Barnet and Southgate College Corporation
Audit & Risk Committee meeting
held on Tuesday 22nd April 2025
At 18:05

Governors present:
Diane Moore, Chair
Alex Middleton
Thomas Streater (via Teams)
Adam Morley (via Teams)

In attendance:
Maxine Bagshaw, Director of Governance & Corporation Secretary (via Teams)
Scott Cryer, Interim CFO
Neil Coker, CEO and Principal
Leysien Cox, Internal Auditors (Scrutton Bland)(via Teams)
Mark Munro, External Auditors (Bishop Flemming)
Simon Evans-Evans, COO

Item	Description	Action
1	**Preliminary items** **1) Apologies for absence** Apologies for absence were received from Paul Goddard at Scrutton Bland. Chair took the opportunity to welcome Mark Munro and Scott Cryer to their first Audit & Risk Committee meeting. **2) Confirmation of eligibility, quorum and declarations of interest** It was confirmed that the meeting was quorate and 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 raised in advance of the meeting.	
2	**Minutes** **1) Minutes of the meeting held on 4th February 2025** The minutes were reviewed, and committee were content that they were an accurate record of discussions.	

	AGREED: to approve the minutes of the meeting held on 4th February 2025. **2) Matters arising and outstanding actions** Committee was content to note the progress updates provided on the tracking document. The CEO confirmed that he has emailed the college relationship manager at the ESFA (now DfE) giving her an update on the interim CFO position and permanent CFO recruitment. He also explained that the current and previous interim CFOs are not on the payroll. Relationship manager thanked the college for the update but not asked for further information. Committee indicated that it would have been helpful to have a confirmed position on whether any 'permission' is required and all agreed that it was important to avoid any regularity issue arising during the external audit. COO provided an update on the planned Health and Safety dashboard and confirmed that it is currently being developed. Anticipation is that a draft of the dashboard will be available at the next meeting in July 2025 so that governors can review and provide feedback before it goes live in the next academic year (COO, July 2025). Expectation is that the first 'live' document will be presented to committee in the autumn term. For the benefit of new attendees, the Chair explained the context for the development of the dashboard. AGREED: to note the content of the updates provided.	*
3	**External Audit Planning Memorandum 2024/2025** Chair again welcomed Mark Munro to this first meeting, as Partner representing our new external auditors and thanked him for the helpful report. Key matters highlighted by Bishop Flemming were: • This is the detailed audit plan for the work envisaged • It outlines the key risk areas following initial work. Team was able to have a productive meeting with Ian Rule (previous interim CFO) before his departure but have not yet completed detailed work and therefore the plan may change slightly, but it is not envisaged there will be significant changes • Section 1 gives general information and articulates the scope and planned opinions. Specifically highlighted were regularity requirements. • Materiality levels are based upon income and expenditure. • As this is the first year of engagement the materiality threshold is likely to be lower than in future years. One governor asked whether there is a sliding scale applied to materiality. Auditors confirmed that there is usually between 1%-2% of income, and that the position is linked to risks. Any	

	significant risks may influence the materiality limit applied and an example given was if a college was in the process of a merger. Chair asked whether, when creating the plan, Bishop Flemming had been able to review the MHA files and speak to them if necessary. Auditors confirmed that a review of the files has not yet taken place as they have only just received their sign-off. Intention is to review in the next two weeks and if any material changes to the plan, these will be flagged early to the college and committee. He advised that regularity has been included as a risk given the previous qualification, however this may change following review. Chair explained the context for the qualification, specifically the high level of finance team changes in last academic year. Auditors acknowledged that MHA provided a clean 2023/24 'true and fair' opinion which gives a lot of comfort to them. Section 1.5 sets out the initial risks identified and include: 1) Management override and fraud recognition. This was described as a standard item in all audits and, whilst not likely, it is always considered to be a significant risk. Team will review the operational controls in place and will focus on those elements that are often harder to control. This audit will have a lot of focus on the journal entries. 2) Income recognition – again this was described as a standard risk. Team will test in a variety of ways. Part of it will involve MIS testing and will be a substantive audit. Committee asked whether income recognition is always a substantive audit. Auditors explained that a high bar is set for the level of controls required and expected and therefore it is usual to complete a substantive audit. If the audit was not substantive, then progress would depend on the level of errors found when testing and this may then trigger the need for a substantive audit. View of the team is to start with a substantive audit which would be more efficient. Other areas of note to be reviewed include: • LGPS pension liability as this is an area of increased risk. Estimates are by their nature subjective. Team will benchmark against other colleges and Bishop Flemming also have their own experts who arrive at a range of acceptable estimates. That said, the team do place reliance on the expertise of actuaries. • MPM regularity requirements • Migration of the finance data to a new system. Team will look at integrity of the data transferred and any potential migration errors. Committee's attention was then drawn to section 3 and it was acknowledged that this does not say anything that the college is not already aware of. College Financial Handbook is now in place and the sector has received the MPM bite-sized guides. Team will	

	focus on the 'musts and the shoulds'. This audit will include detailed regularity testing. Bishop Flemming summarised section 4 onwards including timetable, confirmed dates for interim work and final report plus fee agreed at tender. Section 6 and 7 were described as standard elements always included. Committee thanked Mark Munro for the helpful summary, and all agreed that the content was reasonable and as expected, and on that basis, committee were content to recommend for Board approval. AGREED: to recommend that the Board approve the 2024/25 External Audit Plan.	
4	**Plan to complete and track the 2023/24 external audit actions** Chair provided the context for this agenda item and explained that the college received a long list of actions following the last audit. There are two schools of thought as to how to address the actions and obtain assurance, the first is an internal audit review and the second is management tracking. Interim CFO advised that what is presented today is largely a summary of the perceived current position by Ian Rule which was collated prior to his departure. Tracking document shows fifteen actions, with those highlighted as green being complete and those that are white are partially complete or not yet complete. Key matters highlighted by the interim CFO were: • College is making good progress • In relation to the VAT work required college has approached several parties to seek advice on a review including the scope of this. Review will take place over the summer. • There are no items on the list which are 'keeping the interim CFO awake at night' Internal auditors confirmed that they would be happy to test completion if requested but would welcome a steer from committee on this. It was suggested that where possible to incorporate some elements into the upcoming audits. Committee all agreed that having this tracking document and update was a good first step forward, with progress to be tracked to full completion in the months ahead. AGREED: to note the content of the update provided.	
5	**2024/25 Internal Audit Reports** 1) <u>GDPR</u> Key matters highlighted were:	

- A reasonable assurance opinion provided
- This audit spanned several months
- Main issue identified was in relation to low staff training completion rates and therefore this is a high-risk area
- There were some issues also identified in relation to data sharing agreements i.e. no central log. Audit team found some gaps.
- Section 2 sets out more detail in relation to the findings with the first being the high-risk area in relation to staff training. Report includes several improvement recommendations which have been accepted.
- There is a medium risk recommendation in relation to data sharing agreements, with the college to undertake an organisational review of what exists and then cross reference with what should exist. College is recommended to maintain a central log and ensure that it is regularly updated.
- Report includes three low list recommendations relating to:
  a) Data maps,
  b) Updating processes and procedures regarding data destruction, and
  c) Visitor privacy agreements

A question and challenge from one governor was that this audit stood out given the length of time taken to complete. The report was described as dispiriting reading, particularly because the high and medium risk recommendations were avoidable. Governors asked whether addressing the training required and data sharing agreements will improve the position. Auditors confirmed this was the case. CEO advised that James Russell, interim MIS Director who reports to the CFO, will be doing a lot of the detailed work to address the recommendations made.

One governor asked whether there are any risks associated with breaches that ICO could fine the college for. Assurance was given that the college does have a breach log and that there has been nothing significant in terms of any ICO response to incidents reported. Auditors described the control framework as appropriate but explained that the main issue is staff training and knowledge so that breaches can be avoided. It was noted that the college has used previous breaches as a training opportunity, which all agreed was positive.

AGREED: to note the content of the report provided.

2) <u>Business continuity and cyber security</u>

Key matters highlighted were:

- Reasonable assurance opinion provided
- In relation to business continuity:
  - The framework in place is fair
  - The college is in the process of drafting a new incident response plan
  - Policies need updating

	- Annual scenario testing is required - Some issues found in relation to campus specific incident response plans • 3 medium and 2 low risk recommendations • In relation to cyber security: - Some issues found in relation to a few devices that did not have anti-virus alerts however this is not considered to be a significant issue and easy to address - Recommendation made regarding staff training • Section 2 sets out the recommendations in detail Committee asked whether it is usual to undertake business continuity and cyber security as one audit. Committee were advised that most clients do undertake them separately however there is an element of crossover. Auditors expressed confidence that the time available to complete the audit allowed coverage of all high-risk areas. Challenge from the committee was that a theme emerging is a more frequent need to review and update policies, plans etc. COO confirmed that all internal policies and plans have now been reviewed, and the aim is achieving greater coherence and oversight. College has identified the need for an audible intruder alert system and completed a tender process in relation to this. Alert system tender evaluation is planned for 29th April 2025. ELT have approved capital spend in relation to this. He confirmed that this is something also considered by the Health and Safety committee which ensures regular scrutiny and reports to ELT. Once the new system is in place the detail can be included in the new plans and documents, and this will conclude the action. COO described police as very willing to come into college and complete testing with staff and students and the first one of these is being planned for next academic year. Challenge from the committee was how the organisation ensures that policies don't become 'stale'. CEO advised that the executive office is conducting a review which will include: • What is currently in place • What is out of date • Future review dates • Person responsible for reviews Challenge from the committee was to also be clear in terms of what needs board/committee approval, what needs ELT approval and what can be approved lower down the organisation. They acknowledged that this was a significant piece of work but urged it to be completed as a matter of priority. In relation to the actions identified, one governor asked for a completion timeline. COO advised September 2025 but that it is hoped it can be earlier.	

AGREED: to note the content of the report provided.

3) Capital Projects

Key matters highlighted were:

- Significant assurance opinion
- Good overarching processes
- One medium recommendation in relation to future planning
- Bullet points in section 1 identify some elements that the audit team couldn't fully conclude on as there was insufficient information from the college, including:
  - Invoice approvals prior to payment
  - Splitting project costs and explaining how contractor tender submission prices translate into the final delivery
  - Better understanding if there were any challenges arising from grant funding submission documents
  - Project specific risk registers
  - Signed contracts

Committee asked where the college is in relation to these areas not reviewed. CEO expressed a view that these are elements for the finance team to pick up and progress. It was agreed that the CEO and interim CFO would review and provide an update to committee outside this meeting (CEO & Interim CFO, May 2025). * Committee agreed that they would wish to see a closing out statement provided to give assurance. Interim CFO expressed confidence that there are robust control systems in place with quite a rigid structure established. It was also confirmed that there is a capital tracker in place.

One governor commented on the medium risk recommendation and asked for clarity regarding context for this given that the college does have a Property Strategy in place. COO advised that ELT are currently reviewing to see if what is in place is still valid. College does have an asset log which identifies when items may need to be replaced, however this does not currently feed into the financial/budget planning process which is what the recommendation relates to.

AGREED: to note the content of the report provided.

4) Pensions

Key matters highlighted were:

- This is an additional advisory piece commissioned by the college and therefore no audit opinion provided
- Team have identified some areas where improvements are required
- One area of improvement is that, whilst the college has reviewed the historic backlog it is not clear what has changed because of this.
- One recommendation is for the college to establish appropriate audit trails, and it was confirmed that the

	college has now identified additional resource to support this. • There are 4 medium and 4 low risk recommendations made, all of which are set out in section 2 of the report • There are some areas where evidence was not provided and therefore college may wish to consider whether a full 100% review is required. Committee asked whether there is sufficient resource within the college allocated to this function. Interim CFO advised that a lot of the issues identified are historic and embedded and therefore this needs to be unpicked. College has now appointed a very experienced payroll lead who will take forward the work required. Current payroll team was described as 'quite light' with just one individual and CEO provided assurance that to address this ELT are taking steps to build in more resource and resilience and that this goes beyond just the administrative aspects. College acknowledges a need to move away from a single point of reliance on payroll. It was explained that the interim payroll manager is staying on to add additional resource until permanent team is appointed. College has also increased the payroll manager salary to reflect the work required. CEO reminded that the internal audit work commissioned was by ELT as there were concerns in this area. AGREED: to note the content of the report provided. (Mark Munro left the meeting at 7.20pm) 5) Follow up visit 2 Key matters highlighted were: • This is the second of three planned visits • Report shows good progress in relation to implementation • 11 actions implemented, 5 partly implemented/in progress, 1 not implemented and 3 superseded. • 20 actions in total were reviewed • Out of scope actions for the second visit will be reviewed at the third visit • Planned payroll audit will be completed later in the year Committee acknowledged the good progress and asked how the organisation now maintains this momentum. Committee were advised that the CFO, both interim and permanent, will now have responsibility for managing audits. MIS Director will have responsibility for operationally tracking completion and this has been included within the job role. Both together should avoid a future repetition of the delays seen historically. Interim MIS Director is James Russell who is working with internal auditors now. One governor commented that Scrutton Bland do not seem to get the information required at all or on a timely basis and asked	

	whether this will improve given the new arrangements. CEO expressed confidence regarding the post audit actions and gave assurance that all ongoing audits will have more ELT oversight to ensure that Scrutton Bland get the information that they need. In relation to the detail provided on the 'audit universe' one governor asked how the college can improve. Internal auditors indicated that currently the split is 50/50 between significant and reasonable assurances but explained that these do vary from audit to audit, with some elements tested being more prone to issues than others. Reasonable assurance opinions do have some common themes including: • Staff training • Available evidence • Adherence to policies and procedures to ensure consistency It was confirmed that delivery of the recommendations will give more assurance. Suggestion from the CEO was for the college and internal auditors to go back over three years and retest the levels of assurance i.e. have the recommendations and subsequent actions moved the assurance levels forward. Committee acknowledged that the college is doing the right thing i.e. focusing the internal audits where there are concerns or challenges. This approach may itself bring down the assurance levels and increase the number of recommendations. Request from the committee was for future reports to comment on when the area was last audited and give a short summary of issues previously identified and whether these have now been addressed (Internal Auditors, each report). Further governor suggestion was to include a 'root cause' analysis regarding the findings e.g. is it human error, lack of control or implementation etc. CEO provided assurance that there is a real focus now on improving the culture of internal audit within the organisation. AGREED: to note the content of the report provided. 6) <u>Progress report against the plan for the year</u> Committee noted that planned reports to the next meeting are; • Cash handling income and debtors • Funding assurance and • Follow up of previous recommendations (Visit 3) In relation to the payroll audit planned this will now take place in late July 2025 and will therefore be reported to the first meeting of this committee in 2025/26. AGREED: to note the content of the update provided.	*
6	**Risk Register**	

	Chair invited the new interim CFO to give a view on content and format. He expressed the view that there is no right or wrong way to approach risk registers and that they do vary from college to college. In his view this feels like an appropriate register with nothing missing and a reasonable scoring approach. CEO confirmed that ELT do review regularly and that this sits along monthly review of the KPIs. Intention for next academic year is to formally include reviews within the ELT cycle of business. One governor asked whether industrial action, which was a previous risk is currently a risk. CEO advised that the college did receive a local claim from the three unions however negotiations were formally closed with them during the Easter break. They accepted the pay award approved by board which closes the claim. Ongoing discussions regarding workload have been moved to usual business discussions rather than a 'claim'. He advised that since then however the national claim of 10% has been restated but it is hoped the local position will not change given the recent pay award. CEO confirmed the intention that the new permanent CFO will review the college's approach to risk when she joins, and that the intention is not to make any significant changes until that point in time. AGREED: to note the content of the update provided.	
7	**MPM in year monitoring report 2024/25** Interim CFO confirmed that there were no known instances where MPM permissions have been or would be required this year. He drew governors' attention to the updated guidance on 'novel, contentious and/or repercussive' activity with anything meeting this definition to be reported to and authorised by DfE. Specifically discussed were the definitions and case studies. CEO confirmed that the college has a very good relationship with the college lead at DfE and that the approach taken is always to check their view if there is any uncertainty. CEO took the opportunity to refer to the Western College FEC report and confirmed that there is a piece of work underway to review whether any enhanced governance practices may be required as part of 'lessons learned'. It was confirmed that the Director of Governance would share a copy of the FEC report with committee members (Director of Governance, April 2025). AGREED: to note the content of the update provided.	*
8	**Fraud, Irregularity and Whistleblowing** Interim CFO confirmed that there were no instances to report.	
9	**ICO Reportable Incidents 2024/25** Interim CFO confirmed that there are no new instances to report.	

10	**Data Protection Policy** On behalf of the interim MIS Director, Director of Governance presented for review. Question and challenge from the committee was whether the college should be reviewing this more frequently and, if the document has been reviewed, whether it should be clearer. CEO explained the wider review piece taking place and it was agreed that this would form part of this. Committee acknowledged that this document had been reviewed in 2024 by the Finance Committee and therefore questioned whether the suggested amendment i.e. the additional appendix should go to them for consideration. CEO confirmed that the compendium of policies being created will give clarity in relation to which committee should be reviewing and approving which policies versus those that also need to go to board.	
11	**Date and time of next meeting** This was confirmed as 8th July 2025 at 6pm on Teams. Meeting closed at 7.55pm.	