Barnet and Southgate College Corporation
Audit & Risk Committee meeting
held on Thursday 29th June 2023
At 18:00 via Microsoft Teams

Attendees: Mark Sweeny, Chair
Rouzbeh Faramarzian
Alex Middleton

In attendance: Maxine Bagshaw, Director of Governance
Hiten Savla, Director of Finance
Thomas Streater, Governor/observer for this meeting
Darren Mepham, CEO
Stuart McKay, External auditors
Paul Goddard, Internal auditors

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 Diane Moore and Mark Sellis. **ii) Confirmation of eligibility, Quorum and Declarations of interest** Director of Governance confirmed that the meeting was quorate. There were no specific declarations made and standing declarations were noted. **iii) Requests for urgent business** Director of Governance and chair confirmed that no matters had been raised in advance of the meeting. Governors confirmed that there was nothing that they would wish to add to planned agenda items.	
2	**Minutes of the previous meetings** **1) Minutes of the meeting held on 2nd March 2023** 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 2nd March 2023.	

	2) Matters arising and action progress report In addition to the update provided a number of aspects were discussed: • Line 3 – the Director of Finance confirmed that he is happy to pick up this action and meet with Rouzbeh Faramazian and Diane Moore, it being the case that all agreed that this would be helpful. Director of Finance confirmed that he would contact them to arrange a mutually convenient date/time. • Line 6 on the action tracker aligns with the request made at page 5 of the minutes • Updated Financial Regulations were presented to the Finance Committee which met yesterday. Main changes relate to requirements regarding tenders and obtaining three quotes. • Line 10 on the action tracker aligns with matters discussed on page 9 • Many of the items on the outstanding list are to be picked up in reports to this meeting or other committees AGREED: to note the content of the update provided.	
3	**Internal Audit Reports 2022/23** 1) Progress against the plan for the year Key matters highlighted were: • Health and safety audit outcome is scheduled for discussion at this meeting • The draft follow up report is currently with Executive but has not yet been concluded. There have been some staff absences which has impacted on the ability to conclude and further work is planned. • Audit of subcontracting is planned and committee were reminded that the submission deadline to the ESFA is 31st July 2023. • Auditors need management to be fully engaged so that all work can be concluded before the yearend • All outstanding reports are therefore due to be reported to the first meeting in the next academic year i.e. September 2023. Committee asked for further information regarding the follow up audit i.e. what will it be looking at. Auditors confirmed that it is the outstanding recommendations made by their predecessors and also their recommendations and actions agreed last year. They described this as 'still a sizable list' and they are working with the college to get to a point where a lot of the actions can be closed off. Challenge from the committee was that they would want to see when the evidence was requested by auditors and how long it has taken to provide, alongside anything that remains outstanding.	

	They indicated that this would help them to see what is to be prioritised. Auditors provided assurance that the process was not significantly overdue. Whilst acknowledging this, committee indicated that they want assurance that it is not college that is delaying the conclusion processes. CEO indicated that he is trying to attach an ELT sponsor to all actions and reports and that this should be a mechanism to unblock any issues and that, more broadly the member of ELT with overarching responsibility for managing audit is the Executive Director Corporate Services. Challenge from the committee was that this may need to be relooked at again. Auditors explained that it tends to be issues relating to workload and management capacity when there are delays. Committee were advised that two audits were rescheduled because of operational capacity reasons but there is confidence that all work planned will be completed before yearend. AGREED: to note the content of the update provided. 2) Health and Safety Key matters highlighted were: • Audit conducted in March 2023 • 'Reasonable' assurance opinion given with an amber RAG rating • This is an area in development and the college knows that there are aspects to address and progress • In relation to the red risk identified i.e. training for staff and evidencing that training, it was explained that this is considered to be a high risk because of the element of uncertainty and low levels of completion. • Management have accepted all of the recommendations made • In relation to the amber items, one relates to risk assessment concerns, the issue here was the wraparound i.e. a centralised means to track. Suggestion from auditors was to undertake sampling and quality assurance. Central coordination is important. • There are a number of areas where there is really solid practice • Two low risk recommendations Committee asked whether there were any gaps in the materials available at college. Auditors confirmed that they have no particular concerns regarding the content and that it all appeared to be appropriate. What needs to improve is the message and the tracking of this. The governor observer for this meeting indicated that he would welcome an opportunity for more discussion regarding how recommendations are followed up and fixed and, in addition to this, whether it is possible to undertake peer group comparisons. Internal auditors confirmed that they would be happy to meet with him outside the meeting.	

	All agreed that the key here was the management response and committees' assessment of whether or not this is adequate and then to track the implementation. Challenge from one governor was that, having a system and it not being deployed fully is disappointing. There is a need to look at functionality of the system so that it can be adapted more widely. It was acknowledged that this relates to the third of the low recommendations made. Committee were advised again, that management have accepted the recommendations. Committee Chair made reference to page 2 of the report and the fact that there have been no RIDDOR reportable incidents in the last 12 months and he asked whether this was unusual. Auditors confirmed that it is not entirely unusual. Director of Governance was able to provide a point of clarification on this emailed earlier in the day by the Executive Director Corporate Services, this is: 'Typically the college has had very few RIDDOR reportable incidents, although in recent years there have been a number in one particular area (LLDD) which has been subject to increased focus since. This is in respect of risk assessments, work inspections etc. Since the report has been written we have been working on a case with our insurers from late 2022 which is now RIDDOR reportable as, although the incident wasn't a major incident as per the regs, the subsequent absence was over 7 days (agency member of staff sat on a chair which broke). Members of the committee were invited to attend any meetings of the internal Health and Safety group should they wish to. One governor asked whether the college has assessed what it describes as an 'incident'. Staff provided assurance that this has been done and explained that there are very clear measures, with no incidents achieving the reportable status. Staff expressed confidence that the college knows the process and procedures in relation to this. AGREED: to note the content of the update provided.	
4	**ESFA Tuition Fund Audit Outcome/Update** Key matters highlighted were: • This was a spot check audit completed by the ESFA • Specifically looking at checks regarding small group provision. • Audit found that the college was not applying funding correctly i.e. the groups were not small enough • In response, the college has made in year adjustments and has had the time to address • £6k funding at risk • Issue now is how the organisation makes sure that all funding rules are adhered to • Director of Finance has reported that the issue was identified before audit and perhaps therefore there is a	

	need to give internal staff a stronger voice and/or the gravitas required to escalate. Challenge from the committee was that timing is the issue and that it is important to have the right people in place with the right capacity. Committee were advised that there has been an external review of the MIS function and actions are being taken in response to this. Issue seems to be confidence i.e. ability to speak up and then ensuring that staff respond. Committee were reassured that all of the recommendations will be taken forward and implemented. Committee were reminded that the Director of Finance will take on responsibility for MIS on an interim basis and this will therefore give him a direct voice in to ELT. Director of Finance explained the context for the finding in the audit i.e. being above the student number limit. Committee were advised that attendance is optional and therefore the college/staff don't always know what the actual group size will be until students materialise. Question and challenge from the committee was how these issues and recommended actions will now be tracked. It was agreed that all would go on to the audit actions tracker (the next scheduled agenda item for this meeting) and not just internal audit recommendations (Director of Finance, July 2023). AGREED: to note the content of the updates provided.	
5	**Audit Actions Tracker** Committee reflected upon the earlier discussion and it was confirmed that all audit actions and not just internal audit recommendations are and will be captured here. Key matters highlighted were: • Historic actions have now been stripped out which leaves only the current and relevant ones for this committee • Actions colour coded as: green are completed, blue are not completed and not due and red are overdue. • 3 overdue actions Committee discussed the recommendation regarding developing a cyber security action plan and indicated that they have no comfort, given the overdue timeframe, and they therefore asked for an update on this. CEO confirmed that the college has done a lot of work in relation to cyber security and that there are varying opinions in relation to what can, could and should be done. College has a menu of potential investments that it can make. Some spend is provided for in this financial year with some additional 23/24 investments prioritised i.e. multifactor authentification and strengthening back up facilities. He explained that the one aspect paused is a new service which would cost £100k. This is software and a managed service. Staff are not quite sure yet how far this will mitigate risks. If money were no object then the college would purchase the additional service, however there are conflicting demands on the finances. CEO provided assurance that there is a	

	list of investments to be made as and when funding becomes available. Committee made reference to pages 44 and 45 of the pack and all agreed that they were helpful. Challenge from one governor was that, if the college is looking at strengthening back up then this goes more towards infrastructure requirements and is wider than cyber security. Challenge from the committee was that they would like to better understand the spectrum of college exposure. CEO indicated that data integrity, cleansing etc. is a focus and also the college is looking at an external DPO service. Committee were given assurance that the college does have a back-up and restore policy in place but that it needs to be refreshed. Challenge from the committee was to provide a revised implementation date so there is absolute clarity in terms of timescales for concluding this action. Challenge and observation from the committee chair was that, if actions are overdue then the college is tolerating a risk for longer than was agreed and therefore there may be a need to discuss additional and/or alternative measures. Going forward committee indicated that, if there is a risk that any actions will become overdue then there is a need for staff to provide a revised date for completion alongside an impact analysis. Committee indicated that, they need to know that policies and procedures are in place but acknowledged that, as a group, they may not have the skills to test the quality of these. AGREED: to note the content of the update provided.	
6	**Internal Audit 2023/24 and Updated 3 year Strategy** Key matters highlighted by internal auditors were: • This is not quite yet the proposed plan • The content was shared with the Executive Director Corporate Services in mid-May but there has not yet been an opportunity to undertake a planning meeting. • Further discussions are needed between now and September with this committee. To try and move this forward it was agreed that committee members and Thomas Streater would give feedback by email to the committee Chair. Committee Chair would then meet with internal auditors and the Director of Finance. It was agreed that the time frame for committee feedback would be 14 days (Committee members, July 2023). AGREED: to note the content of the update provided.	
7	**External Audit Planning Memorandum for 2022/23** Key matters highlighted were:	

	• Organisation has rebranded, however the underlying LLP is the same • Page 1 sets out the objectives including mutual understanding of the scope and timings • ISA 325 – a significant change in the audit arena and approach to risk and evidence. This is now a control-based approach and there are reduced parameters in terms of accepting control deficiencies. • ONS reclassification requires auditors to approach transactions from two aspects, these are: 1) Do I need permission, and 2) Do I need to disclose There are different thresholds for each of these two aspects • Page 3 sets out intended materiality which is £420k. Benchmark for this is income. Triviality is £21k. • Page 5 sets out the team and confirms independence. There are two additional non audit services provided to the college, these relate to pension and the winding up of a subsidiary company. • Page 8 sets out the key audit risk areas. Risks 1, 2 and 3 are significant risks for all colleges. • Risks 4 to 10 are not unique, but the RAG rating is specific to BSC • Page 10 includes one amber RAG rated aspect, this is entitlement and income recognition • Page 11 covers regularity and particularly permission requirements in relation to bad debt write off and special payments. College transactions will be assessed against the Managing Public Money regulations. • Auditors will look at going concern • Another area of focus is capitalisation, particularly as there is now a huge amount of capital funding available/provided in the sector. • Page 12 covers the pension position. Harper V Brazel case continues to rumble on although there have been no claims at BSC. • Audit will look at the risk of clawback • Page 13 sets out the financial reporting risks • Page 14 provides a summary of fees. These are higher than last year because of a number of aspects including inflation, ISA315 and the need to assess against MPM. • Page 18 provides sector updates • Page 20 confirms that the Colleges Financial Handbook is due for consultation this year and is expected to be in force for 2024. One aspect for the college to be aware of is expectations regarding Reserves Policy requirements. One governor asked where any gaps or frailties in governance reporting would appear. Auditors confirmed that there are a number of statements required in disclosures and that they would look at 'reasonableness'. Committee were advised that governance often appears in regularity through the self-assessment questionnaire. Committee	

	Chair confirmed that the college would also be commissioning an external governance review this year. One governor asked for further information regarding the defined pension scheme. Auditors confirmed that TPS is a defined contribution scheme and that LGPS sits on the balance sheet. They expressed the view that the triannual valuations are what are important. Challenge from the committee was to be aware in 2023/24 regarding permissions required for anything novel and contentious, particularly in relation to transactions that may be required as the property strategy is implemented. AGREED: to a) note the content of the document b) Recommend it for board approval	
8	**2023 Post 16 Audit Code of Practice** Committee were happy to note the content of the report and agreed that it makes it clear where the changes are and what the college needs to monitor and adapt. AGREED: to note the content of the update provided.	
9	**Risk Management** Key matters highlighted were: • Things have shifted in relation to a number of risks, specifically cyber and industrial relations • Risk in relation to growth has reduced as the college is starting to see things coming to fruition Challenge from the committee was that the risk described as 'major IT failure' may need to be more explicit in terms of cyber and the acceptance of risk exposure. It was acknowledged that risk awareness and the RAG score is high even with mitigation. Challenge from the committee was that there needs to be a level of confidence in relation to the overdue actions. Committee made reference to risk 9 titled 'serious accident and/or health and safety executive breech'. Challenge from the committee was that there is a mismatch between the score and the health and safety internal audit report considered earlier in the meeting. Challenge was to ensure that the risk register is a live document. Committee expressed the view that some of the implementation dates were too broad and staff were asked to revisit and be more specific (Finance Director, July 2023). In relation to cyber security, CEO indicated that various mitigating actions have been identified and that some can be funded, whilst others cannot yet, one of which is MDR. He explained that it is very hard to reach an empirical view regarding risk tolerance/acceptance and that it often seems like a judgement.	

	Committee observed that a lot of what they have seen to date is first line defence. Challenge from the committee was for the college to scope and commission an independent view which will give assurance regarding where the organisation is, what is common practice, what is best practice and what investment is and isn't needed. CEO confirmed that this would be progressed (CEO, September 2023). Committee were advised that the £100k potential investment to be made is to provide an additional level of defence. Committee were given assurance that a number of options have been explored and that this does seem to be a ball park/best price. Committee were then invited to consider the continuity plan and key matters highlighted were: • This is an updated version • No significant change in terms of substance • Operational elements have been updated Challenge from one member of the committee was made in relation to some scenario considerations i.e. what would happen if all PCs were highjacked on a Monday, what would the organisation do? It was acknowledged that the policy doesn't really cover resilience. Committee felt that it would be helpful to form a view on this as it could better inform investment needs. Suggestion from one committee members was to also look at third party failures and vulnerabilities i.e. how is this incorporated in risk assessments and one example given was a google platform. CEO acknowledged that historically the organisation has focused on protection and that what is needed now is a review of what to invest to ensure response and resilience. Committee were then provided with an update in relation to industrial relations and key matters highlighted were: • College is still in dispute with UCU • Strike action has taken place • A further meeting is scheduled with them next week • There is a written resolution proposal which was circulated earlier in the day with a recommendation to make a further in year payment to staff, however it is not believed that this will prevent further industrial action. • It is envisaged that there will be a sector approach to industrial action next year • There is very little that the organisation can do to manage the probability and is therefore working hard to manage the impact • ELT focus is on ongoing staff relations and not just UCU and the strike action AGREED: to note the content of the update provided.	
10	**Fraud, Irregularity and Whistleblowing 2023** Staff confirmed that there were no instances to report.	

11	**ICO Reportable Incidents and a review of the role of the DPO** Committee were happy to note the content of the report and were generally supportive of the option of looking to externally source the DPO function to fill the gap. AGREED: to note the content of the report.	
12	**Whistleblowing Policy – annual review** Director of Governance introduced this item and invited the committee to consider the policy in place. Question from one governor was whether or not there is a process for raising governance concerns within the policy. Director of Governance confirmed that she would review and, if not, draft a suggested addition. It was agreed that the Director of Finance role would replace the Executive Director Corporate Services role within the document. AGREED: subject to the proposed changes discussed at the meeting, to recommend the policy for board approval.	
13	**Committee Annual Review 2022/23** Director of Governance presented this report and indicated that this is an opportunity to reflect back on this year and plan for next academic year. All agreed that it felt like the committee was working well. In terms of future focus, all felt that potential upskilling was required, particularly in relation to internal controls and MPM implications. Committee all agreed that they were happy to roll forward unchanged terms of reference and membership. They agreed that the frequency of meetings was appropriate and they were happy to approve the work plan proposed for 2023/24 as presented. AGREED: a) To note the content of the update provided b) Recommend that the board approve terms of reference/membership for 2023/24 unchanged	
14	**AOB** There were no matters of additional business.	
15	**Date and time of next meeting** Director of Governance confirmed that a full schedule of meetings would be presented to the full board in July. **Meeting closed at 8pm.**	