

Minutes of the meeting of the Audit Committee held on **25 February 2019**.

Present: Liz Stanley (Chair), Cllr Ken Richardson and Ann Corrigan.

In attendance: The Principal, the Head of Finance, Rob Winter - Barnsley MBC Internal Audit Services (up to and including min A19/24) and the Clerk to the Governors.

Apologies: Glen Sheppard and Seb Schmoller.

A19/1 **DECLARATIONS OF INTEREST**

Cllr Ken Richardson declared his role as chair of the BMBC Audit Committee which was also served by Barnsley MBC Internal Audit Services. The committee agreed that this position did not raise any issues regarding conflict of interest in relation to any matters to be considered at the meeting.

A19/2 **MINUTES OF THE LAST MEETING**

The minutes of the meeting held on 12 November 2018 were approved as an accurate record (a copy is filed in the minute book).

A19/3 **MATTERS ARISING FROM THE MINUTES**

A18/77 It was reported that the proposed performance indicators for 2018/19 and revised terms of reference had been approved by the Board of Governors.

A18/106 It was reported that the Whistleblowing Policy had been approved by the Board of Governors.

A19/4 **INTERNAL AUDIT SERVICE REPORT**

(A copy of document 4i is filed in the minute book)

The committee considered a report from the internal auditors which presented an update on progress and changes since the last meeting and reports from audits completed during the period. It was noted that:

- one audit report had been completed since the last meeting of the committee and would be considered in detail by the committee;
- a meeting had been held to discuss areas of challenge, review and support in relation to information governance, including specific data protection training, an on-line training option, a review of information asset register/process mapping, DPIA review and the development of a data protection/DPO assurance plan;
- the field work for the review of performance management had been completed;
- it had been agreed that the planned work regarding risk assurance would be put on hold to enable the support with data protection training to take priority.

A19/5 The committee considered the **Internal Audit Report - Journals**. It was noted that:

- The audit had been developed as a result of an ongoing audit issue raised by the College's external auditors Grant Thornton that 'there are no controls implemented for the direct authorisation of journals prepared and posted by the Head of Finance';
- The scope of the audit had therefore been to provide assurance that the journals posted were bona fide transactions and had been posted in line with the College's financial regulations/procedures;
- In order to ensure that the risk of management override was fully covered it had been agreed that testing would include all journals, including those posted by the Principal Finance Officer.

A19/6 It was reported that:

- Sample testing had confirmed that journals posted related to bona fide transactions of the College, were supported by appropriate and relevant documentation and had been posted correctly;
- Overall an adequate assurance opinion was given in relation to the internal control framework;
- No recommendations were raised relating to the application of existing controls.

A19/7 The committee explored the outcome of the report in detail and the validity of the adequate assurance given, based on the fact that no recommendations had been raised. The committee agreed that as the audit had been developed as a control to address an inherent risk due to the size of the finance team a substantial opinion would not be appropriate. It was confirmed by the auditor however that the College was taking all the reasonable practical actions it could to address the risk relevant to the size of the organisation.

A19/8 In anticipation of the upcoming internal audit the committee requested an update regarding the position relating to the College's management information systems (MIS) and particularly the appointment of a new MIS manager and the purchase and implementation of new MIS software. It was reported that:

- An interim MIS manager had been appointed and was undertaking the role on a part time basis;
- The position had been advertised with a view to making a permanent appointment;
- Procurement of new MIS software was underway and the College was working with Tenon as part of the procurement process, with a target to implement a new system in June 2019;
- An early review of the new MIS software and processes by internal audit was planned.

A19/9 The committee welcomed the progress made and anticipated both the new software and a permanent MIS manager being in place for the commencement of the 2019/20 academic year.

Resolved: **i That the report be noted.**

A19/10 **AUDIT RECOMMENDATIONS STATUS REPORT**
(A copy of document 6i is filed in the minute book)

The committee considered the regular report which outlined the status of previous audit recommendations and enabled it to ensure that they were appropriately implemented in a timely manner.

A19/11 The committee noted that there were four outstanding recommendations, with two recommendations completed since the last meeting of the committee in November 2018.

A19/12 The committee considered the outstanding recommendations in detail noting that:

- Review of the ICT user policy was scheduled for March 2019;
- A separate ICT security policy was in the process of being developed;
- The procedural work related to the learner number recommendation would be addressed following appointment of a MIS manager and implementation of new MIS software;
- The payroll recommendation would be implemented following completion of a planned restructure of the finance team scheduled to take place over the latter part of the 2018/19 academic year.

A19/13 The committee considered a recommendation regarding regularity of the review of the College's health and safety policy and a proposal that the recommendation to review the policy annually be overridden to bring the review into line with the usual cycle of policy review in the College which was every three years. The committee:

- noted that there was no statutory requirement to review the policy annually;
- received assurance that it would be updated in light of any significant developments or changed risks;
- agreed that assurance regarding its fitness for purpose could be requested annually by the Board of Governors as part of the annual reporting process.

The committee therefore supported the proposal that the health and safety policy be reviewed triennially.

A19/14 The committee were assured that overall appropriate progress was being made with the implementation of recommendations and welcomed the development reported.

A19/15 The committee considered the review of the ICT user and security policy in detail including how they were being reviewed and developed and who was involved, links to data protection and the appropriateness of the 2020 deadline for introduction of a security policy.

Resolved: **i That it be proposed to the Board of Governors as part of their upcoming review of the Health and Safety Policy that it be reviewed triennially.**

A19/16 **ASSURANCE AND RISK MANAGEMENT – KEY STRATEGIC RISKS**
(A copy of document 6i is filed in the minute book)

The committee considered the **risk register – key strategic risks** and particularly explored:

- C2 - loss, theft or misuse of personal data leading to a breach of data protection legislation – it was agreed that the narrative relating to second line defence should be updated to reflect current activity being undertaken;
- C3 - failure to renew the College's central management information system – in particular timescales and the likely compatibility of pro-monitor with the College's planned future MIS software;
- Amber risks and whether there were any that may be likely to escalate to red – it was reported that this was not anticipated to be the case;
- Brexit, noting that whilst it was not currently explicitly on the risk register as a key strategic risk the College did have in place a Brexit resilience action plan which identified potential areas for concern, and set out actions and on-going monitoring.

A19/17 The committee was satisfied that the key risks identified, the scoring applied and the controls in place were appropriate.

Resolved: **i That the report be noted.**

A19/18 **CONTROLS, GOVERNANCE AND RISK – COLLEGE STRATEGIC PLANS**

The committee received an update regarding further development and implementation of the College's strategic plans. This was in response to its previous request to be provided with assurance that implementation of the plans is being effectively monitored and that an appropriate framework of project management and monitoring of impact is in place.

A19/19 It was reported that:

- Objectives within the plans were being delivered and monitoring was being undertaken using the College's Pro-Sar software which tracks the progress and achievement of actions and is overseen by the leadership team;
- Alongside this the strategic plans were being further reviewed in order to:
 - streamline the objectives;
 - ensure they genuinely captured significant strategic development rather than on-going operational matters;
 - develop high level key performance indicators which could be monitored at Board level;
- As part of this process a governors strategic planning session was scheduled for November 2019;
- The effective use of Pro Sar would be reviewed as part of this process.

A19/20 The committee welcomed the process outlined and agreed to consider a verbal update as a standing item at every meeting in order to maintain oversight of the implementation of the approach.

Resolved: i **That a standing item be included on the agenda of the Audit Committee in order to enable it to maintain oversight of the controls, governance and risk related to the implementation and monitoring of the College's strategic plans.**

A19/21 HEALTH AND SAFETY – OVERSIGHT BY THE AUDIT COMMITTEE

(A copy of document 8i is filed in the minute book)

The committee considered a proposed framework to enable it to provide assurance to the Board of Governors in relation to its health and safety responsibilities, in particular in relation to:

- the effectiveness of management structures and risk controls;
- monitoring of health and safety performance;
- the appropriateness of the health and safety policy.

A19/22 The committee particular explored whether it had the skills to undertake the role, agreeing that it was not the intention that members of the Audit Committee take on a role as health and safety experts but that its role would be in seeking assurance on behalf of the Board that an appropriate framework and controls were in place.

Resolved: i **That the proposed framework regarding oversight of health and safety by the Audit Committee be recommended to the Board of Governors for approval.**

A19/23 COLLEGE REPORT

(A copy of document 9i is filed in the confidential minute book)

The committee received and noted the College Report.

A19/24 It was agreed that in future the report would be circulated by email to independent members immediately following its consideration at the Board of Governors.

Resolved: i **That the College Report be circulated by email to independent members immediately following its consideration at the Board of Governors.**

A19/25 CONFIDENTIAL MINUTES OF THE LAST MEETING

The confidential minutes of the meeting held on 12 November 2018 were approved as an accurate record (a copy is filed in the confidential minute book).

A19/26 FINANCIAL STATEMENT AUDITORS

The committee considered an evaluation of the performance of the financial statements auditors in 2017/18 against a range of performance indicators.

A19/27 The committee considered and approved performance indicators for 2018/19.

A19/28 The committee discussed the potential for rotating the audit partner to maintain independence and noted that this would be explored with Grant Thornton.

Resolved: i **That it be recommended to the Board of Governors that Grant Thornton be appointed as the College's financial statements auditors for 2018/19.**

A19/29 DATE AND TIME OF THE NEXT MEETING

The date of the next meeting is **Monday 17 June 2019 at 11.30am.**

Signed	
Position	Chair of Audit Committee
Date	