

**Greater Brighton Metropolitan College  
Audit Committee**

**PART 1: Minutes of a meeting held virtually via Google Meet  
Monday 30 November 2020 at 3.30pm**

**Present:** Steve Bassam, Christopher Bennett, Kathleen Downes, Frank Toop  
(Chair)

**In attendance:** Andy Green (Interim CEO) Jon Rollings (COO), Sue Harman (Minute  
taker), Dominic Blythe (RSM)

**Apologies:** None

**WELCOME, INTRODUCTIONS AND APOLOGIES**

**108.** The Chair welcomed members to the meeting. Steve Bassam and Frank Toop were attending their first meeting of the Committee. The agenda noted that the co-opted members had received a copy of the FE Commissioner's latest report and the text of the Recovery Plan (without appendices). They had also attended the Board's awayday.

*The CEO and COO left the meeting*

**CONFIDENTIAL SESSION WITH EXTERNAL AUDITOR – RECORDED IN PART 3  
CONFIDENTIAL MINUTES**

*The CEO and COO rejoined the meeting.*

**MINUTES**

**109.** The minutes of the meeting held on 13 July 2020, were agreed as a true record and the Chair's electronic signature would be applied.

Part 1 – Minutes of the meeting held 13 July 2020 – for public record

Part 2 – Minutes of the meeting held 13 July 2020 – confidential

**Approved:**

***The Audit Committee formally approved the minutes of the 13 July 2020 as a true and accurate record. The Chair gave his approval for his electronic signature to be applied to the minutes.***

**MATTERS ARISING FROM THE MINUTES**

**110.** The Committee received and noted a schedule outlining the progress of actions from the minutes of the last meeting which were complete or not yet due.

## **AUDIT COMMITTEE TERMS OF REFERENCE**

111. The Committee reviewed the updated Terms of Reference.
112. The Committee agreed to make a recommendation to the Board that the Committee change its name to Audit and Risk Committee. It was considered that the Committee could assist the Board by taking a more pro-active role in considering risk management.

It was noted that the Committee has responsibility for the oversight of the Business Continuity Plan and oversight of insurance. The COO confirmed that a Business Continuity Plan exists and is due to be refreshed early in 2021. Following a discussion as to whether oversight for this should be retained by the Audit Committee or moved to the Finance Committee. There was an argument for retaining business continuity but it was agreed that the terms of reference should be discussed more fully at the next meeting.

113. The COO advised that the College undertook a detailed review of its insurance arrangements ahead of the 2018/19 year. Advice was provided by an independent specialist on the scope and level of cover, ahead of a full tender exercise, which led to the appointment of FE Protect on a three-year contract. FE Protect produce a renewal report ahead of each year. It was agreed that a recommendation should be made for this report to reviewed by the Finance Committee.
114. The number/frequency of Audit Committee meetings was discussed. The external auditor advised that the ESFA are considering the mandatory minimum number of meetings and this may change in the new year. It was planned to have an additional meeting in January/February to consider the internal audit strategy and workplan, risk and the terms of reference. It would be useful to consider the audit committee terms of reference against those of the Finance Committee.

### ***Action:***

***Finance Committee Terms of Reference to be circulated to Audit Committee members (COO/GM)***

***Recommendation to be made to the Board that Audit Committee to be renamed as Audit and Risk Committee (Chair)***

***Annual Insurance report to be reviewed by Finance Committee (COO/GM)***

## **RISK MANAGEMENT**

115. The Committee was asked to review the updated Risk Management Policy and supporting documents, to consider the revised approach to risk management set out and to agree any further development work required prior to recommendation of approval by the Board.
116. The COO advised that the Risk Management Policy includes feedback from various stakeholders. He explained that each designated department/subject head maintains a risk register which is reviewed and updated at least termly. All risk registers will now be reviewed termly at a College Management Group meeting. A Key Risk Schedule will be produced monthly following each CMG meeting. The Key Risk Schedule will be also be reviewed monthly at the Senior Leadership Team meetings and Audit and Risk

Committee meetings and noted at each Board meeting. A Risk Management Report will be provided to the Audit and Risk Committee.

117. The COO reported that the Key Risk Schedule being reviewed was in draft and in the proposed new format. Following feedback received, the schedule includes a current score and a score after mitigation actions allowing those reviewing to assess the planned impact of the actions.
118. The Committee reviewed two example risk registers, Safeguarding and Prevent and the Recovery Plan implementation. The COO explained the background and process of producing these risk registers.
119. The Interim CEO acknowledged that the FE Commissioner's team had identified risk management in the College as being underdeveloped, however he advised that a significant amount of work had taken place to improve processes and ensure sufficient oversight. A monthly key risk schedule with supporting narrative in the CEO Report had been part of the papers for each Board and Audit Committee meeting. A full risk management process was in place for the Pelham redevelopment Project, and the planned approach to department/subject risk management had been piloted via the Safeguarding/Prevent risk process. However, risk management had not been embedded across departments and for key subject areas in the College.
120. The Chair requested that the Risk Policy return to Audit and Risk Committee in January to allow for further review.
121. The Committee discussed the structure of the registers and if certain risks appearing in department registers should appear in a strategic register. The COO advised that the Key Risk Schedule reflects what are considered to be the top 10 to 12 risks, but this would be informed by the risks contained in the individual risk registers. It was suggested that to prevent confusion it might be worth renaming the key risk schedule - the Strategic Risk Register or the Corporate Risk Register.
122. The Chair questioned the need for the Board to see the current version of the Key Risk Schedule at each of its meetings. He was concerned that this could result in box ticking and result in a limited discussion at the Board. It might be better for the Board to schedule a good discussion twice a year. It was agreed that this could be discussed with the Governance Consultant who had been engaged to support the Governance Manager.
123. Following a suggestion that the Risk Escalation Procedure scores 20 to 25 could be merged, the COO agreed and stated that risks with those scores could be referred to the Chair of Audit and Risk Committee who would then decide if it was necessary to refer to the Chair of the Board.
124. The possibility of adding additional columns to the Key Risk Schedule in order to demonstrate the direction of travel over a 12-month period was discussed. It was noted that an indicator was already in the report but agreed to review this further in the next meeting and that any further comments on the Key Risk Schedule should be made directly to the COO ahead of the next meeting.
125. The Committee discussed undertaking deep dives of Corporate and Departmental risks. It was agreed that these should also be carried out by other Committees for risk registers that relate to their areas.

126. The Committee agreed not to discuss the key risk schedule in detail at this meeting, but to do so at its next meeting.

**Action:**

***Risk Policy to return to Audit and Risk Committee in January to allow for further review following updates. (GM)***

***The Governance Manager to liaise with Governance Consultant relating to risk management information to be presented to the Board (GM)***

**GOING CONCERN**

A confidential minute was taken at this point.

**DRAFT REGULATORY SELF-ASSESSMENT QUESTIONNAIRE**

137. The COO asked the Committee to note the Regularity Audit SAQ and recommend that it is approved by the Board.

138. The COO explained that this is a standard process, using a pre-provided framework and forms part of the standard annual process used by RSM to underpin their regularity work. There is a requirement for the form to be signed off by the CEO and Chair of the Board once complete.

139. It was noted that the supplementary bulletin from the ESFA with an annexe to the questionnaire had not been included. It was agreed that the COO would complete this and circulate to members for review.

140. The Chair asked if KPIs are being reviewed by the Board. It was confirmed that KPIs had previously been included as part of the CEO Report and these were now being covered in the new CEO's presentation.

**Action:**

***COO to complete annexe to the regulatory self-assessment questionnaire and circulate to members for review. (COO)***

**EXTERNAL AUDIT**

**External Audit Report (Management Letter & Letter of Representation)**

141. The Committee received for consideration the 2019/20 draft audit findings report for the year ended 31 July 2020.

142. The external auditor reported that nothing of concern had been noted during their work to date, however he noted the possibility of additional testing relating to furlough potentially being required.

143. Direct confirmation of final funding level for AEB will be communicated to RSM via the ESFA. No clawback is expected.

- 144. No significant issues were identified in respect of the pension accounting.
- 145. It was noted that the disclosure with regard to access and participation plan expenditure for the OfS is still being considered.
- 146. The Committee discussed the debt shown in the GB Skills accounts. The COO explained the background to why GB Skills was shut down operationally. The COO noted that the potential write-off noted would be progressed.
- 147. It was recommended that the procurement policy is updated to include specific exemptions from the standard policy for items such as exams fees and rent. This was included as management action in the Findings Report.

#### **DRAFT 2019/20 FINANCIAL STATEMENTS**

- 148. The draft 2019/20 Financial Statements were received by the Committee.
- 149. The COO noted that the Financial Statements would need to be recommended for approval to the Board subject to an update following the Going Concern review.
- 150. The Audit Committee recommended the Board approve the 2019/20 Financial Statements, subject to final amendments to incorporate the finding wording relating to the 'Going Concern' assumption.

#### **Action:**

***Audit Committee to recommend to the Board that they approve the 2019/20 financial statements, subject to final amendments covering 'Going Concern'. (Chair/GM)***

#### **INTERNAL AUDIT ANNUAL REPORT**

- 151. The Report has been presented to the July Meeting but was included again due to the new members in attendance and its relevance to the Audit Committee assurance to the Board. The Committee were asked to note the Internal Audit Annual Report for 2019/20 and the assurance opinion on corporate governance, risk management and internal controls

#### **ANNUAL REPORT OF THE AUDIT COMMITTEE**

A confidential minute was taken at this point

#### **Action:**

***Governance Manager to liaise with Chair of Committee to finalise annual report in readiness for the December Board meeting. (GM)***

#### **INTERNAL AUDIT TENDER**

- 155. Following a tender process, and taking up of two external references, the Committee agreed to recommend to the Board that TIAA be appointed as College internal auditors.

156. The Committee would consider the Strategy and Plan for 2020/21 at its next meeting and would ask for delegated authority from the Board to approve these.

**Action:**

***Recommend to Board that TIAA be appointed as College internal auditors and the Audit Committee are given delegated authority to approve the Internal Audit Strategy and Plan for 2020/21. (Chair)***

**OUTSTANDING AUDIT RECOMMENDATIONS: PROGRESS REPORT**

157. The Committee noted the status of the actions from previous audits.

**REPORT OF ANY INCIDENCES OF, OR ATTEMPTED, BRIBERY, FRAUD OR WHISTLEBLOWING**

158. The Committee noted the annual report on incidences of, or attempted, Bribery, Fraud or Whistleblowing during 2019/20.

159. The COO informed the Committee of an instance of suspected malpractice currently being investigated. He advised that this is likely to lead to a formal disciplinary process conducted through HR.

**ANY OTHER BUSINESS**

None

**The meeting closed at 6.00pm.**

Signature of Chair..... Date.....