

**Greater Brighton Metropolitan College
Audit Committee**

**Minutes of a meeting held at the Brighton Central Campus on
Monday 9 October 2017 commencing at 17.30**

Present: Natalie Brett, Kathleen Downes, Eileen Houghton (Chair), Rob Lee

In attendance: Jenny Brooker (Governance Adviser), Daniel Canham (Mazars),
Nick Juba (CEO), Jon Rollings (COO), Sonya Panova (Grant
Thornton),

Apologies: Jim Hynes (Staff Governor)

*(Prior to the start of the Meeting, the Audit Committee Members held an 'in camera' session.
Confidential notes of the session were recorded by the Clerk).*

MINUTES OF THE MEETING OF 3 JULY 2017

1. The minutes of the meetings held on the 22 May 2017 and 3 July 2017 were taken as a correct record and signed by the Chair.

MATTERS ARISING

2. The Committee received and noted a schedule outlining the progress of actions from the minutes of the last meeting.

Minute 67: Audit Actions Progress Report

3. In response to Member challenge on the delay to reporting on the implementation of outstanding audit actions, Management provided assurance that internal auditor follow up reports would be provided to the next meeting and Management were working closely with internal auditors on the implementation of outstanding actions.
4. A discussion followed on the relevancy of audit recommendations made pre-merger. It was identified that those recommendations regarding the operating effectiveness of control processes which remain in place post-merger should be focused on. Where controls have been redesigned or superseded by the merger they should be considered for review as part of the 2017/18 internal audit plan.

INTERNAL AUDIT PROGRESS REPORTS - Brighton (Grant Thornton)

Supporting papers presented by Sonya Panova, Grant Thornton

Progress Update

5. The Committee received for consideration a progress report on the internal audit work of Grant Thornton. It was noted that since the last progress report in July, Grant Thornton had issued final internal audit reports in relation to Funding Assurance, Health & Safety and the review of IT infrastructure. The Board Oversight and Performance review included in the 2016/17 internal audit plan, was no longer taking

place, at the request of the Board. The Follow Up Review Audit would be presented to the next meeting of the Committee along with the annual report of the auditors.

Funding Assurance – Learner Numbers Data Review

6. The Funding Assurance Audit had reviewed City College Brighton learner data regimes pre-merger. The objective of the review was to establish if evidence demonstrated that the College had complete and accurate student data recorded in the individualised student record.
7. It was reported that overall it was an effective system with areas of good practice identified. There were no 'high' rated findings; however there were two 'medium' rated findings identified which related to learner evidence. Members discussed the need for standardisation of procedures across the institution and the importance of evidence being held centrally rather than at department level.
8. The COO confirmed that that legacy MIS systems would continue for 2017-18 and a new merged MIS system would operate from 2018-19. In response to Members discussing the importance of these processes, Management confirmed that the area would be included within the internal audit plan for review, and subsequently on an annual basis.

Health and Safety Management

9. The Health and Safety Management Audit had assessed arrangements at City College Brighton pre-merger including Health & Safety policies and procedures and the Health & Safety Framework and Management system.
10. The Audit identified that the College had a good safety record with no reportable (RIDDOR) incidents to the Health & Safety Executive in 2016/17. However, the documented safety management system had not been kept up to date and was difficult to navigate.
11. The Committee discussed the findings including the one 'high' rated finding which was regarding assessments of the safety management systems of tenderers bidding to conduct work for the college.
12. In response to queries, the COO confirmed that Health and Safety was another area, which would be included within the internal audit annual plan. Reflecting on the Health & Safety processes pre-merger, the COO stated that Northbrook College had a well-developed and highly accredited system, but that the City College Brighton system had not been as robust.
13. Members sought assurance that the issues identified within the audit had been addressed and a robust system was now in place across the entire organisation. The COO confirmed that health and safety arrangements had been consolidated and the former Health & Safety Officer for Northbrook had been appointed for the new GB Met post following the merger. It was confirmed that the existing Health & Safety policies and procedures at Northbrook were currently being reviewed for any potential improvements before their full implementation across the institution. The Committee welcomed the roll out of the systems and the high priority given to this critical area by Management.

IT Infrastructure

14. Whilst not a formal audit, Grant Thornton had been asked to review the robustness of the process used to select an IT infrastructure for the merged college and the effectiveness of the IT governance adopted.

15. The review concluded that, from both a pragmatic and cost perspective, it made sense to adopt the Northbrook base standard across the new combined technology environment. In addition, that an effective process had been used to reach a conclusion.
16. Required improvements to IT Governance arrangements were discussed. The CEO advised that Management were in the process of developing a digital strategy and there was reference to the development of an IT Strategy within the annual operating plan. The potential need to acquire specialist input to the development of these strategies was identified.
17. The Committee reflected upon the monitoring role of the Committee and the Board in the development and implementation of the policies. The Governance Adviser recommended that drafts of the strategies be considered by the Board to enable member input in their development; that the implementation of the strategies be reported to the Board through the annual operating plan; and their implementation also included within the internal audit strategy and plan. However, in addition to this, that key elements of the IT Strategy which the Board may wish to have a clear oversight on were Data Protection, Safeguarding, the PREVENT agenda and technological advances in the delivery of teaching and learning. There was the potential for these areas to be the subject of 'deep delve' discussions at Board level.
18. Members sought assurance on the existing IT infrastructure and the safety of the data which it held. The COO confirmed that, in line within the merger programme, a comprehensive new IT infrastructure had been put in place over the Summer. This had been purchased through a lease agreement. The high level audit review had provided assurance on the core infrastructure established at each site

INTERNAL AUDIT PROGRESS REPORTS - Worthing (Mazars)

Supporting papers presented by Daniel Canham, Mazars

Progress Report

19. A verbal progress report was provided by Dan Canham. He confirmed that all internal audits included within the revised annual audit plan were now complete.

Estates Management Utilisation

20. The Audit of Estates Management Utilisation was a review of the key controls and processes for the management of the Northbrook College Sussex estate.
21. An opinion of 'adequate' assurance had been given (from the possible assurance ratings of substantial, adequate and limited) with three recommendations, one of which was significant and two housekeeping.
22. In response to Member queries, clarification was provided that the significant recommendation regarding assets related to equipment only and excluded buildings. The COO advised that IT assets were all logged but, in extending the register to cover all other equipment, consideration would need to be given to the minimum value of items for inclusion.
23. A discussion followed on the space utilisation methodology, sector norms, variations in space utilisation by level and curriculum type and potential mechanisms to improve efficiency. The COO advised that a space utilisation survey was planned to take place in November across all sites. For Brighton this would be the first survey to take place following the establishment of the construction centre at City College East. Members

discussed the importance of maximising space usage, including during the Summer months.

Learner Number Systems

24. The learner numbers audit was a review of compliance to funding rules and covered the former Northbrook College Sussex. An assurance opinion of 'partially compliant' was given for compliance with EFA funding rules. An assurance opinion of 'compliant' was given for compliance with SFA funding rules.
25. One significant recommendation had been given which related to the recording and checking of the delivery of planned learning hours. In response to challenge, management advised that they were content that the item noted was a specific recording error rather than a control failing. In response to Members seeking assurance on the significance of the recommendation, Dan Canham advised that the identified issue was resolvable and not as significant as that seen in some audits of the area at other institutions.
26. Reflecting on recommendations for value for money improvements, further information was requested from Management on the potential move to all learner data being held electronically for ease of access and improved security. The COO advised that the issue would be considered as part of the procurement process for a new MIS system from 2018-19. He confirmed that management would look to store student data electronically wherever possible.

Staff Utilisation

27. The staff utilisation audit had reviewed the College's arrangements for the management and monitoring of Northbrook Metropolitan College's staff utilisation. An opinion of adequate assurance was provided with six recommendations, five of which were significant and related to timetabling data, interrogation of management reports and senior management oversight of staff KPIs.
28. Dan Canham advised that management had looked at the issue with a strategic focus, responded accordingly and had suggested some actions to address the recommendations which, if implemented effectively would address the issues raised.
29. In response to Member challenge on what the 'strategic focus' on this area included, the COO advised that consideration was being given to the adoption and implementation of a new system from 2018-19 which aimed to provide managers with improved ability to deploy their staff as effectively as possible.
30. The Committee discussed the critical and urgent importance of all departments being financially efficient and sustainable with sufficient staffing resources. Members sought assurance that urgent actions were in place to address the audit findings in advance of any new system implementation. The COO advised that, following the current post enrolment review, each department would have a 'locked down' resource allocation which would be reviewed on a monthly basis by the Head of MIS and each Head of Department. This would include considering the effectiveness by which staff were being deployed. The issue would also be monitored at Board level through staff utilisation being included as a KPI within the monthly CEO report.
31. The Chair asked that the Committee continue to monitor the implementations of the audit recommendations.

Resolved

- (i) That the staff utilisation audit recommendations be assigned an owner and included in the audit actions log for continued monitoring.
- (ii) That the Grant Thornton and Mazars Internal Audit reports be noted.

RISK MANAGEMENT UPDATE

Risk report, Key Risks and Assurance map

- 32. Presenting the risk management report, the COO advised that the report had been considered at the September meeting of the Board, that the 'red' risk of 16-18 recruitment was now likely to be downgraded but HE recruitment remained a key risk.
- 33. There was a review planned to the format and content of the summary risk register document to align it with the new Strategic Plan and Annual Operating Plan. The new format of the CEO report and risk report would be introduced at the November Board meeting.
- 34. Members sought information on the level of risk arising from the implementation of the GDPR. The Committee was informed that the Data Protection Officers of both Northbrook MET and Brighton MET had undertaken GDPR training and there remained further discussions to be held to explore the ramifications of the Act and the priority with which to check systems for compliance. A report on the issue was scheduled for consideration by the Board.

EXTERNAL AUDIT – Regularity Self-Assessment Checklist Questionnaire

- 35. Presenting the report, the Governance Adviser reported that the regularity self-assessment questionnaire formed the basis of regularity testing by the independent auditor. The template was produced annually by the Education and Skills Funding Agency. The Committee was informed of additional questions to the prior years' template including the extension of the register of interest to all key management personnel (previously in governors and key staff with significant financial and decision-making responsibility), evidence of appropriate and regular training of staff on the Bribery Act 2010 and the value of expenses paid to governors and key management personnel.
- 36. In response to member queries, it was confirmed that where a response to a question was 'yes', evidence would be noted to support the response; that all senior managers had been asked to provide a register of interests return and that the completed questionnaire would require approval by the Board for signature by the Corporation Chair.

Resolved

- (i) That management is delegated to make minor additions and amendments to the checklist responses.
- (ii) That consideration is given to any change to the register of interests' policy to reflect the extension of the register of interests to all senior managers.

Resolved to Recommend:

That the completed regularity audit questionnaire be approved and signed by the CEO, as Accounting Officer, and the Chair of Governors

BRIBERY, FRAUD AND WHISTLEBLOWING

Attempted Fraud

37. An attempted fraud, which had been reported to the Board at its July meeting, was reported to the Committee. An agent had fraudulently used the identity and brand of City College Brighton and Hove to validate English language courses in Argentina. A report on action taken in response to the issue would be given to the Board at its October meeting. One of the key actions resulting from the issue would be for the International Officer to travel to Argentina and meet with officials and representatives to further explore the issue and mitigate any continued risk.

Mitigating Potential Fraud

38. Changes to the banking framework meant banks needed to split commercial and domestic customers. This would result in the College and some organisations the College worked with, being provided with a new sort code. This issue presented a slightly enhanced risk of fraud to the College. Management provided assurance to the committee that appropriate mitigating action was being taken.

[The CEO left the meeting at this point]

Anti-Bribery Measures

39. In response to a query from the Chair regarding anti-bribery measures, the COO advised that there was limited hospitality in the sector but arguably a need to remind staff of their obligations to report any gifts or hospitality provided to them. The importance of the record of gifts and hospitality being extended to include offers that had been refused was discussed.

Resolved:

On review of the financial regulations, the policy on the reporting of gifts and hospitality to be reviewed and extended to include any offers that had been refused.

[The internal auditors left the meeting at this point]

INTERNAL AUDIT SERVICE TENDER

40. The proposed tender document for the selection of an internal audit service was considered by the Committee. The Committee had previously agreed that the selection panel would comprise the COO, CEO and two Audit Committee members.
41. The Clerk reported that at its meeting on 24 July 2017, the Board had approved the use the Crescent Purchasing Consortium Procurement Framework for the selection of an internal audit service and for the duration of the contract to be for a three year period, with the option to extend for a further two years.
42. The selected company would be required to work with management in the development of the 2017-18 internal audit plan. To avoid any delay to this process, the Board would be asked to delegate the appointment to the selection panel.

43. Upon discussion it was agreed that the number of firms selected for interview would be determined as part of the shortlisting process. Dates for the process were agreed as:

- 11 October – publication of tender documents
- 28 October – deadline for tenders
- 3 November – shortlisting
- 6 November 4pm to 6pm - interviews

Resolved:

That on appointment of an internal audit firm, the internal audit strategy and plan be developed and brought to the next meeting of the Committee for approval.

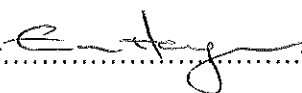
Resolved to Recommend:

The appointment of an internal audit service is delegated to the selection panel.

DATE OF NEXT MEETING

44. It was confirmed that the next meeting of the Committee was scheduled to take place on Monday 4 December at 17.30 at the West Durrington Campus.

The meeting closed at 7pm.

Signature of Chair  Date 4/12/2017