

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

MEETING OF THE AUDIT COMMITTEE HELD ON

THURSDAY 23rd JUNE 2016

AT 6.00 P.M. IN ROOM 413 COPPER BUILDING

Present: Sarah Bovill, Sandra Prail, Sue Smith and Tom Wolfenden (Chair)

In Attendance: Jutta Knapp, Chris Thomson, Daniel Canham, (Internal Auditors, Mazars), Louise Pennington

The meeting commenced with a Training Session given by Shirley Brookes-Mills entitled SAR Process including initiatives for improvement and further developments (James Moncrieff was also in attendance for this).

A15/29 Apologies and Welcomes

Michael Bewlock and Shirley Brookes-Mills (except for training session)

A15/30 Minutes of the Meeting held on 10th March 2016

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

A15/31 Matters Arising

The contents of the schedule on pages 7 and 8 of the papers were noted by the Committee and Jutta Knapp confirmed which actions had been completed or were on the Agenda/scheduled for a future meeting.

The following additional points were made:

Item A15/20 Internal Audit Reports – updated dashboard information to be included in next Audit Committee papers – deferred until Autumn Term 2016. **ACTION: Chris Thomson**

Louise Pennington agreed to update the schedule. **ACTION: Louise Pennington**

A15/32 Declarations of Interest

None

A15/33 Internal Audit Reports

Daniel Canham presented the Report, the contents of which were noted by the Committee and Daniel highlighted the following key points:

- Mazars findings provided “adequate assurance” (out of three: substantial assurance, adequate assurance and limited assurance) for both areas audited – Learner numbers and IT health check, the latter area had been identified from the College’s Risk Assurance Map, having been identified by the Finance and General Purposes Committee as an area where assurance was required.
- IT Health Check: page 13: there are 8 recommendations (2 significant and 6 housekeeping) The Committee discussed the outcomes of the internal assurance IT health check and were reminded that the College had had an IT/ITC 3 year Strategy in recent years (2012/2015 last prepared). Jutta Knapp explained the various IT aspects in the College including ICT (curriculum delivery) and IT (networks and learning information systems). She advised that the College intended to review its IT Strategy in the next two weeks and confirmed that the information within the assurance report would be considered at that time. In response to a request from the Committee Daniel Canham agreed to liaise with their IT audit specialist (Neil

Belton) to obtain possible options already utilised by other Colleges, with a view to producing a 2 year IT Strategy for BHASVIC next year (Autumn 2016). **ACTION: Daniel Canham/Jutta Knapp** The Committee discussed the other recommendations and management responses, noting that password improvements would be implemented next term and a systems' restoration programme would be implemented in July – both of these being priority 2 areas. At this point reference was made to Michael Bewlock's observation that regarding observation 4.5 (there is no periodic review of access rights to key systems such as MIS and recommendation that an annual review should be carried out together with penetration testing) and Jutta Knapp confirmed that the recommendations would be actioned by the College Management and that it would be ensured that all staff were aware of this. **ACTION: Jutta Knapp**

- In response to questions from the Committee regarding awareness of IT issues within the College, it was noted that the IT systems Team attended regular conferences for College IT Departments on an annual basis but the Committee was unclear how assurance was provided regarding curriculum delivery aspects and in this regard, it was agreed that the IT Strategy, once finalised by SMT, should be brought to Corporation via Audit Committee for approval. It was also suggested that it would be useful if once the IT strategy review has been completed by the relevant staff, that a presentation on various IT aspects should be given to the Audit Committee in the Spring Term 2017. **ACTION: Jutta Knapp**
- Learner Numbers: there are 2 significant and 6 housekeeping recommendations. In summary it was reported that the majority of recommendations arose from ESOL (English for Speakers of Other Languages) forming a small part of the College's income (SFA funded - £50,000 pa). Jutta Knapp confirmed that actions were being taken forward, as detailed in the report. The Committee queried the commentary included within the Value for Money section on page 26 which drew attention to the potential issue of which all Colleges should be, aware relating to the importance of ensuring that each Student's GLH (guided learning hours) are above the 540 hours minimum and below which the EFA would claw back funding, should there be any slight mis-calculation (e.g. factoring in the adjustment required iro a bank holiday). Some of the Student records tested by the auditors, showed that several Learners were very close to the minimum 540 GLH (541 to 544) Chris Thomson assured the Committee that the College monitored the GLH very closely to ensure that there were no issues in relation to this aspect. It was also recorded that taking into account the large number of Students and the pressure on the timetable, should a further buffer (5-10% as suggested on page 26 of the report) be thought necessary, this could not be implemented via a change in the timetable until September 2017, noting that SMT would keep this under review. **ACTION: SMT** Referring to page 29 and observation 4.2 (Sample testing of 45 EFA learners identified a number of errors (listed in document) between the learner agreement documentation and the ILR data), it was noted that Michael Bewlock had also queried whether the change now recommended should be implemented in the light of the fact that the original changes had been brought about following audit recommendations and implementations last year. It was resolved to that the current recommendation should be actioned.
- Jutta Knapp agreed to circulate the IT report to the F & GP Committee. **ACTION: Jutta Knapp**

It was agreed that item A15/36 below would be considered next (refer minute below)

A15/34 Update on Internal and External Audit Recommendations

There were no other outstanding internal audit recommendations, in addition to those recorded in A15/33 above. The only External Audit recommendation regarding the identification of assets already scrapped which remain on the Fixed Asset Register is being implemented (implement procedure to capture the disposals). Confirmation will be given to the Audit Committee at the next meeting that this recommendation has been completed. **ACTION: Jutta Knapp**

A15/35 Risk Assurance Map

The Committee noted the contents of the updated report prepared by Jutta Knapp and the detail was considered within item A15/36 below – refer minute A15/36

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

A15/36 Internal Audit Plan 2016-2017

Daniel Canham presented the Plan which had been prepared following consideration of the risk assurance map and his meeting with Jutta Knapp. The following points were recorded:

- Areas to be reviewed: Learner Numbers, Core Financial Systems (HR and Payroll and Student Monies), Follow Up (to assess progress of implementation of previous internal audit recommendations) and Audit Management requiring 16 planned audit days in total, being the same number as last year.
- Regarding HR and Payroll systems, Jutta Knapp updated the Committee on the College's on-going project to transfer to new software systems which allow communication between the HR and Payroll systems.
- Student monies – the Committee was informed about the intended process to use the Student Information system to manage any Student debt owed to the College, noting that the Finance system was unable to obtain relevant information directly from the Student Information records. In response to a query from the Committee regarding overall Student debt, Jutta Knapp confirmed that it was currently in the region of £15,000.
- The reports from the Audit work will be made to the Committee in March and June 2017 as per the schedule on page 42.
- At this stage the Committee agreed that there were no other areas which ought to be included in the planned audit work for 2016/2017, but noted that this was flexible and could be changed as necessary, should a need be identified at a later date. It was suggested that at some point the Committee may wish to have included "space utilisation" bearing in mind the pressures under which the College continues to operate, noting that the subject had been included in the Property Strategy considered by F & GP Committee earlier in the week.

At this point the Committee considered Item A15/35 Risk Assurance Map in order to inform the decision making process regarding the proposed and made the following observations:

- Page 37 Heading "Required Committee Assurance Y/N" – Jutta Knapp confirmed that "Y" recorded in respect of the key risks listed, confirmed that the Committee had received the required assurance.
- Risks arising from the ABR (Area Based Review) would be included within the respective governance risks on the Risk Register (risk 2 Failure to oversee the College's strategic direction) relating to the strategy of the College. In this regard it was agreed that any governance related risks of this nature should be considered via the relevant Committee i.e. the Governance Committee which meets annually in the Autumn Term, but also noting that other related risks such as TUPE issues or loan/other financial issue would be referred to the HR and F & GP Committees respectively. It was also resolved that the specific risks arising from the ABR would not need to be set out in the Risk Assurance Map. **ACTION: Jutta Knapp**
- Risk 39 (Failure to manage the loss of key staff) has been omitted from the Risk Assurance Map document (point raised by Michael Bewlock) and Jutta Knapp confirmed that it would be included in the final version going to Corporation, noting that the risk had therefore been excluded from the risk review carried out by HR Committee. It was agreed that this should be included on the report to HR Committee next time. **ACTION: Jutta Knapp**

Taking into account the above points, the Plan was recommended to Corporation for approval.

ACTION: Jutta Knapp

At this point Daniel Canham left the meeting.

The proposed memorandum in respect of the External Audit (financial statements) including the regularity audit requirements (ensuring EFA funds are managed in line with the Financial Memorandum), was considered by the Committee and the following observations made:

- The External Auditors will also be completing an audit return in respect of the Teachers' Pension
- New FRS102 – the details of this have also been considered at the F & GP Committee. Owing to the impact of the new reporting standard, there will be restatement of some figures within the accounts relating to Teachers' holiday pay accruals' treatment, affecting the I & E account and the treatment of deferred capital grants the affecting the balance sheet. Jutta Knapp gave a summary of the new provisions and explained that she was continuing to discuss the final details with the auditors.
- Reference was made to Michael Bewlock's point on page 56 of the papers "can't see that there has been a materiality limit set" – Jutta Knapp confirmed that details had not yet been included in the Plan but following the final Planning meeting due August, the details would be incorporated. **ACTION: Jutta Knapp**

A15/38 Risk Management Update

Chris Thomson introduced the paper to the Committee highlighting the changes made to the document by SMT since January 2016, the details of which were disclosed on page 80 of the papers.

Chris Thomson confirmed that he would be updating the documentation to ensure that the details cross-reference accurately in all instances between the Risk Register and the Action Plan. **ACTION: Chris Thomson**

The Committee was also informed that SMT were now reviewing the Risk Register and Action Plan at the start of each term and not just prior to the Audit Committee to ensuring that the risk assurance reports assigned to each Committee were prepared in good time.

The paper was recommended to Corporation for approval, subject to changes made given above. **ACTION: Chris Thomson**

A15/39 EFA Confirmation of Financial Health

The EFA's confirmation of the College's financial health for the year ended 31st July 2015 as "outstanding" was recorded.

A15/40 Policies and Other Documents

The Committee considered the proposed minor changes to the various documents listed below and recommended their approval to Corporation. It was also resolved that the documents would not be included in the Corporation meeting papers, but would be available to Governors on request, owing to the fact that the changes were housekeeping points only. **ACTION: Jutta Knapp/Louise Pennington**

- a) **Anti Fraud and Irregularity Policy**
- b) **Data Protection Policy**
- c) **Disaster Recovery Plan**

A15/41 Fraud Report

There was nothing to report to the Committee on this occasion.

A15/42 Committee Self-Assessment and Terms of Reference Review

The Committee considered the standard self-assessment questions and agreed that there were no recommendations from these or changes necessary to the TOR. **ACTION: Louise Pennington**

A15/43 Any Other Business

No further business.

A15/44 Date of Next Meeting

To be advised.

Louise Pennington

Clerk to the Corporation

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Chair of Audit Committee

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Dated