Barnet and Southgate College Corporation
Audit & Risk Committee meeting
held on Tuesday 21st November 2023
At 18:00 via Microsoft Teams

Attendees:	Dianne Moore, Chair Alex Middleton Thomas Streater
In attendance:	Maxine Bagshaw, Director of Governance and Corporation Secretary Hiten Savla, Director of Finance Darren Mepham, CEO

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

Item	Description	Action
1	**Preliminary items** **1) Apologies for absence** Apologies for absence were received from Rouzbeh Faramarzian. Chair advised that he has taken a short leave of absence and will be resuming responsibilities in quarter 2 of 2024. Chair advised that one of the newly governors, Adam Morley, will be joining this committee in January 2024. **2) Confirmation of eligibility, quorum and declarations of interest** It was confirmed that the meeting was quorate with more than two members present. There were no declarations of interest made. **3) Requests for matters of urgent business** It was confirmed that no requests for matters of urgent business had been identified in advance of the meeting.	
2	**Minutes of the meeting held on 20th September 2023** Minutes were reviewed and one question was raised in relation to the business continuity discussions on page 7. CEO expressed the view that the wording wasn't quite accurate, and it was therefore agreed that he would liaise with the Clerk and provide amended wording, subject to this not being significantly different. Subject to this minor amendment it was agreed to approve the content of the minutes as presented.	

	Committees attention was then drawn to the action progress report and committee noted: • Line 1 – complete • Line 2 – to be discussed as part of agenda item 7 • Line 3 – complete and can be tested when discussing agenda item 8 • Line 4 – scheduled for discussion at agenda item 5 • Line 5 – completed • Line 6 – information requested is within the agenda item 8 report • Line 7 – reported at agenda item 9 • Line 8 – completed. Director of Finance explained that this related to several documents that needed to be reviewed by governors before recommendation to Trust Board for approval and examples given were: - Audit assumptions – approved by the Board in October 2023 - Audit committee annual report – scheduled for discussion at this meeting - Regularity self-assessment questionnaire – also scheduled for discussion at this meeting. AGREED: to note the content of the update provided.	
3	**Draft Audit Committees Annual Report 2022/23** Director of Finance confirmed that this is a report to be presented to the full board as part of the year-end financial processes and is also something that is provided to the ESFA. He explained that the report is intended to give a summary of the highlights for the year and includes details in relation to: • Membership • Responsibilities • Terms of reference • A summary of all of the internal audit work completed and the outcomes. This specifically informs the levels of assurance and contributes to assurance reporting in the financial statements. He explained that this meeting is an opportunity for the committee to review, to test and consider whether any additional information should be provided, any points expanded upon and/or any errors. Committee referred to the high number of outstanding actions identified as part of the internal audit follow up review and confirmed an expectation that such a backlog would be avoided in the future. One member of the committee advised that, in between meetings, he has been able to speak to internal auditors regarding tracking and follow up testing and that he had confidence regarding the processes explained to him. Committee Chair made reference to the terms of reference and expressed a view that they look to need a refresh with some tightening up of language. It was agreed that these would be	

	reviewed at the next meeting and that the Committee Chair and Clerk would meet before that to review (Clerk, January 2024). Challenge from the committee was whether there is more that needs to be done to review value for money considerations and assessments in relation to these. Director of Finance indicated that this is periodically considered by the Finance Committee. Audit and Risk Committee noted that this does sit within their remit and therefore it was agreed that at the next meeting they would receive a proposal from the executive on the methodology to be applied and reporting frequency (Director of Finance, February 2024). Committee Chair suggested taking a look at of the Northern Ireland Audit Office (NIAO) approach as an example of good practice. Committee noted that there was no reference within the annual report to any Managing Public Money (MPM) considerations and permission requests made in the year. All agreed that it was appropriate to include a brief comment on the Managing Public Money processes and the approach that the college has taken in relation to them this year (Director of Finance, November 2023). Committee cross-referenced with the MPM report also scheduled for discussion in the meeting and the Director of Finance noted that ESFA seem to be inundated with MPM requests which is slowing down confirmation of permissions. College still has two requests to be resolved. These seem to be stuck in a backlog resulting from ESFA lack of capacity and a restructure. As previously reported, if not resolved it could lead to a qualification in the accounts regarding regularity. Committee specifically referred to the ESFA view on the payments made to a number of staff for strike days taken. ESFA's view is that this is repercussive and/or contentious but the college does not agree. CEO confirmed that, in a conversation earlier today, he has asked the ESFA to formally respond following legal advice on the college's behalf submitted. He advised that the value of the permissions sought is £26k only and therefore, if permission is not provided, it is not likely that the college would seek to reopen the issue. Given the potential that this could lead to a qualification in the accounts the college has sought an ESFA view on potential consequences. In usual circumstances they would lead to intervention, however college is not sure whether this would be the case given the value and the fact that the college has been completely transparent regarding both payment and permission sought. Other sections specifically discussed were: • Paragraph 25 – Chair requested that the reference to CEO change to 'CEO as the accounting officer'. • Paragraph 39 – provision of external audit will be going out to tender in 2024. With the 2-year contract extension already exercised once, MHA Macintyre Hudsons still have one further year i.e. 23/24, with work in their final year taking place in the autumn term 2024. He confirmed that governors would be invited to participate in the tender process.	

	• Paragraph 41 – committee questioned whether the 2021/22 reference was correct. Director of Finance confirmed that it is and explained that this relates to current internal auditors dealing with the tail of outstanding actions agreed from their predecessor, MAZARS. Challenge from the committee was to amplify this paragraph so that it is clear that the college has made significant progress during 2022/23 i.e. cross referencing with the follow-up audit report and include details regarding the reduction in the number of outstanding actions. Subject to the discussion points and changes requested at the meeting, it was agreed to approve the content of the report and that the updated version then be presented to full board. It was agreed that the Director of Finance would update and then send a copy to the committee Chair for final consideration before submitting to board at the December meeting (Director of Finance, November 2023). AGREED: to approve the content of the Audit Committee's annual report for 2022/23.	
4	**Regularity Self-Assessment Questionnaire 2022/23** Director of Finance introduced this item and explained that it links closely to the risk register and other assurance mechanisms. He described this as a standard set of questions that colleges must respond to in terms of compliance and the evidence to support this. He advised that this is a document required by external auditors as part of the year-end process. Committee agreed that the content was self-explanatory and were therefore content to recommend that the board approve. AGREED: to recommend that the board approve the Regularity Self-Assessment Questionnaire 2022/23 as presented.	
5	**Business Continuity Update** CEO provided a verbal update and reminded that there were several pieces of audit work which identified that there was work to do in relation to a number of aspects. He advised that the interim project director James Russel has now taken the lead on this and that the first step is consolidation of the business continuity and disaster recovery policy and plans. The first draft of this consolidation is to be presented to ELT in December 2023. College will then undertake several exercises in the new year to test. It was agreed that a report on this, together with any action plan agreed would be presented to the next meeting (James Russell, February 2023). AGREED: to note the content of the update provided.	
6	**ESFA Assurance Review on 2022/23**	

	Director of Finance provided a verbal update and reminded that the college had been selected in the summer for an audit of the 2022/23 Individual Learner Records (ILR). He confirmed that all the audit work has been completed but that the college has not yet had a formal response back from either auditors or the ESFA. At the conclusion of the audit work auditors, on behalf of the ESFA, identified around 8 or 9 management points for the organisation to address and these are being progressed, however there is an expectation that there will be no funding clawback. He expressed the view that, overall the audit had gone really well and that the teams had worked really hard to provide all of the information requested. AGREED: to note the content of the update provided.	
7	**Cyber/digital security – external report and action plan** CEO presented this item and referred to the audit undertaken by Jisc and reminded that this was a follow-up on the verbal update provided at the last meeting. He referred to the action to create an inventory of third parties to raise awareness of potential risks to consider and confirmed that this has been done. In terms of an overview on the report, the general thrust is that there needs to be some tightening up in relation to systems and processes and that the work required in relation to this is underway. He confirmed that the college's response to the audit recommendations has been incorporated into the actions tracker for this committee. Observations from the committee were that the executive summary is not really a summary and they also felt that there was some disconnect between the scoring and the actions. CEO confirmed that when comparing BSC with other FE providers BSC was not out of step and that what is seen is a typical profile. He confirmed that the executive team had reflected upon how much is available to invest in this area and made decisions based upon priorities. He confirmed the intention, in January 2024, is for the executive to identify KPIs. ELT are to consider: • Where is it reasonable to get to, • What investment is required versus what is available, and • The timetable. This will all be incorporated into an implementation plan, with an ELT response on the eight areas identified. Committees' attention was drawn to the final items listed on the committee actions tracker. Question and challenge from the committee to identify what the top priorities are that can improve the scores. Committee asked how often the intention is to undertake an audit/review. CEO indicated that this was intended to be a one-off to provide assurance and guidance that the college focus is a move away from prevention to recovery, it being acknowledged that the organisation is highly likely to be the victim of a cyber-attack at	

	some point. Challenge from the committee was to internally undertake an annual self-assessment based upon the spider chart included within the Jisc report. All agreed that it would be useful to look at which scores can and should be improved, and over what timescales, and that part and parcel of this should be an annual report on what has and hasn't been achieved (Executive, November annually). Committee Chair noted that the issuing of the draft Jisc document and peer review took place on the same day and therefore queried the quality of the peer review. AGREED: to note the content of the update provided.	
8	**Audit Actions Tracker** Director of Finance presented and confirmed that, as requested at previous meetings, this document now captures any and all audit actions and not just those agreed with internal auditors. Report provides an overview of six different types of audit completed in 2022/23 and he indicated that, because of timing, the Jisc cyber security recommendations currently are the least advanced. Committees attention was drawn to the red RAG rated cyber item in relation to full encryption and Director of Finance indicated that the organisation is taking this as 'risk accepted' because of the robust processes already in place. In terms of the key, he indicated that blue is 'in progress' and grey 'not yet started'. Committee referred to the RAG ratings at page 68 and indicated that it would be useful by way of a key to include a title and a 'as at' date. Committees attention was drawn to the red RAG rated items which are not yet completed. Tracker shows that there are seven that are late. Challenge from the committee, by way of reiteration, was that there are concerns regarding actions required which are behind timescales. Request for future meetings was to provide more narrative in relation to these to better articulate why the delay and when a conclusion will be reached. Committee felt that simply reporting 'in progress' for actions outstanding for six months or longer was insufficient. Director of Finance advised that the seven reported as 'late' primarily relate to either training or business continuity. In relation to the latter, he provided assurance that the work required is now taking place and the hope is that by the next meeting all will be complete. In relation to training, he advised that there are now clear processes in place to assess where any training is outstanding and the college is pushing forward to require completion at the earliest opportunity. One governor made reference to page 77 (of 146 of the pack) and the reference to 'known vulnerabilities'. Suggestion in the report is that there is an accompanying vulnerabilities report, and the request was made to share this so that governors can see what was originally raised even if actions are now complete (Director of Finance, December 2023). It was noted that this relates to recommendation 1 in the Jisc report. Committee indicated that	

	they were particularly interested to know what the college has done to address the vulnerabilities described as 'critical'. Also noted was the reference to a 'vulnerability scanning programme' being introduced with reports provided to the executive. Director of Finance and CEO confirmed that the KPIs to be set in January will address this. It was agreed that this would be shared with the committee so that there is transparency and understanding (Director of Finance, February 2023). One member of the committee indicated that, following a discussion with internal auditors offline, he had reached a view that potentially communication with the college could be improved and he asked whether there was any way to do this. Director of Finance indicated that this comment related to specific issues regarding the follow-up review and that this was because not all relevant staff were available and timetabled to speak with auditors. He provided assurance that there would be better planning for the follow-up review in 2024. Committee discussed the document generally and it was acknowledged that this is an internal tracking mechanism which is monitored by the ELT. Director of Finance confirmed that this tracker gives ELT/SLT assurance and confirmed that there are internal mechanisms in place for follow-up checking. It was explained that monitoring of this is a standing agenda item for ELT meetings. In addition, there is an ELT sponsor identified for every piece of internal audit work to ensure as smooth an audit process as possible. AGREED: to note the content of the update provided.	
9	**Risk Management** 1) Corporate risk register 2023/24 Committee were content to take the document as presented but raised a query regarding what appeared to be several changes, particularly reductions. Director of Finance clarified that the arrows reflect the position following mitigating actions not that the risks themselves have reduced. He specifically drew committees attention to two risks which have been 'closed since the previous quarter', they are: • Industrial relations/industrial action, and • Risk 6 i.e. that the college fails to meet and maintain regularity requirements. He confirmed that the rest of the risks remain static. Committee debated the closure of the risk relating to industrial action and questioned whether it should be removed completely as there are still financial pressures and risks. Director of Finance indicated that the change reflects a reduced mitigating score and not a deletion. It was described as not being imminently critical but committee were given assurance that the organisation does still monitor the situation. In terms of process, committee were	

	advised that any risk determined to be below red will be 'closed' so that there can be greater focus on the critical issues and high risk areas. Challenge from one member of the committee was whether there is sufficient blue water now in terms of the likelihood of industrial action. Director of Finance indicated that AOC information has been used when considering the risk. AOC have confirmed that the unions recently approached 89 colleges with a view to striking and only 50% even considered this, with only 14 agreeing. After the pay reviews were agreed in the autumn term only 4 went on strike and this was predominantly those colleges who did not implement the AOC recommendation. The conclusion therefore is that there is reduced potential in the sector. Director of Finance was thanked for this context and it was agreed that he would revise the wording in the executive summary included within the board pack for the December meeting (Director of Finance, November 2023). Suggestion from one governor was to consider an appendix which continues to record the 'closed' risk items so that they are not 'lost'. It was agreed to review risks in relation to industrial action again in quarter 2. 2) Board assessment of fraud risk Committee considered the draft document and request was made that at question 2 there be expansion on the controls in place to prevent fraud i.e. segregation of duties, so that it gives a better flavour of mechanisms in place. Director of Finance confirmed that he would make a link to the content of the financial regulations (Director of Finance, November 2023). Subject to this addition, committee agreed that they would recommend the assessment document as presented for board approval. AGREED: to recommend that the board approve the assessment of fraud risk report.	
10	**Policies** 1) Gifts and hospitality return 2022/23 and annual review of Hospitality Policy Committee were content to note the content of the return and Director of Finance confirmed that, in relation to the policy, there were no proposed changes from the prior year. Committee challenged in terms of policy version control i.e. this being version 1. Director of Finance advised that this is version 1 for 2023/24. Challenge from the committee was to include a change table within the footer so that there is greater clarity year to year when changes have been made and by whom (Director of Finance, November 2023)	

	Committee asked whether, when making gifts, there should be a threshold as there is specified in terms of receiving gifts, rather than simply being referred to as 'modest value'. Director of Finance explained that there is a specific approval process in place for any gift to be made and that this links into value for money considerations. He added that there is central control regarding any gift no matter the value so that this can be tracked. Request from the committee was to include a line in the policy which specifically makes reference to the approval process (Director of Finance, November 2023). Subject to the changes agreed at the meeting, committee was content to recommend the updated Hospitality Policy for board approval. AGREED: a) To note the gifts and hospitality return for 2022/23 b) Recommend updated Hospitality Policy for Board approval 2) Anti-bribery Policy Committee considered the policy and, whilst noting there were no recommendations for change, felt that it would be helpful to include at page 132 the 6 principles. They asked that they be listed so that they could easily be extracted as 'buzz words' to aid staff understanding e.g. proportionality. Subject to this one addition, committee were content to recommend the Anti-bribery Policy for board approval. AGREED: to recommend the Anti-bribery Policy update for board approval.	
11	**MPM monitoring report 2023/24** Committee noted that this had been discussed as part of an earlier agenda item.	
12	**Fraud, irregularity and whistleblowing** Director of Finance confirmed that there had been no instances so far in 2023/24.	
13	**ICO reportable incidents 2023/24** Director of Finance confirmed that there have been none since the last report.	
14	**Date and time of next meetings** These were noted as a joint meeting with the Finance Committee on the 4th December 2023 and then the next scheduled meeting of this committee is 7th February 2024 at 6pm.	

15	**Confidential minutes of the meeting held on 20th September 2023** The minutes were reviewed and it was agreed that they were an accurate record of discussions. AGREED: to approve the confidential minutes of the meeting held on 20th September 2023.	
16	**Review of internal auditor performance 2022/23** Finance Director provided a verbal opinion following discussions with colleagues and confirmed that the overall position is good. Key matters highlighted were: • They are responsive, • They have worked very well with staff, • They have been accommodating when there have been information and/or communication challenges, • College needs to try make their lives as easy as possible regarding information provision. Committee then provided their view, which included: • Accessible reports, • Able to take and respond well to questions in meetings, • Helpful recommendations, • They exercise good judgement, • Good understanding of the college and its desire to comply with all regulations, • They have industry insights and use benchmarking appropriately . One suggestion for improvement was greater clarity regarding their risk ratings and the methodology which underpins this. Meeting closed at 7.30pm.	