Barnet and Southgate College Corporation
Audit & Risk Committee Meeting
held on Thursday 2nd March 2023
18:00-19:50
via Microsoft Teams

Present	Mark Sweeny, Chair Diane Moore, External Governor Alex Middleton, External Governor
In attendance	Maxine Bagshaw, Director of Governance Mark Sellis, Executive Director Corporate Services Hiten Savla, Director of Finance Darren Mepham, CEO Leisyen Cox, Scrutton Bland

The meeting opened at 18:00 and was quorate with 3 members present

Item	Description	Action
1	**Preliminary items** **i. Apologies for absence** Apologies for absence were received from Rouzbeh Faramarzian **ii. Confirmation of eligibility quorum and declarations of interests** Director of Governance confirmed that the meeting was quorate. There were no specific declarations of interest made and standing declarations were noted. **iii. Requests for urgent business** The Chair confirmed that no requests had been received in advance of the meeting. Governors confirmed that there was nothing that they would wish to add to planned agenda items.	
2	**Minutes** **i. Minutes of the meeting held on 28th September 2022** The minutes were reviewed and it was agreed that they were an accurate record of discussions.	

	AGREED: to approve the minutes of the meeting held on 28th September 2022 as presented. As a matter arising one member of the committee queried a format issue i.e. the name of a governor in the 'present' section in italics when in actual fact they tendered apologies, it was suggested that this could be slightly confusing. It was agreed that going forward only governors who are actually in attendance will be recorded as 'present' and then any apologies will be recorded as part of the preliminary items which are scheduled for each meeting. **ii. Minutes of the joint meeting held with Finance Committee on 1st December 2022** The minutes were reviewed and committee were happy that these were an accurate record of discussions. AGREED: to approve the joint meeting minutes held on 1st December 2022. There were no matters arising.	
3	**Action Progress Report** The summary table of actions agreed at the earlier meetings was considered and it was explained that these have been extracted in to a tabular form so that committee can more easily see the details. The column on the right-hand side provides commentary on the current position. Committee Chair reviewed with all present and it was agreed that: • Lines 1, 2, 4, 5, 6, 7, 8, 10, 11 & 14 are completed • Line 3 is not yet due • Line 9 – this is not yet complete and is a live issue i.e. meeting enrolment targets. Staff advised that they were currently working through curriculum planning which will then ensure realistic targets are set for 2023/24. Committee considered the reference to 'external assurance' and asked how this may be obtained. Committee discussed whether there was an expectation that it would be via an outside the organisation e.g. internal auditors or whether in fact internal reporting mechanisms would suffice. CEO indicated that there is a slight overlap with the Finance committee discussions and that they have specifically requested a learner journey report to the March board meeting. This will cover activities taking place to secure the enrolments, both new and progressing. Staff 'on the ground' will be joining governors so that there is an opportunity to triangulate by way of Q&A. His suggestion was that this discussion opportunity, as well as the KPI report scheduled, should go some way to give the assurance requested. • Line 12 – this is being progressed with an opportunity for newer governors to meet with ELT being planned. All agreed that this would be helpful.	

	• Line 13 – it was acknowledged that this links in with the line 9 discussions and all agreed that it needed to be discussed given the importance of the college being on the 'front foot'. CEO confirmed that some work has been done on this as part of the FEC work. As previously discussed, a report on this will be going to the next board meeting. One governor observed that this action also links in with the process engineering work that is planned and/or underway. It was agreed to await the March board meeting discussions and then review whether further assurance is required. • Line 15 – it was not clear from the minutes whether this is an action for either or both the Audit & Risk and the Finance Committee Chairs. It was agreed that the Director of Governance would check the Finance Committee Chairs understanding and then liaise to arrange a meeting if that is required (Director of Governance, March 2023).	
4	**Internal audit reports 2022-2023** 1) Progress against the plan for the year Key matters highlighted were: • This gives an overview for the year • The first five of the planned audits have been completed • Auditors are comfortable with the progress made • There have been no delays or cancellations • All future audits are planned and scheduled AGREED: to note the content of the update provided. 2) Funding Assurance report Key matters highlighted were: • Assurance opinion is 'significant' • College is operating well in terms of compliance for young people, apprenticeships and adults • There are two low recommendations made (set out on page 6 of the report) • First recommendation is that the college should ensure that the study programme hours recorded in the ILR are supported and evidenced by the learner timetables. Committee were advised that the review identified a potential overclaim of £1,500 however, as there is still time to amend the ILR in year this can be addressed. • Second recommendation relates to ensuring that all learner transfers are correctly coded. It was explained that, on this occasion funding would not be effected but that there is the potential for this to happen. • There have been positive management responses to the recommendation made In relation to the first recommendation, one member of the committee asked whether there were any inaccuracies in terms	

	of recording between part time and full time provision. It was confirmed that there weren't. In relation to the second recommendation, committee acknowledged that there were no known adverse impacts and therefore asked whether this influenced whether it is a low rather than a medium priority recommendation. Auditors explained that this audit finding was entirely related to 16-18 learners and therefore, if there is incorrect coding it doesn't impact on funding. They indicated that it would have been a more significant risk if it related to adults as there would then be potential for double claiming. Question and challenge from the committee was that there appears to be an underlying sense of basic errors. Staff confirmed that this was the case and was in fact a concern for the executive. They indicated that, whilst what is reported here are low level errors, there is potential for a wider pattern. To provide some assurance and independence in relation to this the college is bringing in some external support. Eight days is to be commissioned and may identify that there are training needs. Staff indicated that it was important that this committee were not given a false impression, which is why this is being highlighted now. Executive Director observed that this is the best assurance report that the college has had for many years, however there are concerns regarding the integrity of reporting. Whilst the college does have opportunities to cleanse the data periodically these errors should not be being made in the first place. It was explained that the outcome report following external support would be presented to the executive, as it is an operational matter, however staff confirmed that if there are any fundamental concerns then these will be reported to the committee. AGREED: to note the content of the report provided. 3) HR Key matters highlighted were: • Focus of the audit was on recruitment, selection and workforce policies • Assurance opinion is 'reasonable' • Auditors found that there was a suitable framework in place but that there was some evidence issues that could be improved • Page 4 sets out the action plan with two medium and four low priority recommendations • First medium recommendation is that, references should be requested before the start date for every appointee and, if this is not possible, a telephone reference should be sought three days prior to the start date. • Second medium priority recommendation relates to interviews and the paperwork completed and held for each of these. Auditors also looked at the time frames from shortlisting to interviews and feel that the speed and	

rigour can be improved so as not to lose good candidates. It is also recommended that outcomes should be scored and evidenced.

- Staff confirmed that training is planned to deal with both of the medium priority recommendations
- In relation to the low priority recommendations these cover a number of aspects, including:
  - Forms completed at shortlisting
  - Interview summary sheets to be completed
  - Authorisation documentation to recruit to a vacancy
  - Policy and procedure guides to include version control

Observation made by the committee was that, again there appeared to be a consistent thread running though this report in terms of low level basic expectations and governors asked whether any of the issues had been self-identified by the HR team. Executive Director indicated that the outcome of this review was disappointing as it does relate to basic aspects. HR had not been audited for a while and therefore it is believed that 'things have slipped'. He provided assurance that the senior team would be putting in internal controls and checks to ensure that there are improvements.

Committee observed that recommendations 1 and 2 seem to suggest that the design and controls are right but that they are not executed correctly. This was acknowledged and it was agreed that what needs to be the focus is process compliance and management rigour. Challenge from the committee was that they would like to see the organisation implement some quality assurance and compliance checks in addition to the actions already agreed with internal auditors. It was agreed that this would be added to the agreed actions tracker so that it can be reported on in the future (Executive Director, March 2023).

Committee thanked auditors for their report and specifically acknowledged the value-added points.

AGREED: to note the content of the report provided.

4) Procurement

Key matters highlighted were:

- Outcome is a 'reasonable' assurance opinion
- Focus of the audit was on value for money
- College has a good framework in place but there is some evidence missing.
- Action plan is set out on page 4 of the report with two medium recommendations and two low
- First medium recommendation relates to ensuring that three quotations are obtained for all purchases over £5,000 or that a financial variation form has been completed, authorised and retained on file.
- Second medium recommendation relates to cumulative total value of purchases made throughout the year to

	ensure that there is no way to circumvent the financial limits within the financial regulations. One governor asked whether, as part of the audit a check, it had been ascertained that audit tender documentation is held by Tenet. Auditors confirmed that this has been checked and assurance provided in relation to this. One governor asked whether changing the financial regulations will actually address the audit point made. Auditors expressed the view that it will help and acknowledged that it is not uncommon to see exemption forms for some repeat items. • First low priority recommendation is to address inconsistencies found between two documents • Second low priority recommendation is the development of a preferred supplier list, once value for money has been assessed, as this will remove the requirement for repeat quotations. In relation to the planned update to financial regulations, committee asked whether they will be presented to the Finance Committee before going to board. Director of Governance confirmed that they would and that there are meetings scheduled in May and June where this can be added to the agenda before presentation to the July board meeting (MB to clarify with MSellis which meeting is the preferred one for presentation). AGREED: to note the content of the report provided.	
5	**Audit Actions Tracker – progress update** Executive Director referred the committee to the document circulated yesterday and key matters highlighted were: • College is now using Microsoft planner as the tracking tool. Whilst this isn't specifically designed to track actions it has been possible to adapt and is free. This means a cloud based collaborative tool with no more spreadsheets. • Tracker is now being used consistently and is making reporting much easier • The plan is to add in the 'value added' points from the internal audit reports so that these do not get lost over time. • For 21/22, 20 out of the 22 actions agreed were completed • One that is outstanding relates to a structural change i.e. the payroll system, with now being the right time to review and potentially go out to tender • Second one outstanding is because of a change in personnel and is scheduled to be addressed • All 2022/23 actions have now been added to the tracker, however there is limited progress to be able to report at this point in time as some of the reports have only just been received.	

	• Historic actions are to be tested as part of the follow up audit by Scrutton Bland. College believes that are all concluded and this just now needs to be confirmed. Request from the committee was to try and work out how to move completed items to an archive document so that the committee only see the outstanding/live actions at each meeting (Executive Director Corporate Services, June 2023). AGREED: to note the content of the update provided.	
6	**External Audit** Executive Director provided a verbal update on two matters: • Stuart McKay is now taking over as the external audit partner following internal rotation requirements. Previous audit partner remains in the background should he be needed at any point in time. • ESFA Tuition Fund Audit – college has been selected for an audit which relates to a small group of students who are perceived to have been negatively impacted by the pandemic and are therefore eligible for small group tuition. Value to the college is circa £300k. There are quite strict eligibility criteria and meeting these is being tested. Auditors requested and tested a sample size of 15 out of 500. This is a new funding stream and therefore the college has never been audited previously in relation to it. Main issues arising from the audit so far are: • College should have been using ILR flags. This is a housekeeping matter that can be addressed in year. • Class sizes should be 5 or less, with up to 7 being the exception. Unfortunately groups larger than this are in place and this needs to be addressed. As it is a midyear audit it is going to be possible to split the groups, however the challenge is the amount of time remaining in the academic year to deliver. • Ultimate risk is that the college may need to moderate down its funding claim. Challenge from the committee was to undertake a root cause analysis as part of the review i.e. why did the organisation end up with class sizes which were over the required limit. It was agreed that an update report would be provided on this to the next meeting (Executive Director Corporate Services, June 2023). AGREED: to note the content of the information provided.	
7	**Risk Management** The detailed report completed by the Executive Director Corporate Services was reviewed and he indicated that there were currently two key risks. These are major ICT failure and	

	deterioration in industrial relations. In relation to the latter he indicated that, there is going to be a further strike action ballot which will take place this month and unfortunately the organisation has not been able to get closer in terms of an agreement regarding the pay claim. Committees attention was drawn to page 68 of the pack which includes a mapping grid which is new. It shows all of the eleven risks in the top right hand corner. The light blue arrows show the position after mitigation. He explained that a long downward arrow is positive and that the one risk which is a particular challenge is risk 11 i.e. industrial relations, as the mitigating actions and controls are not having an impact. The ICT arrow is also much shorter which indicates that the mitigating actions are not working as well as for other risks. Committees attention was then drawn to the updated corporate risk register with the version at page 70 showing track changes and the version at page 84 being 'clean'. Question and challenge from one governor was that the information provided appears to be a little bit sanguine and they indicated that they would like to better understand the why and the what i.e. what has underpinned the decision to change the scores and particular examples given were in relation to the in-year budget and growth. They indicated that they would like to know a little bit more about the evidence which underpins the rationale for change. In relation to the in-year budget risk, Executive Director explained that in prior years there have been significant in year variances however this is not the case this year. There are much more robust process controls in place which has reduced the variability and potential surprises. He acknowledged that the deficit planned isn't where the college wants to be but expressed the view that there is now greater confidence in terms of the in-year controls. He explained that budgeting for the future is still more amber rather than yellow as there is less certainty. He confirmed that there is now better cost control and that this is something that has had to be done to address the reduction in student numbers/funding that has to be planned for. He explained that the risks are perceived to have reduced as the organisation is delivering to what was predicted in the budget. Challenge from governors was that, within the information provided, there is little about mitigating the impact with more provided regarding how to reduce the probability. On this basis it isn't clear to see why the impact score has reduced from 6 to 3. Executive Director indicated that better control of the 'biggest ticket items' does reduce the impact. It was agreed that the Executive Director Corporate Services would take on board the comments made and think about whether there are any additions to be included in the narrative which would better explain the rationale and evidence base for changes to risk scores (Executive Director, June 2023).	

	Committee commented that it is a real positive that senior staff and governors now have greater confidence regarding the resilience and that this then allows a greater focus on the content of the register. CEO indicated that in relation to growth (risk item 10), the likelihood score has been reduced but not the impact score. He explained that the changes that have been put in place are now starting to be embedded with impact starting to be seen. An example given was the curriculum strategy which is underpinning curriculum planning for next year. He indicated that none of the actions individually will lead to growth but that collectively they should. College will not know the actuality until the September to December period which is why the score has not been reduced significantly. Challenge from one governor was to consider a 'quality of execution' risk in relation to strategy implementation and what management controls may be needed in relation to this (CEO, March 2023). Committees attention was then drawn to two deep dive reports. 1) Digital security – key matters highlighted were: • This was a concern internally but was also flagged up by governors at the January development day • Organisation believes that it has relatively good controls in place given what can be afforded i.e. proportionate spending. • College is preparing as well as it possibly can • Risk is in relation to responding to an attack and recovering from it both in terms of cost and time • Staff are in doubt about the severity of the risk and the challenge • IT team are completing a technical review to identify strengths, gaps, actions etc. • Organisation has to better understand prioritisation needs and create a plan in relation to this • College is putting 'standby' plans in place to support if and when needed Governors indicated that this was a positive report from a risk consciousness point of view. Challenge was to elevate reporting requirements, both internally and to governors. Executive Director indicated that the senior team were intending to do some detailed project planning around this which will help. Governors expressed the view that specific involvement with third party specialists is key to a successful plan. Challenge from governors was that they would want to see a 'recovery plan' document next i.e. who, what, when, budget etc. Staff indicated that they are comfortable in terms of the ability to mitigate probability and that there now needs to be work done on mitigating the impact. Governors asked when a 'recovery plan' would be available. Staff acknowledged that this section within the Disaster Recovery plan will now be well out of date and it was agreed that the plan would be available for the next audit	

	committee meeting or before (Executive Director Corporate Services, June 2023). 2) <u>Industrial Relations</u> – key matters highlighted were: • The focus of the report provided is on lessons learnt • Organisation prepared for the first strike well, however there are things that can be done differently • Specific section provided on the impact on students. This is how arrangements were managed to mitigate and also a summary of what will be done should there be a further strike. • Staff have worked really hard to support students to catch up where needed • An area of challenge was in relation to payroll deductions and this has shown that centrally staff do not know enough about working patterns. It is believed that there is a better understanding now but this was a key learning point. • One further challenge was in relation to LLDD students i.e. it is simply not possible to cancel provision at short notice as they have to carefully forward plan arrangements and therefore college will have to factor this in to future plans. Challenge from the committee was that now is the opportunity to think about all systems and processes and what can be improved. Governors suggested that staff seek to complete a 'clean sweep'. Governors made the observation that there were a number of linked themes within the number of reports provided today and that it is important that all actions proposed dovetail. Governors commented that the payroll challenges also link in with cyber security risks, in terms of thinking about what is devolved locally, what needs to be central and how this can be controlled. Committees attention was then drawn to the report provided on ONS reclassification and a review of implications for the college. Key matters highlighted were: • College has done a lot of work in terms of the estates strategy and particularly how to mitigate risks in this area • ESFA have issued bitesize guides which are distilled from the larger Managing Pubic Money guide • Guides are split in to a number of sections which cover: - Senior pay – this is not believed to be an issue for the organisation currently. - Write offs – this is a more real issue, particularly the write off in relation to the subsidiary company - Special payments including severance, compensation and ex gratia payments – there is a £50k delegation limit that does not require DfE approval for some aspects, however college will need to be really clear what falls within ex gratia, extra contractual, extra statutory and extra regulatory payments as there is no delegation limit here, with all requiring DFE approval.	

	- Compensation payments which go beyond statutory or contractual entitlement – college has had to do one of these this week. Payment made was below the limit but it is important to have all of the evidence and the business case expected in place. - Indemnities, guarantees and letters of comfort - Novel, contentious and repercussive transactions Currently there is only one out of the five aspects that doesn't apply and the challenge from governors was therefore that the organisation needs to be really good at reporting and recording on these. AGREED: to note the content of the update provided.	
8	**Code of Good Governance Compliance Checks** Director of Governance explained the context for this exercise i.e. to identify any gaps and actions required. This is in advance of having to declare compliance with the code as part of the 2022/23 annual accounts and also the planned external review of governance. Director of Governance highlighted the fact that the AOC are shortly to go out to consultation on an updated version and early indications are that this will be a shorter document. Committee all agreed that it was important to consider the timing of any external governance review in light of an updated code. AGREED: to note the content of the update provided.	
9	**Fraud, Irregularity and Whistleblowing** Committee were advised that there are no instances to report for 2022/23.	
10	**ICO Reportable Incidents and a review of the role of the DPO** Executive Director presented his detailed report and key matters highlighted were: • There has been one reportable incident this year • Data control is a challenge and the organisation is in a similar position as that to cyber security i.e. staff can be the best line of defence however they can also be the first line of weakness. • It is clear that the organisation needs to do a lot more internal testing and assurance exercises. Options are being considered, one of which is how to in effect slow down the sending of emails that include data, so that staff have an opportunity to check and reflect before proceeding. In relation to the reportable incident, governors indicated that the report allows them to see the what and the when but not the	

	why. It was explained that the data breach was as a result of a 'copy all' error when individual emails should have been sent. In relation to the DPO role it was agreed that a recommendation in relation to this would be presented to the next meeting (Executive Director Corporate Services, June 2023). AGREED: to note the content of the update provided.	
11	**AOB** There were no items of additional business.	
12	**Date and time of next meeting** This was confirmed as Thursday 29th June 2023 at 6pm. Meeting closed at 7.50pm.	