

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

**MEETING OF THE AUDIT COMMITTEE HELD ON**

**WEDNESDAY 19<sup>TH</sup> JUNE 2019**

**AT 6.00 P.M. IN ROOM 413 COPPER BUILDING**

Present: Phil Anderson, Louise Askew, Michael Bewlock, Sarah Bovill, Jo Davis, Neil Perry (Chair).

In Attendance: William Baldwin, Jutta Knapp, Louise Pennington and Chris Nagle (HR Manager) for pre-Committee training only

Lee Newman – Mazars Internal Audit – due to attend but was not present at the meeting.

Chris Nagle provided a training session on Staff Recruitment Issues and Associated Risk Implications including processes involved, advertisements, overall approach, followed by questions.

Neil Perry agreed to pass the contact details for a recruitment colleague (Legal and General) to Chris Nagle, after the meeting (DONE).

A summary of the Committee's responsibilities was given in light of the number of new Committee Members.

**SECTION 1: ROUTINE AND STANDING ITEMS**

**1.1 Apologies and Welcomes**

Apologies: Mick McLean

Welcomes: Phil Anderson, Louise Askew and Jo Davis

The meeting was quorate.

**1.2 Minutes of the Meeting held on 29<sup>th</sup> November 2018 (7<sup>th</sup> March 2019 meeting was cancelled).**

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

**ACTION: Louise Pennington**

**1.3 Matters Arising**

The contents of the actions' schedule were noted by the Committee and Jutta Knapp confirmed that the majority of actions had been completed or were on today's agenda

- A17/37 Internal Audit Plan 2018/2019: in future consider audit for IT disaster recovery – Jutta Knapp advised that this has not been included in this year's Plan as it was due for review and updating, so will consider including it in the Plan for the subsequent year. **ACTION: Jutta Knapp to carry forward.**
- Admissions process pre-Committee training – to be scheduled for Autumn Term Meeting. **ACTION: James Moncrieff**

**1.4 Declarations of Interest**

Michael Bewlock reminded the Committee that he was employed by the University of Brighton and that there could potentially be a conflict of interest regarding apprenticeships.

**SECTION 2: AUDIT AND INTERNAL ASSURANCE ITEMS**

**2.5 INTERNAL AUDIT REPORTS**

In the absence of the Internal Auditor, Lee Newman, Jutta Knapp introduced the Internal Audit Reports.

**a) FOLLOW UP TO INCLUDE LEARNER NUMBERS**

The content of the Report was noted and Jutta Knapp explained that the audit work incorporated a review of previous audit recommendations to ensure that these have been implemented or revised in light of any management changes etc.

Learner Numbers: As in September 2018, the Education and Skills Funding Agency (ESFA) selected BHASVIC for a funding body audit, the College and Mazars agreed that it would not be necessary to complete a Learner Numbers' duplicate audit exercise this year. As a result Mazars' audit work focused on reviewing the implementation of the funding audit recommendations.

The Committee noted the items which had not yet been implanted owing to timing issues such as the Risk Management Policy revision as the Policy is not due for review until December 2019, at which point the recommendations will be taken into account.

It was noted that no issues of concern had been raised by the auditors.

*Following a suggestion from the Committee, Jutta Knapp agreed to check the details of the minimum password characters, due to be implemented to ensure that the requirements were sufficiently complex for security purposes.*  
**ACTION: Jutta Knapp**

- b) **GDPR** – it was recorded that this was an advisory assurance review by Mazars and that they had confirmed all GDPR requirements had been implemented and that there were no issues arising. *In response to a question from the Committee, Jutta Knapp confirmed that Staff received annual GDPR training and that records of any data breaches would be retained.*

## **2.2 UPDATE ON INTERNAL AND EXTERNAL AUDIT RECOMMENDATIONS**

The contents of the papers were noted by the Committee.

### **2.3 INTERNAL AUDIT PLAN 2019/2020**

Jutta Knapp reported that she had met with Mazars to discuss proposals to be included in the Plan for 2019/2020 and the details from this have been included in the attached Plan. In summary, she explained that as a starting point SMT reviews the College's risk register to determine whether there have been any significant changes in risk, personnel or systems.

The Plan includes Learner numbers as this is an area which the College has agreed with the auditors and the Audit Committee, should be reviewed annually.

As the Capital project gets underway, this is also a significant risk and has therefore also been incorporated into the Plan, so that the auditors can check the College's processes of internal control as soon as construction starts, such as reporting and monitoring, treatment of invoices etc

Finally an element of "follow up" has been included in the Plan for next year.

Taking into account consideration of the Risk Register (refer item later on the agenda), the Committee recommended the Plan to Corporation for approval. **ACTION: Jutta Knapp**

### **2.4 EXTERNAL AUDIT PLANNING MEMORANDUM (ANNEXES AVAILABLE ON REQUEST)**

Jutta Knapp confirmed that the Lead contact had moved from Zoe Longstaff-Tyrrell to Dominic Blythe, the latter of whom was a Governor at BHASVIC for some years.

The contents of the Planning Memorandum were noted by the Committee who were particularly interested in the details regarding common sector issues within Appendix E including the new insolvency regime, financial health ratings. The section on good governance and risk management was also drawn to Governors' attention.

Jutta Knapp confirmed that after the College has prepared the report and financial statements, the documentation and supporting working papers are passed to the external auditors for audit. At the same time the auditors also complete the regularity audit work.

*In response to a question from the Committee regarding the Teachers' pension contributions on page 64, Jutta Knapp confirmed that this aspect had to be included in the external audit.*

*Governors also queried the emphasis in the document to "going concern" and Jutta Knapp agreed that a key aspect of this was effective cash management. In light of this, Governors questioned whether "cash management" should be highlighted as a key risk within the Risk Register. In response Jutta Knapp advised that the 12 month + cash flow forecast was presented regularly to Governors via the Resources Committee, along with the financial plan forecast which also incorporates the cash flow details.* It was also noted that the recent Resources Committee meeting discussed in some detail the cash position of the College a minimum requirements regarding cash days in hand and the minimum recommended level of cash held by the College of £1.5M. In summary it was thought that the external audit scrutiny was sufficient and that there was no reason to change the College's key risk details.

The External Audit Planning Memorandum was recommended to Corporation for approval. **ACTION: Jutta Knapp**

## **2.5 PERFORMANCE INDICATORS FOR FINANCIAL STATEMENTS' AUDITORS**

On the recommendation of Jutta Knapp, based on several years of working with RSM UK, the Committee recommended the performance indicators to Corporation for approval. Jutta Knapp confirmed that the external auditors were always very efficient and responsive. **ACTION: Jutta Knapp**

It was noted that the external auditors attended the Committee meeting in the Autumn Term to report on the Annual Report and Financial Statements and the Regularity Audit.

## **2.6 REAPPOINTMENT AND REMUNERATION OF INTERNAL AND EXTERNAL AUDITORS**

Jutta Knapp confirmed that she was satisfied with both the internal and external auditors' work over the last year and was happy to recommend their reappointment on the fee structure given in their reports, being:

Internal Auditors Mazars: £567.58 per day plus VAT which will increase for next year in line with the CPI (Consumer Price Index). It was noted that a benchmarking exercise would be completed in due course to ensure that the fee level was comparable with other similar Colleges.

External Auditors RSM UK: £14,750 plus VAT, (crease in line with CPI), covering the Financial Statements and Regularity Audits.

The Committee recommended the reappointment and remuneration of both the External and Internal Auditors for the 2019/2020 academic year in line with their respective audit plans. **ACTION: Jutta Knapp**

## **SECTION 3 CONSENT AGENDA**

### **POLICIES AND OTHER DOCUMENTS**

**3.1 ANTI-FRAUD AND IRREGULARITY POLICY** – approved.

**3.2 RISK REGISTER** - approved

Assurances sought from each of the Corporation Committees regarding their respective risks, was noted.

*Governors queried the future years' funding for the additional Teachers' pension contributions and Jutta Knapp explained that although ESFA funding had been agreed in respect of 2019/2020, no announcement had yet been made regarding future years. In light of this it was noted that various cost saving scenarios and options to manage this, should Government funding to be granted, via confidential discussions with SMT and the Chair of Governors and Chair of Resources Committee. The increase in Teachers' pension contributions from 16.46% to 23.7% was noted.*

*Governors questioned how risks were identified and Jutta Knapp confirmed that SMT reviewed the risk register on a termly basis, initially reflecting on all the key areas of the College – finance, curriculum, guidance and property etc. Each Corporation Committee then also has assigned risks which are reviewed and consideration is given to any new risks to ensure that nothing is overlooked. A potential new risk is being examined at present – "site security" which may be added to the risk register in due course.*

3.3 RISK ASSURANCE MAP AND ASSURANCES FROM COMMITTEES – approved.

3.4 ESFA CONFIRMATION OF FINANCIAL HEALTH – noted.

## SECTION 4: OTHER MATTERS

### 4.1 FRAUD REPORT

The Committee's attention was drawn to the latest version of the Audit Code of Practice which provides guidance for College's to prevent and manage fraud, including a new anti-fraud checklist, the details of which have been included in the meeting papers, along with the College's responses to each of the points raised.

*In response to a question from the Committee, Jutta Knapp confirmed that there had been no internal incidents of fraud at the College, although she explained that the College staff, did receive attempted fraud activities via e mail e.g. requesting that invoices are settled etc. Staff are encouraged to be cautious and to question any suspicious requests. The College's insurers also keep the College informed of any new cases of on line fraud and the insurance policy now includes a provision for cyber security fraud.*

### 4.2 ANY OTHER BUSINESS

#### a) Health and Safety Risk Assurance following incident at Blatchington Mill School

Jutta Knapp informed the Committee of the incident at Blatchington Mill School where as a result of an accident, a member of the Estates' staff, died. The Coroner's report has been issued recently and had been circulated to all local schools and colleges to make sure that any recommendations within that regarding health and safety processes, are fully embedded. Within the report a number of health and safety failings at Blatchington Mill School were highlighted.

Jutta Knapp confirmed that none of the issues highlighted in the report had not already been addressed at BHASVIC and that it would be unlikely that there would be a replication of the circumstances of the incident at Blatchington Mill School (falling off ladder whilst lone working) but she confirmed that the Health and Safety office would be reviewing all the risks relating to the Estates' team shortly and the College will also be ensuring that the recording system for health and safety incidents would be updated, along with a review of the College's processes.

The School is required to respond to the Coroner's Report by 31<sup>st</sup> May and no further update has been issued publicly since then.

*In response to a question from the Committee regarding lone working by staff, Jutta Knapp confirmed that there were no specific policies in place regarding this, but at night 2 members of the estates team were required to lock up the building at the end of the day. The majority of estates work also involved 2 members of staff although there was no specific requirement included in the College's procedures.*

As reported above the College's processes will be reviewed in order to address issues such as staff or student late working (post 5 p.m., although it was noted that the College was open until 10 p.m. Monday to Thursday (8 p.m. Friday) for evening class provision.

#### b) Committee Annual Self-Assessment and Review of Terms of Reference

As there were a number of new Committee members, it was agreed that there was nothing to report at this time.

It was agreed that the terms of reference should remain unchanged. **ACTION: Louise Pennington**

#### c) Absence of Internal Auditor (Mazars)

It was agreed that the Chair should liaise with Lee Newman/Daniel Canham to discuss the internal audit business discussed at the meeting and to query whether there were any issues which the auditors would have wished to raise at the Committee meeting, in the absence of management. **ACTION: Louise Pennington/Neil Perry** (post meeting note: a phone call has been booked with Daniel Canham and Neil Perry on Tuesday 2<sup>nd</sup> July 2019).

**4.3 Date of Next Meeting**

**THURSDAY 28<sup>TH</sup> NOVEMBER 2019 AT 6.00 P.M.**

**SECTION 5: CONFIDENTIAL BUSINESS**

None.

Louise Pennington

Clerk to the Corporation

.....

**Chair of Audit Committee**

.....

**Dated**