Barnet and Southgate College Corporation
Audit Committee Meeting
22nd September 2021

Present	Sheila Dawson	Chair
	Mark Sweeny	External Governor
	Alex Middleton	***Co-opted member***
In attendance	Mark Sellis	Executive Director Corporate Service (EDCS)
	Hiten Savla	Director of Finance (DOF)
	Lorna Lloyd-Williams	Head of Governance
	Darren Mepham (by invitation)*	**Chief Executive**
	Paul Goddard	Scrutton Bland
		Minutes

Item	The meeting opened at 18.01 and was quorate with two Governors being present.
1.	**Preliminary Items** i. Apologies for absence Apologies were received and accepted from the CEO and Mr Middleton ii. Confirmation of eligibility, quorum and declarations of interests There were no declarations of interest. iii. Requests for urgent business There was no urgent business except for that already notified.
2.	**Minutes** i. Meeting held on 17 June 2021 The minutes of the meeting on 17th June were approved as a true and correct record of the meeting. Page 3 last para minute 2.2 last sentence has wrong committee chair. Amend “allowing” to “Following”. Page 8, remove final para of Minute 11. ii. Matters arising and outstanding actions The committee went through the action sheet.

3.	Internal Audit 2020-21 The Colleges former internal auditors were unable to attend the meeting and the committee therefore considered the reports in their absence. i. Finance Compliance audit – final report The committee noted that the auditors had issued a partial compliance opinion with a number of recommendations. The Finance Director advised that this was because the finance policy had not been updated with what the college was doing in relation to Covid. The committee were assured that the processes were in place, but it was a case of the policy having not been updated. Governors asked about the timeliness of control account reconciliations and the Finance Director explained the procedure regarding the preparation of the management accounts and confirmed that these were not completed until reconciliations had been completed. Governors queried how a new member of staff would know what to do if the financial regulations and procedure notes did not reflect current practice. Governors asked whether procedures had now been updated and it was confirmed that they had. Governors asked about the recommendation regarding approving new suppliers and Governors commented that they found it difficult to understand what the auditors were saying had not been done. It was noted that it was a simple question of formalising the instructions in the College's Financial Procedures; the committee were of the opinion that this was an advisory matter rather than non-compliance. . ii. Learner numbers audit The committee noted that the scope of the audit was to undertake a review of aspects of compliance with the funding rules as set out by the Education and Skills Funding Agency. In relation to funding and apprenticeships there had been limited compliance and in relation to advance learner loans, partial compliance. Two 2 fundamental and 1 significant recommendation had been raised. Governors asked what the implications would have been if it had been the ESFA come in to undertake a funding audit. The Finance Director advised that ESFA would give the college the opportunity to correct the errors but if this was not done there would have been a potential clawback. The EDCS advised that the GLA audit had taken this approach and the conclusion was that there needed to be more and earlier checks on higher risk areas. Governors asked about the apprenticeship agreement not meeting requirements and advised they felt concerned about this as it would seem to be a basic process. The committee discussed the management response to this and the assurance the committee needed. The audit process was discussed in detail with the committee and the committee advised they need assurance and a resolution when there is a divergence of opinion between management and auditors. Audit committee directed that they need to have a conclusion in audits that they can understand. The new internal auditors and management

were asked to note this request going forward and both Mr Goddard and management gave assurance regarding this.

ONGOING ACTION

The committee noted that there was a full funding audit in the plan for the academic year and asked Mr Goddard to follow up in some depth when they look at the follow up of audit recommendations.
Action: Mr Goddard.

Governors flagged up data governance and the Finance Director advised he was looking at having exception reporting. Governors asked for confirmation that the current controls would capture these errors and were advised that this was something the College would be working on.

iii. Follow-up audit

Auditors had followed up on 42 recommendations marked as "Complete" by the College within this review. These consisted of 27 recommendations on the most recent Internal tracker, as well as the 15 recommendations that were registered as "Completed" on previous year trackers which had not been subject to previous internal audit review. Of a total of 47 recommendations, only 42 had been followed up on during the audit of which:

- 28 recommendations were considered implemented,
- 3 recommendations were found to be in progress or not implemented,
- 5 recommendations were considered superseded.
- 6 recommendations had had no evidence supplied to support their status.

The committee commented that there were two items which had not been picked up in the internal tracker. The EDCS gave details of these recommendations and explained they had both been low priority. He confirmed they would be put on to the tracker to be closed, The EDCS explained why the other 5 recommendations had not been included and the position in relation to them. It was confirmed that these would be added to the recommendation tracker. The committee asked that a table be included to show progress against **recommendations**
Action EDCS

Governors asked about one of the recommendations that had been marked as superseded and after discussion it was agreed the committee would be emailed with a list of recommendations that management wanted the committee to agree should be superseded.
Action EDCS

iv. Internal Audit Annual Report 2020-21

Auditors had given a limited assurance opinion on the basis that they had identified multiple areas of weakness in the college's controls particularly in relation to the review of curriculum planning and a limited compliance assessment in relation to two funding

	streams. Auditors had advised that the college had not completed 9 out of 42 recommendations reviewed. The committee noted that this was the second year a limited opinion had been given although for different reasons this year. The EDCS advised the implications had been discussed with the Head of Governance and that the audit committee report would need to take cognisance of this. The committee commented that there had been progress in some areas and that it would be interesting to see what the financial statement auditors had to say about the internal controls. Governors commented that in other sectors the auditor's opinion would trigger regulatory involvement and they felt that it raised an issue that there was something systemic in the internal control environment. Governors advised that management need to produce an action plan setting out what will be done to improve the control framework and compliance across the college. The EDCS was asked to have this addressed specifically in the risk management plan. **Action EDCS** Governors commented that there seemed to have been historically a lack of compliance at the college and the committee queried how this issue is managed with the college's performance management and appraisal framework. This issue is to be included in future HR/OD reports to the Board. **Action Executive**
4.	**Internal Audit plan 2021-22** Mr Goddard introduced the plan and explained that it had been discussed with both the committee chair and the EDCS. Governors asked about areas of the plan and the value for money judgement and to what extent the internal audit reports would comment on both this and best practice. Mr Goddard confirmed that the audit reports would address these matters. The committee were advised that the top 4 risks had been mapped against the proposed audits. Mr Goddard confirmed that the plan could be flexed during the year if a key risk were to arise. The committee were advised that deeper audits tended to have more value and agreed with this approach. The committee noted that HR/ OD work has not been reviewed by internal audit for some time, but it might be something to have a look at later in the year, when developing next year's audit plan. **Action: Consider as part of internal audit plan for 22/23.** Mr Goddard gave an overview of the individual audits. Governors asked about growth and the process by which the college decides to take on new business and the EDCS advised that there is a business case process used for this. The committee were informed that there was a process underway with the NFL which would come to Board for approval if the college was to win the tender. Governors commented that the business case process

	might be something auditors would look at in future years and Mr Goddard added some of this would be picked up in the partnership audit. It was **Resolved** to recommend the internal audit plan 2021-22 to the Governing Board for approval. **Mr Goddard commented he would be happy to give training on risk appetite at the board development day.**
5.	**Financial Statements and Regularity Audit** i. External audit – early feedback The Finance Director advised of the work that had been undertaken already and gave details of the timelines giving assurance that these were being complied with. Upon being asked, he confirmed that to date no issues had been raised. ii. Draft Regularity Audit Self-Assessment Questionnaire The Finance Director explained the purpose of the audit questionnaire and the committee were advised that it is very similar to last year's questions but confirmed it had been updated. The committee chair asked that this be distributed and commented upon with comments going to the Finance Director by the **30th September** **ACTION: ALL and to go to ELT before end of month** iii. Annual Report and Statement of Corporate Governance and Internal Control – timeline Timelines: it was agreed this would be circulated to the audit committee by Friday 15th October with comments to be returned by the 22Nd October. **Action: Finance Director and Head of Governance.**
6.	**Audit recommendations tracker** The Executive Director of Corporate Services spoke to his paper. The committee were advised of the number of actions outstanding, and the director took the committee through each recommendation individually. Governors asked for a schedule to be included for the recommendation concerning COSHH testing. **Action EDCS**

	The auditors asked about subcontracting audit work and the Finance Director advised that the financial statement auditors would be undertaking this, and the report would be brought to the next meeting of the committee. **Action: Finance Director and Head of Governance.**
7.	**Risk Management** **i.** Corporate Risk Register The committee considered the corporate risk register. Governors were pleased to see that the latest iteration of the risk register included 'assurance mapping' though as yet the sources of assurance were limited and there was not much in the way of external assurance. However, the committee also acknowledged that the risk register represented an improvement and thanks were expressed. Governors commented that it was important that other sub committees be made aware where reliance is being placed on their work to reduce risks in the register and suggested a member of the executive be allocated responsibility for these. **ACTION: Head of Governance and Executive** Governor also commented that there was a pinch point in terms of actions all happening at the same time. Risk Management Strategy 2021-22 It was noted that the Risk Management Strategy 2021-22 would be coming to the next meeting of the committee. **ACTION: EDCS**
8.	**Audit Committee review** i. Committee self-assessment 2020-21 The committee considered priorities for the year ahead which were as follows: 1. Additional members 2. Developing risk management processes and framework 3. A significant strengthening of the internal control framework and controls in the college which should lead to an improvement in the IAS audit opinion These priorities will be included in the committee's annual report. ii. Committee schedule of business 2021-22 The committee agreed this subject to adding in value for money reports and in March selection of financial statement auditors. **ACTION: Head of Governance amend Schedule of business.**

9.	**Urgent business notified in advance** • Colindale cladding and insurance The committee were advised that the College had accredited specialists looking at the cladding across all sites. All campuses had been looked at and Colindale is fine apart from the plant room which does have some unsatisfactory cladding. However, the college has been advised it does not need to replace the cladding as this room is unoccupied and has multi-sensory devices which are tested weekly. In Southgate the LLDD cladding is fine and R block cladding is being tested but unlikely to be an issue. Regarding Wood Street, the committee were informed that this was the most vulnerable building as it has a public right of way through it. The main issue regarding fire is fire compartmentalisation but there is no risk to life. The committee were advised that the report of the experts would be made to Board at its October meeting if available. **Action EDCS and Head of Governance** • Electrical department **(CONFIDENTIAL)** The committee were advised that this concerned Best Skills 4U and given details of the situation and the concerns regarding the data protection issue which had been reported to the ICO. The ICO has acknowledged receipt and a further response is awaited. Actions being taken by the college were outlined to the committee. It was noted that there would be spot checks of large file transfers to outside emails. The committee were advised that there were concerns that there may have been some tampering with electrical installations. It was confirmed that the College was taking appropriate legal advice and acting upon it. It was confirmed that the individuals involved were only paid the amounts owing to them contractually when they left the college.
11.	**Date of forthcoming meetings** 2 Dec at 18.15 (inc. joint item with Finance Committee) 16 March 2022 16 June 2022
	The meeting ended at 20.52