



**Brooke House Sixth Form College**

Minutes of a meeting of the Audit Committee (AC) held on 26 September 2019 at 1600hrs.

- Present** James Cross (Chair) Sheridan Mangal
- In Attendance** Mike Cheetham (RSM) Adrian Cottrell (VP(F&R)) Ralph Devereux (Clerk)
- Kevin Watson (Principal)

**01/19 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS AND APOLOGIES**

- a. No notice had been received of any member becoming ineligible to hold office, the meeting was quorate with two, however the point was again raised that at least one more member was required; assurance was given that the matter was being addressed and it would be raised at the Corporation meeting tbh later that day. **(Action 1)**
- b. James Cross was confirmed as Chair for the year. **(Action 2)**
- c. **The information was noted and received.**
- d. **Actions had been identified. (Register at 11/19)**

**02/19 MINUTES OF/ACTIONS FROM THE LAST MEETING**

- a. The Minutes of the last meeting held on 18 March 2019 were confirmed for electronic signature, Clerk to action. **(Action 3)**
- b. All actions identified at the last meeting had been completed.

Note referenced minute for full detail.		Status
Action 1	14/18a. Last Minutes (26.09.18&7.12.18) confirmed for signature.	Completed
Action 2	17/18b. IAS Annual Plan visits programme approved.	
Action 3	19/18. Influencing actions (+/-) to be included in RR,	
Action 4	20/18. HAS annual reports to Corporation required.	In progress

**The information was noted and received.**

**03/19 MATTERS ARISING AND URGENT BUSINESS**

There were no matters arising and no urgent business requested.

**04/19 INTERNAL AUDIT FIELD REPORTS**

There were seven field reports to consider. The IAS Report, reported that the processes were noticeably improved with sound progress made, with implementation of previous recommendations.

- a. Financial Planning and Budgetary Control. Financial Planning and Budgetary Control. (01.18/19) (Final Report). **Reasonable Assurance**, (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)". Two Low and "Medium" (Budget Holders' training financial

software) recommendations had been made, accepted, responsibility allocated and implementation dates agreed.

- b. Governance and Risk Management (RM). (03.18/19) (Final Report). The fieldwork had tested both RM and Governance; each had been considered separately.
- (i) Governance. **Reasonable Assurance**, (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)". Two "Medium" (Committee effectiveness and evidence of recommendation implementation) recommendations had been made, accepted and implemented or arrangements were in hand for completion. The planned but delayed Committee effectiveness reviews would be undertaken soon after corporation approval of the TOR. **(Action 4)**
  - (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" (updating and higher-level review of the RR and establishment of Departmental versions), one "Medium" (training) and five "Low" recommendations had been made, accepted and implementation dates agreed. Embedding of RM processes generally was improving as a result of processes introduced after the staff restructure and awareness was generally high however it was agreed that risk associated matters must have greater visibility and this would be reiterated cross-college. **(Action 5)**
- c. Procurement (Agency and Catering). (02.18/19) (Final Report) The fieldwork had tested Procurement relating to Agency Staff and Catering; each had been considered separately.
- (i) Agency. **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. Two "Medium" (Authorisation & HR Monitoring) and four "Low" recommendations had been made, accepted and implementation dates agreed. Robust arrangements for use of agency staff had been introduced after the major policy changes introduced as part of the College extensive administrative restructure earlier in the year and some of the quoted instances were felt to be through the embedding of this re-design. For, example the instance of recurring unauthorised re-allocation of agency staff was accepted but explained and was largely a recording failure. There was no doubt that the processes called for scrupulous recording and that would be stressed to all involved. **(Action 6)**
  - (ii) Catering. **No Assurance**, had been given, indicating that, "Taking account of the issues identified the Board **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risks." One "High" (Value for Money (VfM) and six Medium (procurement guidance & process, finance and budget holder monitoring) recommendations had been made, accepted and implementation dates agreed. Similarly, to the Agency considerations above, the Catering function, a relatively minor element of the overall budget, was improving as a result of processes introduced after the complex return of the administration in house. The Executive remained convinced that real and unrecognised improvements had been made and would be increasingly clearly evidenced; the staff involved were committed and would be reminded that processes must have greater visibility. **(Action 7)** Nevertheless, the assurance level was disappointing to all concerned.
- d. General Data Protection Regulations (GDPR) (04.18/19) (Final Report). The GDPR advisory report was to update on progress towards full implementation of the requirements and several helpful suggestions were included. Nothing of great substance had emerged and relatively speaking the IAS felt that equivalent progress with the sector mainstream was being made and continuous focus would continue. There has been no subject or data requests yet.

- e. Learner Numbers. The required annual report was to update the integrity of the ILR and supporting facilities. Excellent progress had been made with improvements to the systems and no funding issues had emerged.
  - f. Curriculum Planning. (05.18/19) (Final Report). Curriculum Planning. (04.18/19) (Final Report). **Reasonable Assurance**, (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)". Two "Medium" (course prioritisation & planning scrutiny) and four "Low" recommendations had been made, accepted and implementation dates agreed.
  - g. Follow Ups. (07.18/19) (Final Report). The focus of the Follow Up review was to monitor progress with the one "High", three "Medium" and four "Low" previously agreed actions, "Reasonable" assurance had been given. The in-progress work was considered and noted.
- a. **The information was noted and received.**
  - b. **Actions had been identified. (Register at 11/19)**

#### **05/19 INTERNAL AUDIT REPORT (DRAFT) (OUT OF AGENDA ORDER)**

Annual Report. The IAS Annual Report for 2018/19 was a stand-alone document, which would inform the Annual Financial Statement (AFS) "Statement of Internal Governance and Internal Control", and thus the 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 discussed; the report would also inform the annual committee report to the Corporation and would also require individual recommendation from this Committee. The overall opinion, based on the work that had been undertaken through the year, was "**Amber Red**" that "**There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective**". Para 1.3 detailed the factors and findings, which informed that opinion and it was felt that insufficient attention had been given to the real progress which had been made over the last 12 months. This "across the board progress" had required high levels of commitment and organisational integrity, and whilst progress with the improvements would vary between departments it was suggested that there was clear evidence of that progress and some wording could be more positive. Furthermore, the IAS opinions through the year had been:

- a. three/six positive "Reasonable" Assurances in large and vital college areas could perhaps be given more weighting in consideration of the overall picture;
- b. two/six "Partial" Assurances; and
- c. the weight given to the single "No Assurance" in a historically difficult area, could perhaps have been diluted in the consideration of the overall IAS opinion; as suggested before, catering is essentially a relatively smaller area in wider considerations. Whilst the improvements, there had been extensive restructuring, some not yet fully apparent they were on the edge of doing so; much had been achieved and was continuing.

The Committee was unanimous in asking the IAS whether they would reconsider the overall opinion upward to "**Amber Green or Green**". (**Action 8**) Thanks were recorded to the IAS for their work throughout the year and to the VP(F&R) for his excellent oversight and implementation of recommendations.

- c. **The information was noted and received.**
- d. **Actions had been identified. (Register at 11/19)**

#### **06/19 INTERNAL AUDIT STRATEGY 2019-22 (DRAFT)**

The recommended Internal Audit Strategy (2019-22) and Internal Audit Plan (2019/20) had been completed after joint discussions between the IAS/senior management and the VP(F&R) and was designed to provide re-assurance that progress was continuing. The plan had been influenced by work completed in the current year and consideration of the latest risk assessment, the associated fees for each element were noted and the document was considered:

- a. service, guidance and regulation, Appendix A was discussed, noted and recommended to the Corporation;
- b. the strategic plan, Appendix B was noted and recommended to the Corporation; and
- c. the Internal Audit Charter, Appendix C was noted and received.

All were received and the plan and associated fee was recommended to the Corporation for approval. **(Action 9)**

- a. **The information was received.**
- b. **Action had been identified (Register at 11/19)**

#### 07/19 TRACKERS

Full External and Internal Audit recommendation trackers were now established as a standing agenda item; areas indicated green had been completed, amber ratings were “in progress” and red failure to implement. Red and Amber elements were individually considered and no difficulties were envisaged in their satisfactory progress.

**The information was received.**

#### 08/19 RM

The Strategic Risk Register (RR) updated in March and the ten major risks detailed in the paper were discussed. Members were reminded of the scoring methodology: if mitigating actions were inadequate or ineffective then the grading of “Inherent” and “Residual” risks would converge; however, progress was currently evidenced as they were now diverging. RM Group meetings were held half-termly and the outcomes passed to the AC and thus onwards to the Corporation. Independent scrutiny of the process would continue to be through the IAS. Members welcomed and took comfort from the continuing advances made with the RM work and the recommendations discussed earlier in the meeting (04/19b(ii))

- a. **The information was received and noted.**
- b. **Actions had been identified. (Register at 11/19)**

#### 09/19 URGENT BUSINESS

The Bourneville Letter and associated actions had been dealt with between the Principal, VP (F&R) and the Clerk; the letter and the necessary completed but uncontentious “Annex A” would be circulated to all members. **(Action 10)**

- a. **The information was received and noted.**
- b. **Actions had been identified. (Register at 11/19)**

#### 10/19 DATE OF NEXT MEETING

The next meeting would be 18 November 2019. (joint with the F&GP)

#### 11/19 ACTION REGISTER

Note referenced minute for full detail.		Resp	Date
Action 1	01/19a. Additional Committee member(s) required.	Board	asap
Action 2	01/19b. JC to remain as Committee Chair for 2019.20.	Clerk	wie
Action 3	02/19a. Last Minutes 18 March 2019 confirmed for signature		asap
Action 4	04/19b(i). Committee reviews post Corporation TOR approval.	VP(F&R)	wie
Action 5	04/19b(ii). RM matters and process to be given high visibility.		
Action 6	04/19c(i). Agency staff recording process to be strictly applied.		
Action 7	04/19c(ii). Catering administration and process to be strictly applied.	Chair	25.09.19
Action 8	05/19. Request reconsideration of annual IAS opinion.		
Action 9	06/19. IAS Strategy and Plan recommended to Corporation.		
Action 10	09/19. Annex A to be circulated to all members.		

# AuditMinutes 26.09.19RD

Final Audit Report

2019-11-19

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