Barnet and Southgate College Corporation
Audit & Risk Committee meeting
held on Wednesday 20th September 2023
At 18:30 via Microsoft Teams

Attendees: Rouzbeh Faramarzian, Meeting Chair
Alex Middleton

In attendance: Maxine Bagshaw, Director of Governance
Hiten Savla, Director of Finance
Thomas Streater, Governor/observer for this meeting
Darren Mepham, CEO
Paul Goddard, Internal Auditors
Tracey McIntosh, Executive Director Partnerships and Commercial

The meeting opened at 18:30 and was quorate with 2 members present

Item	Description	Action
1	**Preliminary items** **i) Appointment of the meeting Chair** It was agreed to appoint Rouzbeh Faramazian as the Chair for this meeting. **ii) Apologies for absence** Apologies for absence were received from Diane Moore **iii) Confirmation of eligibility, quorum and declarations of interest** It was confirmed that the meeting was quorate with 2 members present. **iv) Requests for urgent business** It was confirmed that no matters of AOB had been identified in advance of the meeting.	
2	**Minutes of the previous meetings** **1) Minutes of the meeting held on 29th June 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 29th June 2023. **2) Matters arising and outstanding actions** Committee reviewed the action tracker on a line-by-line basis and updates given on a number of aspects, including: • Line 1 – the committee were reminded that the reason this action was raised previously was that, at the time, the college was seeing an issue regarding accurately claiming for ALS. Committee were given assurance that this aspect was thoroughly reviewed in 2022/23 with significant improvements made and that, as a consequence, this is no longer perceived to be a risk. On this basis the committee agreed that this action could now be logged as completed. • Line 2 – committee agreed that this action could be closed as there is now confidence regarding tracking in place. The tracker now established is regularly updated. Committee were reminded that this action was particularly requested enable streamlining of the document that is provided to this committee. • Line 3 – this action is completed and can therefore be removed. • Line 4 – this is completed, with governors having a further opportunity to feedback later in the meeting. • Line 5 – risk register is a paper for discussion later when timelines can be reviewed. Director of Finance confirmed that staff have tried to narrow down the implementation dates for the majority, with many of these now actioned. Committee agreed that this action could be closed and that, if required, more specific actions could be identified during later discussions. • Line 6 – CEO provided a verbal update and confirmed that the request for independent review has been commissioned. Work was completed in September and a report received last week which unfortunately was not in sufficient time to circulate to committee for this meeting. As an overview, he confirmed that the review has in the main reconfirmed what was already known but that there have been some areas of re-emphasis and examples given were that the college holds data for longer than it needs to. He explained that the next step is to create an action plan. One member of the committee asked for an update regarding the third-party risks identified during discussions at the last meeting. CEO indicated that this did not come out as a specific risk for BSC but that, instead it seems to be a sector/industry wide issue. Committee acknowledged this and it was agreed that creating an inventory of third parties would be helpful to raise awareness of potential risks to consider (CEO, October 2023). In relation to the external report provided, it was agreed that this would be circulated alongside the proposed action plan outside the meeting schedule so that governors would have an opportunity to informally contribute and/or ask questions (CEO, October 2023).	

	Committee asked for an update in relation to the colleges position regarding data retention. CEO indicated that there are a number of aspects to consider, including: • College knows that the policy needs to be updated. • There is more that can be done to improve the robustness of the approach taken and practices in place. • There are far too many dormant/live accounts. • A real focus for the organisation is to work on the policy and then compliance in relation to this. Challenge from the committee was to ensure that all actions are addressed and tracked from a governance perspective. It was agreed that any recommendations and actions agreed would be added to the regular tracker which is presented to this meeting (Director of Finance, October 2023). On the basis of the information provided, committee were happy to close this action.	
3	**2023 Subcontracting Standards and Self-Assessment Audit outcome** The Executive Director for Partnerships and Commercial presented this item and explained that the paper was broken down in to three parts, each of which is provided for information. 1) First part relates to the new subcontracting standards introduced for 2022/23. She described these as quite extensive and another way of the ESFA reducing college reliance on subcontractors, which is a sector direction of travel. 2) Second section summarises the subcontracted activity in 2022/23 (page 15). She indicated that most of the subcontracting relates to football coaching rather than delivery of teaching and learning. These subcontractors are providing a specific service. Remaining subcontracts are quite small adult provision and an example given was ESOL. 3) Section 3 is the risk and assurance report from internal auditors. Governors' attention was drawn to the three recommendations made which have been accepted and responded to. These relate to: • Managing relationships – this action has been completed. • Second recommendation relates to people. College is introducing a new performance management system/process and this will include recording the formal objectives. Committee were given assurance that all will be in place for this academic year. • Third recommendation relates to provider development, specifically training for subcontractors. It was explained that the colleges does a lot in relation to teaching and learning, funding compliance etc but that subcontractors are not routinely invited to wider events. This will now take place and an example given was in relation to sustainability. Committee were advised that it may not be	

	relevant to all subcontractors and that, where this is the case, the position will be fully documented. Internal auditors highlighted the fact that BSC subcontracts through both the ESFA and GLA through and that each has slightly different requirements with different submission dates and a slightly different approach, which has made it slightly more complicated this year than it needs to be. Internal auditors indicated that only having three recommendations is a good outcome, with each of them being on the periphery rather than core issues which should be reassuring to governors. Staff indicated that, at this point in time, it is unclear whether a similar audit will be mandatory on an annual basis or only required every three years, however the college wants to undertake an annual assessment/audit in any event to ensure full compliance and best practice. One member of the committee asked how the college will internally track the amber RAG rated items. It was explained that these will also be added to the tracker presented to this committee so that governors do not lose sight of these. Director of Finance confirmed that the tracking document, which is scheduled at agenda item 6 later in the meeting, will now have all actions and recommendations in a single source. AGREED: to note the content of the update provided.	
4	**Internal Audit Report 2022/23** Internal auditors presented a number of items for discussion, including: 1) Examinations and assessments Auditors confirmed that this audit has been deferred to the 2023/24 academic year. Reason for this is that there is a relatively new team in place and that they need time to bed in before the area is tested and, because of this, the audit is proposed for this year. Following discussion committee were happy to agree to the deferment but indicated that, in future, they would like to see committee preauthorisation for any deferral. It was acknowledged that there were very valid reasons for the deferral but that if a similar position should occur going forward this is flagged to committee before rather than after the event. 2) Follow up Committees' attention was drawn to the detailed report and auditors explained that this included a 'long tail' of prior year actions agreed even before Scrutton Bland were engaged. Key matters highlighted were: • 37 actions considered as part of the follow up. • Opinion is 'reasonable progress' but there are still too many outstanding or partially completed to give a green RAG rated opinion.	

	• Audit found that 24 actions were implemented, 8 were in part implemented and 4 not actioned. • In relation to the outstanding actions, 4 are identified as medium categorisation, these include : - 1 in relation to payroll - 1 in relation to ALS - 2 in relation to business continuity One committee member asked whether, in relation to the actions partially implemented, there are any themes that have emerged or whether there are very different reasons for the delay in closing the actions. Auditors confirmed that a lot are connected with new processes and/or new technology which has slowed the process down and examples given were in relation to payroll and ALS. They indicated that, in many instances, the recommendation made and action agreed has morphed in to something different in terms of how the college intends to approach this. Auditors explained that 37 is a high number of actions to try and review and therefore it was a challenge to try and get so many staff involved at the same time in the audit period, which did lead to some observations regarding a lack of evidence being available. Auditors provided assurance that there were no negatives to report in terms of college approach, capacity or willingness to engage in the audit. Challenge from governors was that having 50% of actions still in progress/not implemented is high and therefore governors will need some assurance in relation to this. Challenge from the meeting chair was that there seems to be a focus on business continuity in terms of those outstanding which are medium risks, which for him is a concern and he therefore asked what options this committee has in relation to obtaining further assurance. CEO indicated that, in relation to business continuity, the college does know that there is a lot that needs to be done and there is also a link for this with cyber security. Former Executive Director Corporate Services was leading on this until his departure in July and potentially in the reallocation of tasks and responsibilities some aspects have been missed. CEO accepted the action to make sure that all aspects are tasked out and progressed as a priority (CEO, September 2023). Challenge from the committee was that business continuity, as a theme, was also raised as an element in the subcontracting audit and therefore needs to be a focus. It was agreed that there would be a further update provided to committee at the next meeting and that this would be highlighted as an issue in the report from this committee to the October board meeting (CEO, November 2023 & Committee Chair, October 2023). Internal auditors indicated that the revised implementation dates for the outstanding aspects are September 2023 and staff provided assurance that most are in progress and therefore this seems realistic. Committee were advised that for many it is now simply a matter of 'getting things over the line'. 3) Student Destinations and Gatsby career plan	

	Internal auditors presented their report and indicated that the profile of this area is ever increasing, with greater and greater expectations. Outcome of the audit is a green RAG rating with significant assurance. They indicated that this was a very positive outcome when compared with other colleges that they audit, with a lot of good practice evident. There are four recommendations, two of which are categorised as 'medium' which is a recognition of the profile of this area. In relation to the two medium recommendations: ● First is an acknowledgement that there is always more to be done to obtain better and richer data. ● Second recommendation relates to the response rates, with the external provider used by BSC having a lower percentage when compared with others seen in the sector. Their response rate is in the 50%'s whereas other colleges have achieved between 70%-90%. Executive Director Partnerships and Commercial advised the committee that in 2023/24 there is funding attached to positive destinations and therefore obtaining accurate and comprehensive data is critically important and that, to try and address this, the college is looking at engaging a different/additional company to try and improve collection rates. This is Perlos as well as J2. One member of the committee noted that on page 54 there are due dates for data collection which are October 2023 and they asked whether there are any risks in relation to this. Staff indicated that risks are minimal/mitigated as work has already been commissioned. Committee asked for a better understanding of the methodology applied in relation to data collection and particularly what is and isn't successful. They felt that having one year with two organisations collecting data seemed sensible but agreed that the challenge would be to manage survey fatigue. Internal auditors indicated that both J2 and Perlos are well known within the sector and that they could see no real reasons for the lower response rates at BSC. Question and challenge from the Finance Director was in terms of whether the benchmarking undertaken compares BSC with other colleges who are similar in terms of makeup i.e. BSC is 50% adults. Internal auditors confirmed that they will have benchmarked against other general FE colleges as comparators, but that there would have been no specific assessment on a like for like basis i.e. cohort analysis. Challenge from the committee was for staff to ensure that there is sufficient governance surrounding the control of frequency and magnitude of surveys. AGREED: to note the content of the update provided. 4) Annual report Internal auditors presented this item and key matters highlighted were: ● Page 3 is the most important element	

	• Overall opinion is 'adequate and effective' arrangements in place, however there is a recognition that there are some higher risk areas to be addressed and an example given was Health and Safety. • Page 4 provides the narrative explaining how opinions are arrived at. • Auditors have considered the Post-16 Audit Code of Practice requirements. • Work completed for the year is to plan except for the one deferral discussed earlier in the meeting. • Page 7 (section 5) confirms that Scrutton Bland were subject to external validation in September 2022. • Report includes confirmation regarding independence. • Report includes KPIs and how auditors have performed against these. • Page 9 is a summary reflection. There have been a similar number of recommendations when compared to prior years, however there have been a higher number of medium recommendations. • Appendix B provides some benchmarking. • The number of 'reasonable' assurances are higher than others. • The number of 'reasonable' and 'strong' areas of assurance are creeping up year by year which suggests that the college is going in the right direction. • Auditors have worked well with management who have been very engaged and responsive. In relation to the latter governors all agreed that they were pleased to hear this as it speaks well of a positive culture. Governors asked for a little more information in relation to the table provided at page 9. Internal auditors confirmed that there have been an increased number of audits completed year on year which is a positive and does probably influence the profile of recommendations. All medium priority recommendations relate to 2022/23. There are some gaps in processes which need to be addressed and this may reflect on the areas audited. Internal auditors provided assurance that the number of recommendations and range of priorities was not out of line with other organisations. AGREED: to note the content of the update provided.	
5	**Audit actions tracker – progress update** The Director of Finance introduced this item and explained that this was a key document for this committee as it provides an overview and explains and summarises any actions still outstanding and open for 2022/23 and 2021/22, the latter of which reiterates earlier discussions. It was confirmed that actions arising from the subcontracting audit discussed at agenda item 3 earlier in the meeting would be added to the tracker for the next iteration (Director of Finance, November 2023). In summary committee were advised: • College has completed 16 out of the 28 actions, • 4 of which were late,	

	• 2 are in progress, • 6 have not started with some of these not yet being due, • Actions are broken down individually from page 82 onwards • In terms of a theme, delays primarily relate to getting staff trained up on certain aspects. Staff are currently trying to agree a timeline to address this and also specifically who is responsible i.e. is it HR/OD or for some is it departmental e.g. health and safety. Committee were given assurance that everything is ready to go in terms of training but has not yet been implemented because of a lack of clarity regarding training responsibilities. One member of the committee noted the procurement issue relating to cumulative spend identified and asked for further information in relation to this. Director of Finance indicated that the system currently doesn't allow one report to be generated on a specific supplier which therefore means that it is harder to track. College is looking at a new and/or different system as the one currently used is cumbersome. That said, committee were given assurance that the team are very confident in terms of the larger contracts. It was confirmed that, where there are smaller companies used the finance team do track but that they may miss one or two, however this is considered to be low risk and there are time and money implications in terms of trying to improve using current systems. He confirmed that the system supplier has been approached to ascertain if reporting improvements can be made but this has been described as not possible. Challenge from the committee was that, it is a concern that there is an action open but with no clear way of addressing this and they therefore asked whether there is a process for this committee to 'risk accept' given the discussions and the materiality. Question and challenge from the committee was whether or not there is a gap and whether there is a tactical solution that can be deployed. Director of Finance indicated that college could potentially run a payments report through the bank/payments ledger but that this hasn't been tested at this stage. It was agreed that the Director of Finance would review this action and put forward proposals to the committee at their next meeting in terms of risks, value, mitigation, actions and options available (Director of Finance, November 2023). AGREED: to note the content of the update provided.	
6	**Internal audit plan 2023/24 and updated 3 year strategy** Internal auditors presented this report and explained that it is a forward look for 2023/24 and also a 3 year approach. They described it very much as a draft audit plan for this committee to debate and provide feedback on. They provided an outline of the process in reaching the recommended areas for review, this included: • A review of the BSC risk register • Consideration of known sector issues	

	• Colleges strategic ambitions • Previous audits completed Page 9 sets out the 'audit universe' and identifies all potential areas for consideration. The proposal has been arrived at following discussions with the Director of Finance, members of the executive and this committee. Some of the recommendations are annual requirements and some specifically relate to aspects on the risk register. Some are areas that have not been considered for a number of years. Committees' attention was drawn to page 12, appendix A which sets out the proposed audits and assurance was provided that they include a good spread across: • Finance • Operations • Strategy • Departments and individuals Question and challenge from the committee was, given earlier discussions, whether there is more needed in relation to business continuity and assurance given the gaps identified. Auditors confirmed that the follow up audit completed each year would revisit the recommendations. On this basis committee were happy to approve the plan as presented. AGREED: to approve the internal audit plan for 2023/24 and updated 3 year strategy as presented.	
7	**ESFA assurance review of 2022/23 funding** CEO introduced this item and confirmed that ESFA informed the college in the summer that they had been selected for a review. This is part of their assurance processes and specifically related to 2022/23 funding. Most of the work was done in August. College has had feedback, but the final report has not yet been provided. Headline messages from feedback includes: • No funding errors, • Minor management points but none of which are funding related, • Audit close meeting planned for 26th September which should give reassurance, • Auditors described apprenticeship documentation as the 'best they have ever seen' CEO described their feedback as really reassuring with no expected negative implications anticipated. Executive Director Partnerships and Commercials informed committee that, in terms of apprenticeship funding, auditors reviewed a 3 year period rather than just 2022/23. All agreed that this was a really good result and gave confidence in terms of funding processes in place. AGREED: to note the content of the update provided.	
8	**Risk management**	

	Director of Finance introduced this item and drew committees' attention to the risk register. Key matters highlighted included: ● Register has been reviewed in terms of risks for 2023/24. This has included a review of 2022/23 yearend ● College has scaled back some of the risks but has also identified where risks have increased and examples given were 6 and 7 ● Some risks have reduced where staff feel that they have been addressed or mitigated ● Number system shows the changes with: - Blue being a decrease - Red being an increase - The rest remain the same Committee all agreed that what was presented was a really clear document with clear rationale and approach. All agreed that there was clarity in terms of the heightened risks. Director of Finance confirmed that staff have reviewed all previous actions and have removed where completed so that the focus is now on the new/current actions. Committee feedback was invited on the size of the corporate register i.e is 11 too many and how does it compare with others, it being acknowledged that the organisation can only focus on so much. Internal auditors provided an opinion that 11 is a comparable number to others that they see and that the number of risks is increasing in most colleges. The 11 identified are all clearly separate and need to be managed. They advised that a lot of colleges are now focusing on departmental risk registers and themes arising from these which does increase the number of risks at a strategic level. Challenge from one governor was that there may be room for consolidation. An example given was to tie in financial stability with strategic growth. Governors agreed that what was important on the map is to: ● Identify the top 3-5 risks and ● Clearly identify what is an increasing risk and at what momentum/trajectory It was agreed that, if the register becomes too clustered, then this committee can identify a way to focus discussions in future meetings. Committees' attention was then drawn to the assurance map and grid which is included within the risk register. This explains the basis for assurance including internal governance and external. This identifies how the organisation is capturing and mitigating risks. AGREED: to note the content of the update provided.	
9	**Managing public money monitoring report**	

	It was agreed that discussions on this item would be recorded on a confidential basis.	
10	**Fraud, irregularity and whistleblowing** Director of Finance confirmed that there was nothing to report to the committee on this. Internal auditors indicated that they were seeing an uptake in the number of internal fraud cases and therefore it is important for all colleges to be really clear in terms of segregation of duties. It was acknowledged that this may be because of current financial pressures. Governors asked whether there were any themes to be alert to. Auditors indicated that, in the main, it is process compliance and a level of trust leading to an organisation not being diligent enough and therefore colleges need to be vigilant. Root cause seems to be the economic climate. Governors thanked internal auditors for flagging this and agreed that a report would be provided at the next meeting outlining the controls in place regarding payments with any area requiring additional work to be identified (Director of Finance, November 2023). AGREED: to note the content of the update provided.	
11	**ICO reportable incidents and a review of the role of the DPO** Director of Finance confirmed that there has been one reportable incident but with no further action required by the ICO. He advised that a new DPO service has been engaged and that they supported the college through the reportable incident process. In terms of an overview, there are no specific issues regarding data breaches. It was confirmed that the one reportable incident was reported within the 48 hour window required. AGREED: to note the content of the update provided.	
12	**AOB** Director of Finance indicated that members of the audit committee need to review a number of documents/papers as part of the external audit process and it was agreed that these would be circulated by email so that committee could provide comments and accelerate the process (Director of Finance, October 2023). It was confirmed that these would all be presented for formal consideration and approval/recommendation to governors at the joint meeting with finance committee on 29th November 2023.	
13	**Date and time of next meeting** Director of Governance confirmed that the next meeting of the Audit and Risk Committee is 15th November 2023 which will then be followed by a joint meeting with Finance Committee on 29th November 2023.	

	Meeting closed at 8pm.	