

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

**MEETING OF THE AUDIT COMMITTEE HELD ON**

**THURSDAY 25<sup>th</sup> JUNE 2020**

**AT 6.00 P.M. VIRTUAL MEETING VIA ZOOM**

Present: Phil Anderson, Louise Askew, Sarah Bovill, Jo Davis (Chair – first meeting), Mick McLean, Neil Perry.

In Attendance: Mohammed Ahmed (co-opted Committee member, subject to Corporation approval with effect from September 2020), William Baldwin, Jutta Knapp and Louise Pennington

Lucy Jarrett (Mazars – Internal Auditors) – present for the internal audit reports

*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**

Apologies: None

The meeting was quorate.

**1.2 Minutes of the Meeting held on 28<sup>th</sup> November 2019**

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

The Committee was reminded that the meeting scheduled provisionally for March 2020, had been cancelled.

**1.3 Matters Arising**

The contents of the actions' schedule were noted by the Committee and Jutta Knapp confirmed that the 3 items listed would be carried forward and dealt with as necessary, but noted that with regard to the third item listed regarding the recommendation that the College should have a more detailed review of the nature of each of the College lettings undertaken, that this had not been an issue in terms of VAT implications, during this academic year owing to Covid-19 whereby there were fewer lettings during this year.

**1.4 Declarations of Interest**

None.

**1.5 Covid-19 Update and College Re-Opening**

**PAPERS:**

**a) Front Sheet**

**b) Covid-19 Re-Opening Staff Guidance**

**c) Phase 3 Planning Consultation**

**d) Phase 4 Planning Consultation**

**e) College Risk Assessment Phase 1-2 Re-Opening**

The contents of the papers, as presented by the Principal, were noted by the Committee members who were also made aware that the documents were also included in the other Committee meeting papers (Resources and Quality/Curriculum), as SMT thought it was important to provide all Governors with information recording the College's work towards re-opening.

A few highlights were brought to Committee's attention:

- The current status is at Phase 3 of re-opening, in which there is provision for vulnerable learners and those who have disengaged with learning, to enable such Students to work on site. This phase also provides the option for departments to trial delivery with some students and/or invite other students into College provide support to those who are struggling with engaging in remote working. The average number of Students on site currently comprises in the region of 100-150 on site per day, representing approximately 10% of the College's Year 12 cohort.
- Currently the College will be restricted to allowing no more than 25% of Year 12s on to the College site, based on the 2 metres' social distancing requirements.
- Following a review by SMT, the College will not have the capacity to provide any centralised curriculum offer for the remaining 3 weeks of term left prior to the Summer break. As a result, SMT decided in consultation with Staff that time should be spent focusing on preparations for a return to College in September based on 4 scenarios: lockdown, business as usual and social distancing 1 metre and social distancing 2 metres.
- Should a 1 metre social distancing requirement be recommended by Government, this would increase the capacity to between 50% and 75% of overall numbers, depending upon the class room size.
- The College's CQT (Curriculum and Quality) Team are investigating the best way to deliver the curriculum to Students, based upon a reduction in face to face time, in readiness for the proposed September re-opening.
- SMT and Staff have had detailed discussions with respect to risk assessments per department and at overall College level. With regard to Students, a guidance document will be issued with do/don'ts rather than specific risk assessments, as it was thought that this would assist and support Students more effectively in their return to College.
- SMT are confident that the phased re-opening with fewer Students, will enable the new processes and guidelines to be tested, prior to September re-opening and at the same time to allow Staff and Students to gain confidence during this initial phased opening of the site.
- Regarding Student enrolments for September, the College's applications indicate that next year will be over-subscribed however uncertainty remains owing to Covid-19 issues such as whether Students may be deterred coming to BHASVIC if they have to use public transport, bearing in mind that nearly half of Students travel to College from outside the City. SMT has mechanisms in place to assist any shortfall in targeted numbers (1,600 new Year 1 Students), including ongoing liaison and communication with those Students on the waiting list. Presently the metrics indicate that the College's numbers could be between 50 Students under the target or 100 students over the target.
- Other concerns being taken into account include impact upon the College's finances and the estates, bearing in mind that the new building won't be ready for September owing to the delay caused by the pandemic. The current new building target completion date is the second half of the Autumn Term. Should social distancing continue to be imposed in September, then the delay in the new building will have little impact as fewer Students will be on site at any one time, with a blended curriculum offer being provided. However, should the social distancing requirements be removed altogether, then this would pose a problem regarding classroom availability to cater for all Students on site.

#### **Questions from the Committee:**

- Governors noted the focus on achieving adequate Student numbers to ensure that there was no impact on BHASVIC's quality of education and reputation. The Committee was given assurance that both the Quality and Curriculum Committee and the Resources Committee had discussed the risk. The Principal advised that Student numbers currently were looking promising with numbers anticipated to be within a range of 50 under and 100 over the target of 1,600. The Principal reminded the Committee of the usual admissions process, with priority admissions' deadline being on the first Friday in December. The latter doesn't prevent prospective Students apply after the annual priority deadline, but those applicants would be placed on the waiting list. Assurance was provided to the Committee which noted that 1,700 Year 11 Students had logged into the BHASVIC VLE for their "moving on" work. The Committee were also made aware of the uncertainty arising from Students who may have concerns about using public transport to travel to College, which may have an impact upon numbers, bearing in mind that approximately 50% of Students travel from outside the City.

- Governors asked for feedback on the workings of the College, since some Students and Staff had returned on site and noted that although early days, it was a promising start and a chance to test the College's new safe distancing processes, but also noting that the atmosphere was different with so few Students and no Café open etc
- The Committee questioned whether there was a reasonable understanding within the existing and new Student population that they were unlikely to get the same experience as normal ie with blended learning, remote working, social distancing etc. The Principal advised that Parents and Students were updated regularly with progress for a return to College including information about preparations for blended delivery in September. It was also noted that a few Parents have contacted the College stating that they were surprised that this would be the case and that there wouldn't be a return to normal, but the majority are aware of the future learning arrangements and understand the situation. Mental health issues were also noted arising from remote, working, social distancing, travelling on public transport etc were also noted.
- The Committee asked for feedback on the Finance Department's experiences during the lockdown and Jutta Knapp reported that the Department members were all working well from home with no difficulties and this has been helped by the finance system now being web-based. However, the Finance staff are able to return to College now if they so wish, with flexibility at the moment for those opting to remain at home; the situation, including flexible working, will be reviewed prior to September though. The Finance and HR Departments have also tested successfully a move from paper to electronic processes for many of their functions.
- The Committee queried the risk assessment process across College particularly regarding pre-population of risk forms where there might therefore be the inclination to rely on the existing text. In response Jutta Knapp reported that the forms had been introduced owing to confusion arising from some Staff and the pre-populated forms have been prepared with advice from the College's Health and Safety Officer, with each Head of Department monitoring and ensuring that the forms are completed thoroughly. The initial intention was to ensure that all key risks were flagged up so that each Department could then give some thought to the risk and possible solutions for mitigation. SMT's experience was that this approach has meant fewer risks have been overlooked.

## 1.6 Strategic Plan

The Principal presented the 1 year addendum to the 3 year strategic plan (ending in 2020) which had been recommended by the EGC at its April 2020 meeting as the best way forward in light of the current pandemic.

The Plan was recommended to Corporation for approval. **ACTION: William Baldwin**

## SECTION 2: AUDIT AND INTERNAL ASSURANCE ITEMS

### 2.1 Internal Audit Reports

Lucy Jarrett (Mazars) presented the internal audit reports to the Committee, highlighting the following key points:

#### a) Follow Up to Include Learner Numbers

The Committee was reminded that the Learner Numbers audit had not been completed owing to Covid-19.

There were 4 significant and 4 housekeeping recommendations from the previous internal audit work and all have been implemented. On testing, despite the agreed measures being implemented, the auditors found some non-adherence to the new measures with regard to one of the significant recommendations, relating to purchase orders. Hence this will be included in the next Follow up Plan.

In response to a point raised by the Committee regarding dates for implementation for audit actions, Jutta Knapp explained that dates are included with the intention that Management and Staff are able to comply with these within a reasonable timescale, but regarding the raising of purchase orders' significant recommendation point identified in the report, although training had been given to staff to resolve the issue, some Staff hadn't complied fully. Lucy Jarrett confirmed that the action had been implemented as agreed, but when the auditors took another sample to verify this, as some non-compliance had been identified, it would be carried forward to ensure this has been properly embedded.

## **b) Capital Projects**

This report provides adequate assurance with 2 significant recommendations both of which have been implemented in relation to the new building contracts, time management and communication processes etc. It was noted that one of the significant recommendations related to consultation with contractors where the auditors found that this had not been the case.

At this point the Committee asked Mazars whether there were any issues which they'd wish to raise in the absence of management and in response Lucy Jarrett advised that there was nothing to report and that arrangements with Jutta Knapp and her team, worked very well and that there were good systems of internal control. At this point it was recorded that Mazars had served notice to the College to cease its internal assurance provision, noting that this was in fact in respect of all their internal assurance provision within the sector.

The Committee also noted the outcome from the GDPR advisory internal audit which had 3 recommendations – 1 significant and 2 housekeeping, the implementation of which will be deferred until Summer 2020 owing to Covid. As this was an advisory audit, there won't be a follow up assurance process.

Although the internal audit reports' front sheet stated "for approval" for action, it was confirmed that the reports were in fact "for noting" only.

Thanks were recorded from the Committee to Mazars for their internal audit service.

Lucy Jarrett left the meeting.

### **2.2 Update on Internal and External Audit Recommendations**

The paper presented by Jutta Knapp was noted by the Committee.

### **2.3 External Audit Planning Memorandum (Annexes available on request)**

The contents of the document issued by the External (Financial Statements) Auditors was considered and recommended to Corporation for approval. **ACTION: Jutta Knapp**

Jutta Knapp confirmed that Dominic Blythe and his team at RSMUK provided the College with a very thorough service and drew the Committee's attention to the fee increase for next year owing to the greater emphasis now required on going concern and greater focus on key risks, in light of the pandemic and the financial climate (fee increase from £14,750 to £17,850). The Committee agreed that the fee should be reviewed next year to ensure that a year on year increase, above inflation, is not repeated, without good reason. Jutta Knapp advised that she thought the service was good value and that the fees compared similarly with others in the sector and that a good service was provided.

It was noted that the new Audit Code of Practice had not yet been issued by the regulators, so there may be other changes in requirements, once it's issued and the College and RSMUK will ensure that we are compliant. As agreed with the Committee, Jutta Knapp referred to an emerging issues document, copy of which will be uploaded to the Governors' section of the VLE – Audit folder. **ACTION: Jutta Knapp/Louise Pennington**

### **2.4 Performance Indicators for Financial Statements' Auditors**

The proposed performance indicators in respect of the 2019/2020 year were discussed by the Committee and endorsed. These were recommended to Corporation for approval. **ACTION: Jutta Knapp**

As recorded earlier in the meeting, Jutta Knapp confirmed that the College received an excellent service and that the team were responsive, on time and that their guidance and advice was invaluable.

## **2.5 Reappointment and Remuneration of Internal and External Auditors including Internal Auditor's (Mazars) Letter of Resignation**

Referring also to the discussion held earlier under item 2.3, on the recommendation of the Finance Director, the Committee recommended the reappointment and remuneration in respect of the External Auditors. **ACTION: Jutta Knapp**

Regarding the letter of resignation received from Mazars in respect of the Internal Audit service provided, Jutta Knapp explained that Mazars were withdrawing from education sector with regard to its internal assurance provision and that as a result the College would be initiating a tender process to seek new Internal Auditors – details to be advised in due course. **ACTION: Jutta Knapp**

At this point the Committee discussed continuing with the internal audit function, which was optional to Colleges. The consensus reached was that the College should continue with an internal assurance service which to date had provided valuable assurance to both Management and Governors and ensured that there was an independent oversight and checking process for the College's business which added value to all, including Staff. The Committee also discussed whether an in-house internal audit service might be appropriate but it was concluded that it would be more appropriate to seek an independent expert.

The Committee was informed that there were only a few audit firms offering an internal audit service and Jutta Knapp confirmed that she would invite a number of firms to submit tenders. A Tender Panel of 3 would then be convened, involving the Chair of Audit (or alternate), the Principal and Resources Director which would make recommendations to Audit Committee for approval. Sarah Bovill offered to review any proposals submitted too and Jutta Knapp confirmed that she would share these with her. **ACTION: Jutta Knapp**

## **2.6 Risk Register**

The contents of the risk register were noted by the Committee and the Principal drew particular attention to the Covid-19 risks and the updates incorporated following the Emergency Governance Committee (meeting on 30<sup>th</sup> April), noting that the relevant risks had also been to Quality and Curriculum Committee and Resources Committee.

The Risk Register was approved by the Committee and recommended to Corporation. **ACTION: William Baldwin**

## **2.7 Risk Assurance Map – including assurances from Corporation Committees**

The paper was considered by the Committee and Jutta Knapp confirmed that the Map had been updated since the recent Committee (Q & C and Resources) meetings to ensure that their recommendations had been incorporated. It was noted that the number of risks at a high level had increased significantly as noted from the Risk Register above.

Attention was drawn to Risk 2.0 Covid and that there was little independent assurance available ("red") and it was suggested that this may be a useful risk area for inclusion in the next internal assurance plan; the Committee agreed that this could be useful, but that the timing of this should be considered and that the best time for an audit in this area, may be after the Covid risk as subsided to some extent. Furthermore, regarding the College's Disaster Recovery Plan, it was also noted that it may be useful to also include this in such a review; the Committee agreed that this suggestion could be reviewed at the next Audit Committee meeting, along with the new Internal Assurance Strategy and Plan (when the new Internal Auditors have been appointed). **ACTION: Jutta Knapp**

The Risk Assurance Map was approved by the Committee and recommended to Corporation. **ACTION: Jutta Knapp**

## **SECTION 3 CONSENT AGENDA**

### **POLICIES AND OTHER DOCUMENTS – None**

**SECTION 4: OTHER MATTERS**

**4.1 FRAUD REPORT**

There were no instances of fraud of which the College was aware, since the last meeting.

**4.2 ANY OTHER BUSINESS**

**a) Committee Annual Self-Assessment and Review of Terms of Reference**

The Committee reviewed the various questions included on the schedule and observed that the membership had changed significantly over the last couple of years and that going forward it would be important to monitor future turnover.

There were no training needs flagged up and the Committee thought the reports provided to both the Committee and onward to Corporation were good, with no significant issues arising. It was also agreed that the Spring Term meetings would continue to be flexible so that a meeting would only be convened if needed.

The Committee reviewed the terms of reference and agreed that subject to any further changes required by the new Audit Code of Practice, when issued, that the existing TOR should be recommended to Corporation unchanged.

**ACTION: Louise Pennington**

The Committee discussed views on future meetings being either face to face or continuing on a virtual basis and the broad consensus was that remote working suited those who were employed and enabled greater attendance. It was agreed to feed this back to the Search and Governance Committee in the Autumn Term, when this will be reviewed.

**ACTION: Neil Perry/Louise Pennington**

Thanks were recorded to Mick McLean for his work on the Audit Committee, noting that this would be his last meeting before transferring to the Resources Committee with effect from the next academic year.

Thanks were also recorded to Jo Davis for her chairing the meeting for the first time and also thanked Neil Perry the outgoing Chair for his chairing of the Committee in this transition period between Chairs.

**4.3 Date of Next Meeting – To be confirmed**

**SECTION 5: CONFIDENTIAL BUSINESS**

**5.1 Confidential Minutes from the Last Meeting – None**

**5.2 Matters Arising – n/a**

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

**Louise Pennington**

**Clerk to the Corporation**

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**Chair of Audit Committee**

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**Dated**