Barnet and Southgate College Corporation
Audit and Risk Committee Meeting

Date: **Wednesday 16th March 2022**
Time: **18.00-20.15**
Venue: **Southgate Room SG/504a**

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
	Paul Goddard	Scrutton Bland

Italics denotes absence

MINUTES

Item	**The meeting opened at 18.05 and was quorate.**
1	**APOLOGIES FOR ABSENCE** There were no apologies for absence
2	**DECLARATIONS OF INTEREST** There were no declarations of interest
3	**NOTIFICATION OF URGENT BUSINESS** The committee chair noted that there were two matters: 1. Whistleblowing disclosure 2. Conflict of Interest and conflict of loyalty policy The Head of Governance asked that the committee consider the conflict of interest and conflicts of loyalty policy which had been distributed to the committee a few days earlier. It was noted that this had arisen from a recommendation of the financial statement auditors. It was **Resolved** to recommend the conflict of interest and conflict of loyalties policy to the Governing Board for approval.
4	**MINUTES OF THE MEETING HELD ON THE 2nd December 2021**

	The minutes of the meeting were accepted as a true and correct record of the meeting on the 2nd December.
5	**MATTERS ARISING** The committee chair went through the individual outstanding actions. In relation to internal controls, the EDCS gave an update on controls and advised how the risk management system was improving matters. The committee also considered how they would want to undertake deep dives, in particular in relation to growth and whether there would be a growth strategy arising out of the board development day which would have a risk statement within it. The committee discussed the need to identify where the college is going to be looking at growth. Regarding the tax advice on MBC the EDCS advised that this would go to the finance committee before the end of the academic year .
6	**INTERNAL AUDITS** • Governance audit Mr Goddard advised that this was an advisory audit and highlighted the points on page 1. He informed governors that other colleges would have a Code of Good Governance compliance check come to audit committee. Governors discussed this and concluded they were happy for this to go to Search and Governance. The Head of Governance advised that she had already undertaken a compliance check which along with a governance QIP had already been presented to S&G and the latter would be coming to Board for approval. The committee also discussed the aspects of the audit relating to HE, including the 4 (low risk) recommendations and the 3 value-added points. The recommendations relating to oversight of HE performance would be referred to Quality Committee. It was also suggested that a report should come to audit committee giving assurance regarding complying with OfS filing requirements Governors advised that they wished to know about regularity compliance and how the college monitors this. **Action Principal to provide short paper to committee** The committee also discussed training and it was agreed Mr Goddard would look to see if he could provide any recommendations regarding training providers for this. The Head of Governance advised that in addition all the added value points were accepted and would be actioned.

	• Payroll audit The committee noted that a significant assurance opinion had been given with 1 low risk and 1 medium recommendation, relating to data for new starters. The EDCS and Director of Finance gave further details of how problems had arisen and advised the committee that there were discussions in hand as to how the system can be improved. Governors asked when the review of the software package would take place and were informed this had been started. • Learner recruitment : Mystery shopping exercise The committee noted that there was a significant assurance opinion with 4 low risk recommendations. Governors commented that the audit was undertaken at a quieter time of the year for recruitment which was good to enable any improvements in advance of the next academic year. • Student income and debtors The committee noted that there was a significant assurance opinion with 3 low risk recommendations. Governors were advised there is a clear framework though with some glitches along the way. Governors questioned when the backlog for 19/20 in the scanning would be dealt with and were advised that companies could be paid to do this and that work was being undertaken on a solution. Governors asked about the rating of recommendations and asked for further details around this, which Mr Goddard provided. The committee were advised that any rated orange (medium risk) and red (high risk) would be critical but emphasised that green (low risk) recommendations were still important ones. Governors suggested that to have a digital strategy would be preferable to implementing improvements on an ad hoc basis and the EDCS advised that automation across college was one of his objectives and gave an example of some of the challenges regarding this. Governors commented that in the past there had been difficulties reconciling the student debt figures shown on the finance system with those on the student records system. Management confirmed that this was no longer the case.
7	**AUDIT RECOMMENDATIONS TRACKER** The committee considered the updated audit recommendation tracker and noted the improvement to this and the significant progress made in implementing past recommendations. The committee also discussed the contracts register which is to be set up.

8	**RISK MANAGEMENT FRAMEWORK** The audit committee considered the risk management framework which set out the colleges approach to risk management, the range of risk appetite scores allocated by Board members at the development day, and ELT proposals for moderating those scores. The proposals from ELT were as follows: Governance and leadership- risk neutral Budgetary control – risk minimalist Funding and investment decisions- risk tolerant External reputation- risk neutral Academic delivery – risk neutral Teaching & learning – risk tolerant Student experience – risk tolerant Business enterprises – risk tolerant Partnerships – risk tolerant Infrastructure and estates – risk tolerant Human resource and culture – risk minimalist Compliance- risk adverse Safeguarding – risk adverse The committee were of the opinion that there needed to be further discussion by the board regarding risk appetite for each category and for contextual information and a rationale for the ELT recommendations to be provided. The committee also advised that a description in practical terms of what this would mean in relation to each category would be required, together with an explanation of how this would be used. **Action: EDCs** It was **Resolved** to recommend the risk framework with further consideration by the board around categories on risk appetite after this and a further report to be provided with the information governors requested above.
9	**RISK REGISTER** The audit committee considered the updated risk register and noted the following key changes: - Review and noting of impact and likelihood of existing controls and planned actions - Additional assurance sources identified - Risk scoring reviewed

	Governors commented that additional assurances are needed for example internal audits. It was also suggested the risk register should be the first agenda item for future audit agendas. **Action: Head of Governance** The committee discussed risk appetite and target scores and observed that these should be consistent. Governors raised utilities prices and sustained inflation as risks generally. The EDCS advised the college was quite exposed to both. Governors asked what was being done in the budget and the EDCS advised that a factor had been built in for inflation although this was done in January.
10	**DATA QUALITY REPORT** The EDCS spoke to his report which outlined the College's response to recent internal and external audit reports on Data Quality and confirmed that it was a work in progress. Governors commented that arrangements for the systematic checking of data must be in place by the end of the academic year. The Director of Finance advised of the steps that were being taken in the college and he advised he was much more confident that the checks were taking place and the situation would not be repeated when internal auditors undertake a funding audit. Governors asked that at the next meeting a report be provided that shows how the system now works and gives assurance that process and documentation is in place and meets the requirements of both the internal and external auditors. **Action: EDCS for next meeting.**
11	**VALUE FOR MONEY REPORT** The Director of Finance spoke to his report which outlined the savings for the college produced by Tenet's management of the procurement processes. Tenet's contract was noted to be on a six-month rolling basis and due for review. The committee looked firstly at the progress report from tenet and noted it. The committee then considered the Director of Finance's paper which identified examples of financial irregularities and non compliance with the financial regulations. The committee asked how regularly this was occurring and were advised that examples given were consistently happening. The EDCS confirmed that ELT recognised what was happening and that one of his objectives was for there to be clearer accountability for budgets. The EDCs

	advised that it was currently undecided as to whether CMs should have budget responsibility and that the approach on this was being worked on by the CEO and EDCS with responsibility currently sitting with Heads of Centre. Governors questioned how repeat breaches were dealt with and were advised that compliance was an issue across all areas of business support. Governors questioned whether the foundations were in place to allow the solutions suggested and commented that there was also an issue of culture. There was discussion about the framework and the EDCs advised that the CEO had charged him with sorting out who does what in terms of budget managers by the end of the academic year. This would be set out in the financial regulations. Governors also questioned whether compliance with financial procedures could be addressed in staff appraisals and were advised that the college does not have a performance and appraisal system but has 'professional conversations'. It was not clear how compliance could be enforced. One of the compliance issues raised related to student enrolment and charging for fees. The Director of Finance explained that incorrect advice and guidance had been given. The committee were advised that there had been an enrolment review which should result in things being much clearer for students.
12	**FRAUD ACTION PLAN UPDATE** The committee considered the outstanding actions in the fraud response action plan. It was agreed that a further update would be provided at the next meeting of the committee and that it should be updated each year with a new action plan. **Action: EDCS, Director of Finance and Head of Governance**
13	**TREASURY MANAGEMENT POLICY** The EDCS was asked about the policies of the college's bankers in terms of involvement in Russian investments. . He advised that he would get a statement from the bank to go with the policy to the Board. **Action: ECDS** It was **Resolved** to recommend the treasury management policy to the Governing Board for approval.
14	**URGENT BUSINESS**

	• Whistleblowing disclosure The committee discussed the anonymous disclosure that had been submitted via the ESFA and the Head of Governance set out proposals for initial investigations into this. The committee noted that some preliminary investigations had been undertaken by the Principal and reported back to ESFA, who had advised the college that at this point they didn't need anything further. Following discussion, the committee advised they wished to ensure due process and instructed the Head of Governance to undertake initial investigations under the whistleblowing policy and report back to the committee chair as soon as she had done so. **Action: Head of Governance.**
15	**Date of forthcoming meetings** 13 June 2022 6pm
	The meeting closed at 20.39