

BRIGHTON HOVE & SUSEX SIXTH FORM COLLEGE

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY 23RD MARCH 2017 AT 6.00 P.M. IN ROOM 413 COPPER BUILDING

The Committee received a training session from the IT Manager, Anthony Almonacid, entitled, IT Strategy and Back Up Review, followed by questions and answers. It was noted that the IT Strategy went to the F & GP Committee for consideration.

Present: Michael Bewlock, Sarah Bovill, Sue Smith and Tom Wolfenden (Chair)

In Attendance: Will Baldwin, Jutta Knapp, James Moncrieff, Daniel Canham (Mazars – Internal Auditors) and Louise Pennington

A16/17 Apologies and Welcomes:

Apologies: Christian Heeger

A16/18 Minutes of the Meeting held on 14th November 2016

The minutes were approved by the Committee and the Chair authorised to sign them, noting that the reference to the external auditors had been revised to reflect that this was in fact RSM.

A16/19 Matters Arising

The Committee reviewed the actions' schedule, noting the actions which had been completed, together with the following updates:

Item A16/03 Matters Arising A15/20 Internal Audit Reports – updated dashboard information to be included, once SMT finalised KPI review: Will Baldwin confirmed that progress has been made by SMT and that the Annual Report and Strategic Plan will be presented to Governors during the Summer Term. **ACTION: Will Baldwin**

Item A16/06 Regularity Audit Framework Questionnaire – Register of Interests (ROI) for Staff – review limits and current procedures: Jutta Knapp confirmed that this has been reviewed and also noting the endorsement by Daniel Canham, it was agreed that it would not be necessary for all budget holders to complete a ROI, noting that SMT members and all cheque signatories already completed a ROI return annually, along with Governors.

A16/20 Declaration of Interests

None.

A16/21 Internal Audit Reports:

Daniel Canham presented the following reports in respect of the audit work carried out by Mazars and the following points were recorded:

a) Student Monies

Adequate assurance given by Mazars with 4 recommendations – Two significant (Student fees and charges must be approved by SMT and Corporation annually/Record all Student fees and charges within the finance module of Unit-E student record system to ensure a formal date is set for transaction to take place) – both immediate action. Two housekeeping (update Student charges Policy document to include reference to new instalment plan course fee process/until Unit E finance module (referred above) is operational, include a worksheet within Course Fees spreadsheet which includes all Students and monies owe) – both implemented.

In response to a question from the Committee, it was noted that had the above points previously been addressed and in place, this aspect of the audit would have achieved "substantial assurance" from Mazars.

The Committee questioned the charges/fees made by the College and Jutta Knapp explained that these were in respect of such items as student deposit, poor attendance and certain course charges e.g. additional materials for Art subjects.

b) HR Payroll Systems

The Committee was reminded that in the Internal Audit Plan for 2016/2017, Mazars were due to undertake a review of the College's new integrated HR and Payroll system. However following the College's decision not to continue with the integration owing to various issues with the software providers, Mazars review became an advisory one, so no assurance was awarded by Mazars. There were 2 housekeeping recommendations (Payroll Policy: Include more detail in the operational procedures for Payroll document to clarify the process, including what information should be provided by HR (e.g. start date/pay etc), what information should be entered by CINTRA (payroll system) and who is required to approve the notification of amendments sheet and return to HR/Payroll Checklist: update payroll checklists to ensure the date is recorded per action completed to assist monitoring). It was noted that the latter action had already been completed and that the first recommendation would be implemented in April 2017. In response to a question from the Committee regarding the monitoring of leavers, Jutta Knapp confirmed that all notifications following notice/resignation from staff leaver was passed to the relevant member of staff in order to revise the College's records and cease salary payments at the correct time.

c) Follow up (re: implementation of internal audit recommendations arising from prior years)

The Committee noted that 48% of the original recommendations have been implemented; 20% of the remaining recommendation (significant) and 32% (housekeeping) have not yet been fully implemented; this related to 25 prior year recommendations of which 8 were categorised as significant and 17 as housekeeping. The contents of the report including the management responses to the various recommendations were noted, including the explanations given by management for any delays in implementation.

Referring to Core Financial Systems – Cash and Banking recommendation item 4.3 (page 35/36 of the papers and page 5 of Mazars Report) – The College should ensure explanations for discrepancies are recorded on the cashing up form and investigated and signed off by the Finance Manager/identify thresholds as to what requires investigation/level of authority etc, and the Committee queried the proposed threshold of £5 discrepancy (page 36 of papers/page 6 of Report), with any deviation either above or below, triggering an investigation. Jutta Knapp advised that in practice the Finance Manager investigated all the discrepancies in order to highlight any potential trends, noting also that there were not a significant number anyway above £5. It was also confirmed that staff in general were not aware of the £5 tolerance level, to prevent any potential abuse of the process.

A16/22 Update on Internal and External Audit Recommendations

The Committee noted the contents of the report presented by Jutta Knapp and the following additional points were made:

- Referring to page 53 of the papers and the item on Learner Number Systems, Jutta Knapp reported that the College had also recently had another audit in this area and that although the full audit report would be presented at the next meeting, there were no significant issues which had arisen.
- It was confirmed that the details with the earlier Internal Audit paper on Follow Up Matters, would be incorporated into this termly report at the next meeting.

- Referring to the previous paper on Internal Audit Follow Up item reference 4.2 (page 47 of the papers/page 17 of the report) entitled "The College should consider encryption of portable devices such as laptops", in response to a question from the Committee, Jutta Knapp advised that the priority 3 recommendation had not yet been implemented but that the ITCT will review this matter. It was also queried whether the College's IT team also PAT (portable appliance testing) tested portable equipment brought into College by Students and it was noted that with over 2,500 students, many having more than one device, this would not be feasible; although unlikely, any problems would have to be picked up via the College's fire Risk Management processes.

A16/23 Risk Register – Spring Term 2017

Will Baldwin introduced the Risk Register item to the Committee, noting the updates made since the last meeting and that there were no new high risks (score 6 or 9). The Committee was informed that the relevant Corporation Committees had reviewed the high risks which fall to their responsibility and confirmation of adequate assurance received from Management in respect of these, had been given and these risks are highlighted in the Register.

Two risks which have been reviewed and downgraded by SMT in its termly review included risk 1.5 (Failure to fully explore the risks associated with possible Academisation) which has moved from 6 to 3 and risk 5.4 (Interruption due to industrial action – adverse effect on student experience), has been reduced from 4 to 2.

Following a request from one of the Committee Members, James Moncrieff explained the definition in respect of Category 7 student applications (refer risk 3.2 (Failure to achieved planned student numbers etc) on page 57 of the papers).

The Committee discussed Risk 5.1 (Inability to recruit and retain staff etc) and Will Baldwin reported that the risk has subsided to some extent owing to the fact that the College had now appointed certain members of staff where there had been difficulty in recruitment, including a new Head of Computer Science. He also explained the various new strategies which the College had introduced to encourage applications from those with the necessary experience and expertise, including specific advert placement within the London area etc.

Risk 6.2 (Failure to invest in Masterplan exercise will lead to difficulties with insufficient appropriate accommodation etc) was also discussed with reference to general overcrowding and potential health and safety issues and also in respect of the adequacy of Student study and social space, although noting that there had been improvements in the latter since the Copper Building was built. At this point, reference was also made to the College's plans to take forward Phase 1 of the Masterplan, reported via F & GP Committee and the recent Governors' Strategic Planning Day and Will Baldwin summarised the proposals and issues involved.

A16/24 Risk Assurance Map

The assurance map was considered by the Committee who were reminded that the content had been revised since last year, now comprising only those high scoring risk taking from the revised and more concise Risk Register.

Jutta Knapp drew the Committee's attention to the risk associated with assurances required in respect of the effectiveness and efficiency of the IT Systems and she confirmed that the IT Strategy was in the process of being finalised, as referred to in the earlier Internal Audit item.

The Map was recommended to Corporation for approval. **ACTION: Jutta Knapp**

A16/25 Performance Indicators for Financial Statements Auditors (External)

The performance indicators for the external auditors were reviewed and recommended to Corporation for approval, noting that there was now a new Audit Partner, Dominic Blythe taking over from Jenny

Hill, who SMT and the majority of Governors and Committee Members already knew well, being a past Chair of this Audit Committee. **ACTION: Jutta Knapp**

A16/26 Reappointment and Remuneration of Internal and External Auditors

Jutta Knapp summarised the work completed by both the Internal (Mazars) and External Auditors (RSM) over the last year and confirmed that she was satisfied with this and had no issues of concern. It was also noted, as reported above, that the RSM Audit Partner had changed this year, from Jenny Hill to Dominic Blythe (past BHASVIC Audit Committee Chair). Jutta Knapp reported that useful advice and assistance had been received from the external auditors last year in respect of the new requirements for reporting on FRS102. In response to a query from the Committee, it was confirmed that Colleges were no longer required to re-tender for audit services, but that this was last completed by BHASVIC in 2010.

With reference to charges, Jutta Knapp advised that she had compared BHASVIC's audit costs, with other Sussex and Surrey (S7 Group) Colleges and that these were currently mid-range, but also noting that the ABR (Area Based Review) consultative work with Varndean College had shown that BHASVIC's audit costs were more expensive.

The Committee agreed to recommend to Corporation that RSM and Mazars should be reappointed as external auditors and internal auditors respectively, for another year with the following terms:

RSM: Cost: £13,050

Mazars: Cost £530.87 per day for 16 days

These costs are exclusive of VAT

ACTION: Jutta Knapp

A16/27 Fraud Report

There was nothing to report since the last meeting.

A16/28 Any Other Business

None.

A16/29 Date of Next Meeting

Wednesday 28th June 2017

Chair.....

Date.....