

**Greater Brighton Metropolitan College
Audit Committee**

**Part 1: Minutes of a meeting held at the West Durrington Campus
Monday 1 July 2019 at 4.30pm**

- Present:** Gary Anderson (Chair), Natalie Brett (via telephone), Kathleen Downes, Rob Lee
- In attendance:** Nick Juba (CEO), Jon Rollings (COO), Sarah Box (Governance Manager), Dominic Blythe (RSM), Graham Gillespie (Wylie & Bisset)
- Apologies:** David Russell

WELCOME, INTRODUCTIONS AND APOLOGIES

35. The Chair welcomed members to the meeting and noted apologies from David Russell.

MINUTES

36. The minutes of the meeting held on 4 March 2019, were agreed as a true record and signed by the Chair.

Part 1 – Minutes of the meeting held 4 March 2019 – for public record
Part 2 – Minutes of the meeting held 4 March 2019 – confidential

Approved:

The Audit Committee formally approved the minutes of the 4 March 2019 as a true and accurate record. The Chair signed the master copy.

MATTERS ARISING FROM THE MINUTES

37. The Committee received and noted a schedule outlining the progress of actions from the minutes of the last meeting which were all complete or due for report at a later date.

AUDIT COMMITTEE SELF-ASSESSMENT ACTION

38. The Chair noted that the Committee required a self assessment exercise and advised that this would be revisited at a later meeting.

INTERNAL AUDIT REPORTS

Graham Gillespie presented the completed Internal Audit Reports as follows:

- a) **Subcontractors, Partnerships and Apprenticeships (work in progress)**
CONFIDENTIAL ITEM

Rob Lee joined the meeting at 4.35pm

- b) **Corporate Governance**

43. A substantial level of assurance had been provided on the College's governance arrangements with 4 medium recommendations and 3 low. 11 areas of good practice had been identified and the report had been benchmarked and agreed with management. The Committee discussed the Gifts and Hospitality Policy and it was agreed that summary information would be collected alongside the register of interests declaration, which was scheduled for circulation to governors at the beginning of the new academic year.

Action:

Include Gifts and Hospitality declaration with Register of Interests for Board members. (Governance Manager)

Approved:

The Committee formally approved the Corporate Governance Audit Report.

c) IT Systems and VFM review

44. The audit provided a substantial level of assurance that the VFM on IT spend and investment is being achieved. One medium priority recommendation had been made. The college had been benchmarked with 27 others and the resulting data highlighted the following

- GB MET was towards the top end of the averages with 4 learners per computer
- The average figures for hardware and software expenditure spend per learner were noted at the upper end of the benchmarking data. The COO advised the Committee of the progress made post-merger to align spend and efficiencies across all campuses.

45. Members commented that the VFM element of the audit might not have been fully assessed as it was very future focused with some detailed VFM questions not being covered. It was agreed to consider the potential for inclusion of a further VFM audit in the planning cycle for 2019/20.

Action:

Consider a further IT systems VFM audit in the 2019/20 IAP (W&B/COO)

Approved:

The Committee formally approved the IT systems and VFM Review Audit Report.

d) Staff utilisation

46. The audit's overall conclusion had given a strong assurance over the College's teaching staff utilisation. The overall staff utilisation rate was reported at 93.1%, which is slightly below the target utilisation rate. Two recommendations had been raised, both with a low level of risk.

Approved:

The Committee formally approved the Staff Utilisation Audit Report.

e) Space utilisation

47. It was noted that although the current space utilisation is only 22%, which is below both the College and sector targets, strong assurance had been provided over the College's process for identifying and monitoring space utilisation of teaching rooms. The auditors were satisfied that the data is used effectively to inform the Estates Strategy. 3 low level risk recommendations were outlined in the report.

48. The COO explained that there is currently more teaching space than required which will be partially addressed by the reduced square metreage of the Pelham redevelopment. The curriculum planning changes and larger group numbers will also have an impact, although increased occupancy may be offset by reduced frequency of use.

Approved:

The Committee formally approved the Space Utilisation Audit Report.

f) Student experience

49. Strong assurance was provided on the audit which reviewed the mechanisms for ensuring that the College is delivering a positive experience to its students. One low level recommendation was raised.
50. Following a discussion on whether the audit had met its objectives by focusing on protocol and practice rather than policies and procedures, the Committee referred to the earlier comments regarding scoping. It was requested that the scoping of the audits for 2019/20 is considered in greater depth to ensure each audit is appropriately focused.

Action:

Ensure scoping of 2019/20 audits is considered in greater depth to ensure appropriate focus. (W&B/COO)

Approved:

The Committee formally approved the Student Experience Audit Report.

g) Follow-up

51. The review was part of the agreed 2018/19 IAP for the College, intended to assess whether the internal audit recommendations made in 2017/18 had been appropriately implemented. It was noted that a substantial conclusion had been reached and that there were 5 'not implemented' recommendations, of which 3 were graded medium and 2 low. There were 12 'partially implemented', of which 1 was graded high, 6 medium and 5 low. The COO explained that the outstanding recommendations had all been previously agreed, but that prioritisation of urgent work along with limited resource and capacity had led to reprioritisation of the lower risk audit recommendations.
52. The Chair of the Audit Committee empathised with the workload that the Executive team were managing and stated that he was comforted that management are prioritising the high risk elements. He commented thought that a way forward would need to be agreed in order to address the key issues and provide assurance to the Board.
53. Committee members commented that areas such as GDPR should receive action promptly as this will likely become a greater risk with time.

Received:

The Committee formally received and noted the follow-up review

FINANCIAL STATEMENTS AND REGULATORY AUDIT PLAN 2018/19

54. Dominic Blythe presented the draft audit plan explaining that the detailed planning was take place over the summer in advance of the fieldwork. The audit will encompass the core areas of financial regulation and will have an additional specific focus on the following:
 - Income recognition; to include a review of the accounting treatment adopted in respect of each material grant funding stream, to ensure that income is recognised appropriately based on the underlying funding agreement.
 - Pensions scheme liabilities; to include a review of TPS and LGPS contributions and the state and security of the sector
 - Going concern; including a review of financial plans, budgets and forecasts prepared on behalf of governors to support the going concern assumption, particularly in relation to the accounting treatment of the TU borrowing facility and the consequent impact on the College's Financial Health and the going concern assessment.

- Management override of controls;
- Capital projects; The COO confirmed that the Pelham redevelopment is intrinsically linked to the TU borrowing facility, and that it had been agreed with the External Auditor that the correct accounting approach is to begin capitalisation when on-site work is initiated.

55. The Chair of the Audit Committee noted that the Board were acutely aware of the risks around the filing of the financial statements and praised the work that the Executive have undertaken to address the challenges. He advised that the Board have initiated discussions on contingency plans in case the funding plans or timing issues are not resolved. Any delays to filing of the accounts would be considered as part of that planning.

56. Members of the Audit Committee were advised to consider the emerging issues at Appendix E. In particular, the new AoC Senior Staff Remuneration code which coincides with the extra disclosure requirements on executive pay as outlined in the College Accounts Direction for 2018/19.

Action:

To ensure that the extra disclosure requirements for Executive and senior staff remuneration are followed up by the Remuneration Committee and as part of the action plan for adopting the new AoC code. (Governance Manager)

Received:

The Committee formally received and noted the draft audit plan and agreed to recommend it for approval to the Board.

OUTSTANDING AUDIT RECOMMENDATIONS: PROGRESS REPORT

57. The COO presented the status of actions from the 2017/18 Financial Statements and Regularity Audit and the 2018/19 Internal Audit Assignments. Reiterating the earlier discussion regarding prioritisation, he explained that there were some changes to implementation dates and updates to progress. The COO assured that the high priority actions on commercial income plans, course costing and apprenticeships would be complete by the end of the month.

Received:

The Committee formally noted the progress report.

INTERNAL AUDIT PLAN 2019/20: UPDATE

58. The COO explained that the summary of 2017-20 Internal Audit input had been re-circulated with the papers to ensure members were still comfortable with the audit areas planned for 2019/20. The information would then form the detailed plan to be submitted to the October Audit Committee meeting for approval.

RISK MANAGEMENT UPDATE

59. The COO presented the update on the Risk Management report, which had also been submitted to the July Board meeting. There were currently 8 red category risks and it was noted that the current focus of work reflected the areas of high risk.

REPORT OF ANY INCIDENCES OF, OR ATTEMPTED, BRIBERY, FRAUD OR WHISTLEBLOWING – CONFIDENTIAL ITEM

62. It was confirmed that there had been no instances of bribery or fraud.

CONSENT ITEMS

GOVERNANCE: AUDIT COMMITTEE SCHEDULE OF BUSINESS 2019/20

63. The Committee approved Audit Committee Schedule of Business for 2019/20 and the locations of the meetings would be determined via email.

Action:

Confirm meeting locations for 2019/20 with Committee members (Governance Manager).

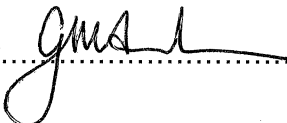
ANY OTHER BUSINESS

64. No other business was raised.

DATE OF NEXT MEETING

65. The date of the next meeting was confirmed as Monday 14 October 2019 at the Brighton Central Campus.

The meeting closed at 6.28pm.

Signature of Chair.......... Date..... 22/10/19.....

