



Brooke House Sixth Form College

Minutes of a special meeting of the Audit Committee (AC) held on 3 December 2020 at 0800hrs.

Present	James Cross (AC Chair)	Sheridan Mangal	
In Attendance	Adrian Cottrell (VP(F&R))	Ralph Devereux (Clerk)	Nick Fanning (RSM)(11-13/20 only)
	Kevin Watson (Principal)		
Apologies	Mike Cheetham (RSM)(Attendee)		

11/20 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS AND APOLOGIES

No notice had been received of any member becoming ineligible to hold office, the meeting was quorate and no unregistered interests were declared.

12/20 MINUTES OF/ACTIONS FROM THE LAST MEETING

This was a special meeting, accordingly minutes and actions from the last meeting were not considered.

13/20 INTERNAL AUDIT SERVICE (IAS)

There were the Annual Report 2019.20, 4 Fieldwork Reports and the "Follow Up", to consider.

- a. Annual Report. The IAS Annual Report for 2019/20 was a stand-alone document, which would inform the Annual Financial Statement (AFS) "Statement of Internal Governance and Internal Control", and thus the Education and Skills Funding Agency (ESFA) on internal audit issues; it was a digest of previous information presented to the Committee. The Report, which had been circulated for consideration in advance of the meeting, was taken as read; the report had also informed the annual Committee report to the Corporation, which would be considered later in the meeting. The overall and positive opinion, based on the work that had been undertaken through the year, was that the College has "**An adequate and effective framework for risk management, governance and internal control. However, their work had identified further improvements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective**" (Amber/Green) The report, which would inform their consideration of the AFS, was recommended to the Corporation. **(Action 1)**. There was some general consideration of affecting issues, mainly surrounding Learner Number Systems and the impending ESFA funding audit. This would be the second successive year when such took place and there was only one other college nationwide to be similarly affected.
- b. Key Financial Controls. Income Debtors and Cash Management. (01.19/20) (Final Report) **Reasonable Progress**, had been given, indicating that, "Taking account of the issues identified the Board can take reasonable assurance that the controls to manage the risk are suitably designed and consistently applied. However, we have determined issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risks". Two controls, Financial Regulations and Bad Debt write off had been identified as well-designed and operating effectively; two "Medium" (Debt & Income management & Creditor Reports) and three "Low" recommendations had been made, accepted and implementation dates agreed. The recommendations were discussed and it was agreed that, although the cash flow was being effectively managed with personal authority for payments from the VP(F&R), there was a lack of formal records of this. **(Action 2)**
- c. Procurement. **Partial Assurance**, had been given, indicating that, "Taking account of the issues identified the Board can take partial assurance that the controls to manage the risk

are suitably designed and consistently applied and action is needed to strengthen the control framework to manage the identified risks. Three “High” (Procurement Manual, Contract letting process and contract signing), six “Medium” (Procurement/Regulatory discrepancies, contract tracking and awarding, due diligence process, contract performance monitoring and governance) and two “Low” recommendations had been made, accepted and implementation dates agreed. This was an area with weaknesses and insufficient progress was evident. The rate of improvement was pedestrian and it was necessary to speed it up and allow the Committee to monitor progress through the “Action Tracker”. **(Action 3)**

- d. Governance and Risk Management (RM) (02.19/20).
- (i) Governance. **Reasonable Progress**, (a positive opinion) had been given, indicating that, “Taking account of the issues identified the Board can take reasonable assurance that the controls in place to manage the risk are suitably designed and consistently applied. However, issues had been identified that needed to be addressed in order to ensure that the control framework is effective in managing the identified risk(s)”. One “Medium” (Action Tracking) and one “Low” recommendations had been made, accepted and implemented or arrangements were in hand for completion.
 - (ii) RM. **Partial Assurance**, had been given, indicating that, “Taking account of the issues identified the Board can take partial assurance that the controls to manage the risk are suitably designed and consistently applied and action is needed to strengthen the control framework to manage the identified risks”. Three “High” (RR & oversight) and two “Medium” (training and objectives) had been made, accepted and implementation dates agreed. This was a poor report and although some explanations were offered, including, for example that Risk Management (RM) was now integral to Senior Management Team (SMT) meeting agendas, risk associated matters must have greater visibility and this would be reiterated cross-college. **(Action 4)** Assurances that RM processes were embedded across the College were simply not evidenced. Once more these processes need to be clearly monitored through the “Action Tracker”. **(Action 5)**
- e. Payroll. (05.19/20) **Reasonable Progress**, (a positive opinion) had been given, indicating that, “Taking account of the issues identified the Board can take reasonable assurance that the controls in place to manage the risk are suitably designed and consistently applied. However, issues had been identified that needed to be addressed in order to ensure that the control framework is effective in managing the identified risk(s)”. Three “Medium” (exception reports, payroll recommendations and salary amendments) and three “Low” recommendations had been made, accepted and implemented or arrangements were in hand for completion.
- f. Follow Ups. Follow Ups. (04.19/20) (Final Report). The focus of the Follow Up review was to monitor progress with the 37 previously agreed actions, 19 had been fully implemented, 4 partly implemented, while 12 had not been implemented and 2 had been superseded. Complete and superseded actions had been tabulated for information and “Little Progress” assurance had been given. The in-progress work was considered and noted but, once more, these matters should be monitored by use of the “Action Tracker”. **(Action 6)**

**The information was noted and received.
Actions had been identified. (Register at 19/20)**

The RSM representative left the meeting.

14/20 ASSURANCE

The tabulated and RAG rated Governance and Internal Controls Matrix was considered and discussed. The assurances were clearly detailed but it was felt that some indication was required that “Amber” graded items should indicate movement tendency, whether towards “Red” or “Green” and it was agreed to include arrow indicators. **(Action 7)** There was also some question whether the RAG rating process was appropriate and perhaps “High”, “Medium” and “Low” would give a better indication; that would be considered. **(Action 8)**

**The information was noted and received.
Actions had been identified. (Register at 19/20)**

15/20 ANNUAL REPORT TO THE CORPORATION

The annual report to the Corporation report remained in draft awaiting receipt of the final external audit information. The IAS annual report had indicated that response to previous audit recommendations was “Little Progress”. The Committee opinion had been formed after due deliberation of the IAS annual report and would be finally influenced by the External Audit information. The information would be included in the final version and the Committee Annual Report. The document, was recommended to the Corporation. **(Action 9)**

**The information was noted and received.
Actions had been identified. (Register at 19/20)**

16/20 RISK

Risk Register (RR). The Register was a “live document” specifically to facilitate speedy response to changing situations, which had been tested through the Covid influenced last 9 months. It was agreed that the risk information would continue to be regularly scrutinised by the Corporation. The full register had been attached and was reviewed, informed by the attached detailed report. Risk 8 (inadequacy of resources) fluctuated according to the time of year and this was discussed.

The information was noted and received.

17/20 URGENT BUSINESS

The decision to go to tender for both IAS and External Audit services had been postponed until completion of the annual audit. It was now agreed that the tender process for both services should be initiated. Invitations would be issued to a wide range of firms, including the present incumbents. Letters should be drafted and forwarded to the AC Chair before distribution **(Action 10)** and the target date for consideration of the tenders was to be 15 March 2021; that meeting may have to be extended to accommodate the process. **(Action 11)**

**The information was noted and received.
Actions had been identified. (Register at 19/20)**

18/20 NEXT MEETINGS

The next meetings would be held on 15 March 2021.

19/20 ACTION REGISTER

Note referenced minute for full detail.		Resp	Date		
Action 1	13/20a. IAS Annual Report recommended to the Corporation.	Chair	10.12.20		
Action 2	13/20b. Formal records of payment authority required.	VPFR	wie		
Action 3	13/20c. Procurement improvement in “Action Tracker”				
Action 4	13/20d(ii). Cross College RM processes to be improved.				
Action 5	13/20d(ii). RM actions to be included in “Action Tracker”.				
Action 6	13/20f. Follow-Ups to be included in “Action Tracker”.				
Action 7	14/20. Movement arrows to be included in controls matrix.				
Action 8	14/20. Evaluation of assurance matrix “RAG” rating system.	Chair	10.12.20		
Action 9	15/20. ACAR recommended to Corporation				
Action 10	17/20. Audit Tender documents to be authorised by Chair.			VPFR	asap
Action 11	17/20. Audit Tender allocation to next AC meeting.				15.03.20

ACSpecialMinutes3.12.20RDKW

Final Audit Report

2021-07-08

Created:	2021-07-02
By:	Ralph Devereux (office.mpe@btconnect.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA2zYtQeWqkqZlscOQjNE0Tdh5qZVQYS

"ACSpecialMinutes3.12.20RDKW" History

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