

Brooklands College

Minutes of the Audit Committee
co-ordinated remotely via 'Zoom' meeting platform software
across various domestic locations, commencing 18.00hrs on 20 October 2020.

Present:	Dr Andrew Gilchrist Mary Hughes Hilary Omissi OBE	Chair Safeguarding Governor
In Attendance:	Dr Stephen Dowbiggin OBE Sarah Glasspool Mike Cheetham Jonathan Lipscomb	Interim CEO Director of Finance RSM - Internal Audit Partner Clerk to the Governing Body
Apologies:	Katharine Patel	Buzzacott – External Audit Partner

Committee Member Paul Stedman, has taken temporary leave of absence from the Governing Body

PART 1.

1. Action in the event of fire

This item was noted as superfluous in this instance.

2. Welcome and apologies

Apologies for absence had been received from Katharine Patel and Paul Stedman. The meeting was confirmed as quorate but in the anticipated future absence of Paul Stedman the matter of a quorum was discussed. If it appeared likely that there would otherwise be two members of the Committee present at a meeting then the Chair would look to co-opt another member of the governing body to stand in.

[Post meeting note: the Clerk confirmed to members that the quorum is in fact two and so there is less of a risk of inquoracy than had been thought.]

3. Declarations of Interest

- i. Andrew Gilchrist declared his other relevant position as Chair of Audit at Croydon College.
- ii. Dr Stephen Dowbiggin OBE declared his position as Chair of the Sainsbury's T-Level Committee.
- iii. No other declarations of interest were made.

4. Notification of Any Other Business

At the recent meeting of the Planning Remuneration and Governance Committee, it had been agreed that an update on COVID-19 should be taken at each Committee meeting. This is intended to be an oral report but with the Principal not in attendance, she had on this occasion, prepared a paper. This had been circulated and was received without comment.

5. Draft Minutes of the Audit Committee Meeting (Part 1) on 20 May, 2020

Subject to the correction of a typographical error and two amendments to the text to clarify the reporting of the sub-contracting review process by Internal Auditors, the minutes were agreed as a correct record and will be signed by the Chair when circumstances allow.

6. Matters Arising and Action Points from the Minutes of the Meeting.

6.1. Schedule of Action Points from Audit Committee meeting 20 May 2020 other than those which appear elsewhere on the agenda (at 6.2 and 10).

Noted:

- i. That consideration of minute items 6.1.1 and 9. would be delayed until Part 2 of the meeting.
- ii. That the clerk had revised the previously discussed draft Committee Terms of Reference, as requested (minute item 14).

6.2 Annual Report of the Audit Committee 2018/19

The committee considered the draft report.

Noted:

- i. The report remains in draft as it is not yet possible to finalise paragraph 23 ahead of finalising the Financial Statements for 2018-19.

Action:

- i. The Clerk will bring forward the amended report for consideration by the members of the Audit Committee at the joint meeting of the Resources and Audit Committees scheduled for 8 December 2020.

6.3 Annual Report of the Audit Committee 2019/20

The committee considered the draft report.

Noted:

- i. The report remains in draft as some statistics are not yet available and it is not yet possible to finalise the status of the Financial Statements for 2018-19.
- ii. The report had been omitted from circulation until just prior to the meeting and could not therefore be considered at the meeting.

Action:

- i. The Clerk will bring forward the completed draft for consideration by the members of the Audit Committee at the joint meeting of the Resources and Audit Committees scheduled for 8 December 2020.

7. 2019/20 Internal Audit Report of the CEO [AC 20/21-01] (SD)

7.1 Annual Internal Audit Report & Opinion

Noted:

- i. The Interim CEO explained that, as a result of personnel changes, the College had not responded in a timely manner to Internal Audit in respect of its draft Annual Report & Opinion. The Internal Audit Partner had agreed to the Interim CEO's request for additional time for the Senior Management Team to review and respond to that draft, and for a postponement of the finalisation of that report.
- ii. The Committee accepted this explanation and agreed to consider the report at the joint meeting of the Resources and Audit Committees scheduled for 8 December 2020.

Action:

- i. The report will be submitted for consideration by the Audit Committee at the joint meeting of the Resources and Audit Committee scheduled for 8 December 2020.

7.2 Sub-Contractor audit 2019/20

7.3 Sub-Contractor spot-checks

These two reports to some extent overlapped and informed each other and so were taken together.

Noted:

- i. A report on sub-contractor controls is a requirement of the ESFA if the aggregate value of sub-contractor contracts in the academic year exceeds £100K.
- ii. Sub-contracting at Brooklands is considerably reduced from previous levels.
- iii. The Internal Auditor had not raised any fundamental issues and believes that the College's work in this area is as robust as it could be.
- iv. Governors stated that given the experience of the College, this was an area of particular focus and they had not expected there to be any issues, fundamental or otherwise.
- v. The Internal Auditor noted that each time a contract is renewed legal advice is required to have been taken. However, if nothing in the contract has changed, such legal advice is superfluous. The absence of such advice must still be noted in their report, but it does not represent a fundamental weakness in the process.
- vi. The Internal Auditor reassured the Committee that a response rate of 50% of a given sample group was relatively good. He noted however, some differences in the responses of learners and corresponding employers.
- vii. Governors were reminded of the mechanism whereby the College claims funds from the ESFA for delivering apprenticeships but pays third party intermediaries to deliver work placements with employers which is supplemented by in-house provision.
- viii. Learners had proved to be largely positive in terms of understanding that they were undertaking an apprenticeship programme though only 6 out of 15 reported having completed the course and received a certificate.
- ix. Employer awareness of Brooklands' role was low in the case of those training via 'Company C'.

- x. The Interim CEO reported that the Assistant Principal (Apprenticeships, Partnerships and Student Experience) was aiming to address this lack of visibility of the role of the College as a matter of urgency.
- xi. The Interim CEO assured Governors that whilst 'Company C's delivery had been a source of concern, the College is of the opinion that the company is now complying with the terms of its contracts with the College, but as yet lacks the necessary evidence.
- xii. The Internal Auditor then turned to specific recommendations in the Spot-Checks Report which tied in to the Learner Numbers system review. The report on the latter review remained in draft awaiting information from the College, and a copy had not been provided to the Committee.
- xiii. It had been necessary to give three recommendations priority status 'High' and one 'Medium'.

Actions:

- i. The Principal, being better able to brief Governors, will within five working days circulate to the members of the Audit Committee, a progress report on measures being taken to address the matters raised in the Spot-Checks Report.

7.4 Governance Audit.

Noted:

- i. The report on the Governance Audit in its current form had arrived too late for members to have read it and it will be considered by the Audit Committee at the joint meeting of the Resources and Audit Committees scheduled for 8 December 2020.
- ii. The Internal Auditor confirmed that all recommendations were amber/green and therefore of a medium/low level.
- iii. The principal recommendation that remains is that neither the Principal nor the Chair of Governors should, ideally, attend Audit Committee. Internal Audit's concern was that the Chair's recent attendance gave rise to a risk he would in time be seen to be a *de facto* member.
- iv. The Committee was of the view that it had been useful in the College's current exceptional circumstances for the Chair to have been present to give updates. Its members did not believe that the Chair of Governors was regarded in this way but understood the concern.

Action:

- i. The report on the Governance Audit will be considered at the meeting on 8 December 2020.

7.5 Key Financial Controls Audit 2019/20.

Noted:

- i. There were four recommendations marked 'medium', These covered changes to the bank mandate, payroll and supplier administration and the retrospective issuing of Purchase Orders.
- ii. The Internal Auditor accepted that retrospective creation of Purchase Orders was commonplace across many institutions but said it was still to be avoided.

- iii. Asked by the Committee, what measures were in place to reduce the incidence of these, the Director of Finance replied that budget holders were reminded at the time of circulating budgets and again at regular finance meetings. Training had also been offered.
- iv. Ultimately however, it is difficult not to pay a legitimate expense on receipt of the relevant invoice and since the College does not pay anything without a Purchase Order, retrospective creation is unavoidable at times, though strongly discouraged.

7.6 Learner Numbers Audit 2019/20.

Noted:

- i. This item required further work by the College and was not available for scrutiny.

Action:

- i. The report will be submitted for consideration by the Audit Committee at the joint meeting of the Resources and Audit Committees scheduled for 8 December 2020.

8. Internal Auditors' Outstanding Recommendations Tracker

Owing to an error by the Clerk when preparing the document for circulation, only half of the tracker had been visible to Governors and it was decided that this item should be held over until the meeting on 8 December 2020. The opportunity would be taken however to review the structure and format of the report ahead of it returning to the Committee.

Noted:

- i. An inconsistency in the expression of target dates discussed previously, was still to be seen. The agreed protocol was that where a target date had been superseded then the new target date was to be proposed to the Committee together with the original being struck through.
- ii. The original implementation dates are to be taken from the Internal Audit report.
- iii. The use of green shading needs to be consistent if they form part of a 'RAG' rating system.
- iv. The report as it is constructed is clearly useful operationally but would benefit from feeding into a summary format for sharing with Governors and highlighting those matters to which they should be particularly alerted.

Agreed:

- i. The new summary format report would come to the meeting on 8 December 2020.
- ii. If the new report remains in 'Excel' then the Clerk is to circulate the spreadsheet as delivered to him and not attempt to provide a pdf version.

9. Internal Audit Plan for 2020/21.

Noted:

- i. The original plan had been seen by the Audit Committee on 20 May 2020 and it had been agreed that the Internal Auditor would commence work on the core elements of Governance, Financial Controls and Student Records.

- ii. Supplementary audits on Capital Planning and Mental Health were not approved at that stage owing to current uncertainties regarding the timing of capital projects in the case of the former and the concerns of an overlap with the role of HR in the case of the latter.
- iii. It was considered that the Internal Audit function would be better utilised by the College to help mitigate risk in higher risk areas. The focus should also be on areas that had been restructured.
- iv. The **IT** function (to include cybersecurity) and the **Human Resources** function had been selected to replace Capital Planning and Mental Health.
- v. It was acknowledged that Mental Health issues were at the heart of current safeguarding concerns and it was accepted by members that had the selection of areas on which to focus been being taken now rather than back in May then the original decision not to include mental health risk might have been different.
- vi. Governors were assured that sickness and absenteeism remained well within benchmarked levels, but that awareness of mental health risks remained important.

Agreed:

- i. Governors approved the revised plan.

10. External Audit Plan for 2019/20.

The External Auditors were reported as having begun work on the financial statements audit the previous day, albeit remotely.

Noted:

- i. The documents appertaining to items **10.1 Fraud Questionnaire** and **10.2 Regularity Self-Assessment Questionnaire** are unaudited therefore and remain in draft.

Action:

- i. Committee members elected to consider these at the meeting set for 8 December 2020.

11. I.T. Report [AC 20/21]

The Interim CEO reported having been unclear what had been required of him in this respect, and so had not submitted a written report.

Noted:

- i. IT will be subject to the scrutiny of the Internal Auditors.
- ii. The IT department has been reviewed and restructured.
- iii. The current IT contractors, Logixx are doing excellent work.
- iv. The Director of Finance has added Cybersecurity insurance to the College's Policy at no extra cost and already this has borne fruit.

The Committee accepted this update.

12. Any Other Business

There being no other business, the meeting was closed.

16. Date of Next Meetings

8 December 2020 joint meeting with Resources Committee; 9 February 2021 for next solo Audit Committee meeting.

Dr Andrew Gilchrist

Chair of the Audit Committee

Date:

Jonathan Lipscomb

Clerk to the Governing Body