirely dependent on systems to function.

The Committee asked about timing for starting the work and it was noted that the IT team are attempting to protect and back up as best they can and manage other processes to mitigate as many risks as fast as possible. At the Chair of Corporation's suggestion Jacquie Punter had met with a college with a green cyber security audit and this was really helpful. They have a huge amount of resource and the set ups were remarkable for a college budget.

[Jacquie Punter departs 19.04]

2.3 – Auditors' Performance Indicators

a) Internal Auditors – it was agreed that RSM have been very good and there has been excellent liaison between the College and auditors. The auditors have added value.

b) External Auditors – this is the second year with McIntyre Hudson. There are no concerns and they produced a very good IT audit.

It was noted that the document was recirculated with grades included.

RESOLVED: The Committee approved the performance indicators for the Internal and External Auditors

2.4 – Risk Register

It was agreed that the Committee had already discussed on the agenda a number of the high risks. The Committee discussed the following:

ONS reclassification – Jutta Knapp noted that detailed guidance has not yet been issued and SLT continue to monitor. One concern is the proposed moving of the financial year end where there are already complexities around budget planning.

Inflation and increased costs – the College has secured an energy contract

Phasing and data protection – data breaches have been reworded. An internal staff member is auditing GDPR.

Jutta Knapp noted that most of the key risks are those that are difficult to control and the internal risks are lower than external ones because the College has more control to put mitigations in place.

RESOLVED: The Committee approved the latest version of the Risk Register to go forward to the Corporation

2.5 – Risk Assurance Map

Jutta Knapp reported that the map looks at where the College has areas with no independent assurance and how the Committee is assured from management or governance oversight. The reclassification of ONS was raised as an area where it is not yet possible to get independent assurance so the Audit Committee comment is that this is a watching brief. The reclassification came into force on the 29 November 2022. There was an understanding that reclassification would allow colleges to claim back VAT but this has not been granted. Colleges now need DfE consent for commercial borrowing. A change to a March year end is proposed and audit firms have confirmed that they do not have the capacity in the sector to audit accounts in this timeframe. The Committee asked if there is action the Corporation can take to support management in raising concerns and the Principal noted that lobbying is taking place from the AoC and SFCA.

The Committee discussed the importance of independent assurance and its value from an internal audit perspective. **ACTION:** Jutta Knapp proposed leaving the assurance section of the map blank for the Committee to discuss and update at the meeting. It was agreed this would demonstrate that the Committee has considered risk robustly and has identified any further action required. It was agreed to implement this from the next Committee.

RESOLVED: The Committee approved the risk assurance map to go forward to the Corporation.

3.1 – Policies

There were no policies to consider.

4.1 – Fraud Report

There have been no reported incidences of fraud since the last meeting.

4.2 – Any Other Business

There were no items raised.

4.3 - Date of Next Meeting – Thursday 22nd June 2023

Meeting closed: 19:24

Chair Date