



## BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

### MEETING OF THE AUDIT COMMITTEE HELD ON

**MONDAY 25<sup>TH</sup> NOVEMBER 2024 AT 6.00 P.M. IN ROOM 22, PRINCIPAL'S OFFICE**

Present: Guy Carr, Jo Davis (Chair), Jack Fosberry, Rob Milton, Daniel Osorio, Neil Perry

1. In Attendance: Kirstin Baker (Co-Chair of Governors – for the External Audit items to provide assurance to Corporation), William Baldwin, Jutta Knapp, Louise Pennington, Chris Rising (MacIntyre Hudson – Internal Auditors) for items 2.0 and 2.5 via Teams and Chris Mantel (Alliotts, External Auditor) for items 2.0, 2.1 and 2.2 via Teams

The meeting was quorate.

*NOTE: FOR EASE OF REFERENCE QUESTIONS AND COMMENTS FROM GOVERNORS HAVE BEEN INCLUDED IN BOLD ITALICS*

### SECTION 1: ROUTINE AND STANDING ITEMS

#### 1.1 Apologies and Welcomes

**Welcomes:** Jack Fosberry

Chris Rising (MacIntyre Hudson Internal Auditor) via Teams

Chris Mantel (Alliotts, External Auditor) via Teams

**Apologies:** None

The Meeting was quorate.

It was resolved to take items 2.0, 2.1 and 2.2, followed by 2.5 so that Kirstin Baker and Chris Mantel could leave the meeting after 2.0, 2.1 and 2.2 and Chris Rising could leave after 2.4

It was agreed that Kirstin Baker should remain for the rest of the business as an observer.

#### 1.2 Minutes of the Meeting held on 20<sup>th</sup> June 2024

The minutes of the last meeting were agreed and signed as a correct record of the meeting. **ACTION:** Chair/LEP

#### 1.3 Matters Arising

##### a) Actions' Schedule

The contents of the actions' schedule were noted by the Committee, taking into account those items which had been completed and those which were being carried forward or due to be completed later in the year.

It was confirmed that the action referenced relating to agenda item 4.2 was in respect of the various Committee self-assessment input made at the June 2024 Meeting.

#### 1.4 Declarations of Interest – None

#### 1.5 Principal's Update – Quality and Curriculum and Resources Matters

William Baldwin gave the following presentation to the Committee:

## Headlines:

- Good results especially significant improvements from the closing the gap initiative, which has seen significant improvements in retention and results for disadvantaged Students.
- Enrolment – an additional 250 Students have been recruited this year and this is at the estate's capacity limit.
- 28 new Staff have been recruited this year, although not all on a full-time basis.
- The Government is reviewing the future of BTEC qualifications – expectation is that an announcement may be made before the end of the year.
- 2 main issues reported to Resources Committee: 5.5% cost of living staff pay award granted to Schools including 16-19 academies, but excluding sixth form colleges. The Teaching Union (NEU) has confirmed that strike action will take place over 3 days before Christmas, with further likely strike days in the New Year. The Government also announced additional money to be allocated to FE but this will not be for Staff pay. The SFCAs have submitted a legal challenge regarding the inequitable treatment of SFCs. Regarding the College's Estates, planning permission is awaited for the proposed new building to replace the temporary accommodation – the application was submitted a year ago, but some aspects have been changed. Work on extending the Piazza Café has commenced today, which will provide more social space and once planning has been received for the new building, the planning for the new artificial pitch and netball court (£2M budget) will be submitted.
- Academisation discussion was held at the last S & G Committee and will be reported to Corporation in December.
- Regarding the budget, the Committee queried the impact of the cost of living staff pay award and the NI increase etc and Jutta Knapp explained that the key issue related to the former as the Government had confirmed that funding would be provided to cover the NI increase (due April 2025); currently 3% pay rise has been included in the budget for the current year but the current financial position, would not allow 5.5% pay rise to be offered. It was also noted that any changes in the living wage would impact those at the bottom of the pay spines and at some point would have an impact higher up the pay spines, when adjustments will need to be made.

## SECTION 2: AUDIT AND INTERNAL ASSURANCE ITEMS

### 2.0 Committee Members to raise questions and discuss Audit Matters in the absence of Management

At this point the Principal and Vice-Principal left the meeting.

The Committee discussed audit business and agreed that there were no issues to raise in the absence of management.

The Principal and Vice-Principal re-joined the meeting at the end of item 2.0.

### 2.1 Audit Management Report

#### Papers:

- a) **Audit Management Report with Letters of Representation for Financial Statements and Regularity Audit**
- b) **Financial Statements (for information only) for the year to 31<sup>st</sup> July 2024**

Chris Mantel presented the Report and the following points were noted:

- The Audit process worked very efficiently with prompt support from Jutta Knapp and her team.
- No audit issues have been identified, noting a well-run Finance department with effective controls in place.
- The audit will be signed off by the auditors as unqualified for all aspects including the regularity audit.
- 2 points were referenced – extra disclosures included within the Financial Statements and the College has a bank facility in place which is due to renewal in May 2025 and can't be renewed owing to FE College's being reclassified to the public sector under the ONS regulations, which means that no third party borrowings may be used. The Department for Education has confirmed that Colleges with bank borrowings may transfer their loans to the DfE – interest rate and details to be confirmed, but the interest rate will be cheaper. The auditors have witnessed this transition at other Colleges, notwithstanding that the process was fairly complicated and not quick. BHASVIC has already applied to the DfE for loan transfer but Chris Mantel advised that from his experience of witnessing other Colleges having processing this, this was unlikely to be finalised until much

nearer to the loan renewal deadline (February/March 2025). In response to a question from the Committee, Chris Mantel confirmed that they had no concerns regarding BHASVIC's situation and that there was no risk to the College. The second audit point and recommendation related to capital bid procurement when the College went out to tender with what was in effect a roll forward of an agreement – following the auditors' recommendations SLT has agreed to formalise this appropriately going forward within a revised Procurement Policy. **ACTION: Jutta Knapp**

- Taking into account the above loan references, Chris Mantel reminded the Committee about the “going concern” statement in respect of 12 months from the year end and confirmed that the loan details about had been fully disclosed here, notwithstanding, that the auditors' going concern statement is the standard wording used as in previous years.
- In response to a question from the Committee regarding the sufficiency of the external audit processes involved and associated assurance provided, the contents of the detailed Audit Management Report was noted, together with the fact that the Co-Chair of Governors was present for this part of the Meeting in order to provide additional assurance to the Corporation when the various documents are presented for approval. If there was a significant audit issue identified by the auditors, the External Auditors would be invited to attend Corporation to present the External Audit Management Report. The Committee discussed whether any further assurances would be required, but it was recognised that the existing Audit work and processes, reporting via the External Audit Report and the presence of the Chair to provide additional assurance, was appropriate for reporting purposes and should enable the Corporation, based on the Audit Committee recommendation, to approve this item. Jutta Knapp invited Governors to request any additional information from the auditors or SLT relating to the audit work, should they find this necessary.

At this point Jutta Knapp assured the Committee that all the information, as detailed in the Letters of Representation, was provided or made available to the Auditors as required.

Once the Corporation has approved the Annual Report and Financial Statements and associated documents from the various committees, the Chairs will be asked to sign the Annual Report and Financial Statements, along with the Regularity Audit Questionnaire, Audit Committee Annual Report (Chair of Audit Committee) and the Letters of Representation

Chris Mantel recorded his thanks to Jutta Knapp and her team for their assistance during the audit work.

Subject to the points raised above, the document was recommended to Corporation for approval, including page 31 of the papers (letter confirming the terms/fees). **ACTION: Jutta Knapp**

At this point, the Committee thanked Chris Mantel and his team for their audit work, after which he left the meeting.

## **2.2 Regularity Audit Framework Questionnaire**

The contents of the regularity audit questionnaire drafted by Jutta Knapp and Louise Pennington, were considered and approved by the Committee, noting that the document was completed and provided to the auditors at the start of their audit work.

The following additional points were recorded:

- ESFA audit last week looking at bursary funding and free college meals. Any grant not utilised may be carried forward for 1 year only. There is a small income retained by the College to go towards administrative costs. The outcome from the audit was positive with no issues arising apart from a couple of minor errors where Students were not recorded on the ILR (Individualised Learner Record) which impacts the College's funding allocation. The second area highlighted related to bursary funding where ESOL Students had not signed the respective form for free college meals; it was explained that ESOL Students needed assistance in completing the forms and information was also required to be obtained from social workers and carers etc – 3 out of 35 had not been signed. To remedy the problem, the College has submitted a request for software to be updated to make the sign off box a statutory requirement before it can be uploaded to the system. Jutta Knapp also explained that the College had decided to pay cash (Free school meals allocation of £5 per day allowance) for certain Students during Ramadan so this would tie in with eating at the end of the day, noting that the funding guidelines states that cash can only be paid in exceptional circumstances. An update will be provided to the next Audit Committee. **ACTION: Jutta Knapp**

- Subject to the points made above, the RAFQ was recommended to Corporation for approval noting that the regularity audit questionnaire, letters of representation and Financial Statements would be signed by the Chair/s once approved by Corporation. **ACTION: Jutta Knapp**

### **2.3 Audit Committee Annual Report for the year ended July 2024 (Audit Committee Chair to sign after Corporation approval)**

Jutta Knapp presented the document which the Chair of Audit Committee will sign once approved by Corporation at its December 2024 Meeting.

The Committee approved the document and recommended it to Corporation for approval, after which it will be submitted the ESFA with the Annual Report and Financial Statements etc by 31<sup>st</sup> December 2024. **ACTION: Jutta Knapp**

### **2.4 Update on Audit Recommendations**

The contents of the document were noted by the Committee, with no additional comments received from the Committee.

### **2.5 Internal Audit Reports**

#### **a) Audit Annual Report - McIntyre Hudson**

**Report was circulated to the Committee members earlier today having been omitted from the original pack**

Chris Rising (McIntyre Hudson) presented the Report to the Committee and thanked Jutta Knapp and the Finance Team for their help and support during the audit process. The following points were recorded:

- Opinions on systems of internal control and risk management in respect of audit work undertaken during the 2023/2024 disclosed in the report were noted by the Committee along with the conclusions provided on the 3 audit areas.
- 1 of the audit areas (procurement): opportunities were identified to strengthen a number of tenders and agreed with management, along with various other recommendations suggested.
- The other 2 audit areas were quality assurance and estates management.
- Substantial assurance was provided by the auditors, with 1 medium audit recommendation.
- The Report will be included in the Corporation meeting papers for noting and endorsement regarding the recommendations.
- In response to a request from the Committee Chris Rising agreed to revise the report to amend a number of typographical errors and updates. **ACTION: Chris Rising**

Chris Rising agreed to revise the audit Report as noted above and share this with the Committee as soon as possible. **ACTION: Chris Rising**

At this point Chris Rising was thanked for his report and he left the meeting.

### **2.6 Risk Register and Risk Assurance Map**

The Report was introduced by William Baldwin the contents of which were noted and the following points recorded:

- risks reflect discussions held regarding BTECs, standalone SFCs etc
- Ratings given, together with commentary and residual risk, together with risk assurance map details were reviewed and agreed with the Committee, which confirmed the assurance provided per risk was adequate.
- Adverse Government funding risk – and the budget reports, internal and external audits and CFFR (College Financial Forecasting Return), were all taken into account. The Committee reflected on the proposals within the Internal Audit Plan approved at the last meeting, and discussed whether there were any other areas where independent assurance would be useful for the Governing Body – for inclusion in the following year's Internal Audit Plan. It was agreed that the assurances provided to date and scheduled within the latest Internal Audit Plan were adequate and also took into account assurance from each Corporation Committee. It was suggested that once the new CCTV had been implemented, it would be useful to have an audit of site security. **ACTION: Jutta Knapp/Mark Monahan**

- In due course, other internal audit assurance areas may include SEND provision/Additional Learning Support to ensure the College is meeting its statutory duties around High Needs Students and that due process is followed. **ACTION: Jutta Knapp**
- The Committee also discussed the future of BTECs and the remaining uncertainty and also the reduction in the number of SFCs standalone Colleges – and it was noted that this would be reviewed by SLT and then Corporation post the Government's CSR. It was also noted that S & G Committee had discussed academisation and that a paper would be going to Corporation for discussion too.
- Cyber security continues to be high priority and the Committee was reminded that reporting from Management used to come to Audit Committee but had transferred to Resources Committee as part of the Digital Update.
- Unexpected budgetary increase in cost base – the main issue of Staff pay was noted and that this had been discussed at Resources Committee.
- Other areas to add to future Internal Audit Plans - include Data Protection/GDPR (last carried out 2 years ago) – so possible add this to the Plan next year. **ACTION: Jutta Knapp**
- It was also recorded that examinations' internal audit had been completed recently so was not due to be revisited, noting also that JCQ (Joint Council for Qualifications) had also carried out a site visit recently.
- Business Disruption links with cyber security and it was resolved to include this in a future internal audit plan along with cyber security. **ACTION: Jutta Knapp**

The Committee recommended the risk documents to Corporation for approval.

The final version would be presented to Corporation for approval, noting that the Committee had been assured by the arrangements and progress underway. **ACTION: William Baldwin**

### **SECTION 3: CONSENT AGENDA**

#### **Policies and Other Documents**

None

### **SECTION 4: OTHER MATTERS**

#### **4.1 FRAUD REPORT**

Jutta Knapp reported the following to the Committee:

- The College makes use of virtual payment cards, which are issued by the College's bank, Lloyds, which provides 1 off use or short-term use (half term/term etc). Lloyds has reported that there were a few unexplained transactions this month all recorded from the USA and all were decided, but investigations are underway by the bank, to determine how this has happened and the culprits.

Jutta Knapp confirmed that there was no financial loss and that adequate in-house controls remained in place, including verification of payments by the appropriate manager.

The College will continue to use the virtual payment cards but only single use cards at present.

An update will be provided to the next meeting. **ACTION: Jutta Knapp**

#### **4.2 ANY OTHER BUSINESS**

Thanks were recorded to Neil Perry and Daniel Osorio for their work on the Audit Committee, noting that this was their last meeting prior to their retirement.

There was no other business.

#### **4.3 Date of Next Meeting – THURSDAY 13<sup>TH</sup> MARCH 2025 AT 6.00 P.M. in the Principal's Office, Room 22**

### **SECTION 5: CONFIDENTIAL BUSINESS**

**5.1 Confidential Minutes from the Last Meeting – 20<sup>th</sup> June 2024 – None**

**5.2 Matters Arising** – not applicable

**5.3 Any Other Business (confidential)** – None.

The meeting closed at 7.40 p.m.

Louise Pennington

Clerk to the Corporation

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**Chair of Audit Committee**

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**Dated**