

**Minutes of the meeting of the Audit Committee held on Tuesday 26 March 2019 at
4.00pm at Barnsley College, Old Mill Lane, Barnsley**

Present: Clare Partridge (Chair)
Simon Brian (Governor)
David Shepherd (Governor)
Simon Taylor (Governor)
Sara Turton (Governor)

In attendance: Joanne Platt (Interim Director of Governance and Clerk to the Board)
Laila Lawton (Vice Principal – Finance)
Tony Johnson (Vice Principal – Corporate Services)
Suki Rai (Interim Vice Principal – Funding, Data and Compliance)
Rob Barrett (RSM – Internal Audit)
Lisa Smith (RSM – Internal Audit)
Monika Liskiewicz (Grant Thornton – External Audit)

PART I – For Publication

Minute	
PROCEDURAL MATTERS	
A19/001	Agenda Item No. 1: Quorum The meeting was quorate.
A19/002	Agenda Item No. 2: Apologies for Absence There were no apologies for absence
A19/003	Agenda Item No. 3: Declarations of interest: There were no declarations of interest.

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A19/004	<p>Agenda Item No. 4: Minutes of the last meeting held on 4 December 2018 (Part I)</p> <p>The minutes were approved as a correct record.</p> <p>It was RESOLVED to approve the Minutes of the meeting held on 4 December 2018.</p> <p>The minutes were signed by the Chair.</p>
A19/005	<p>Agenda Item No. 5: Matters arising from the last meeting (Part I)</p> <p>There were no matters arising.</p>
A19/006	<p>Agenda Item No. 6: Rolling action list</p> <p>The Committee considered the actions outstanding from previous meetings and noted that all actions were completed with the exception of the action to establish meetings with the Chair, Executive Lead for Audit Committee and the Clerk to align agendas, as this wasn't referenced in the minutes from the previous meeting and it wasn't clear what was required.</p> <p>It was agreed that what was intended was a meeting between the Chair of the Board of Governors, the Chair of the Committee and the Clerk to align agendas in the 2019/20 year so that meetings of the Committee took place before the meeting of the Board.</p> <p>It was also agreed that the Committee can add more value to the existing governance arrangements and to this end, the Chair of the Committee will discuss with the Chair of the Board of Governors and the Clerk, the relevant work programmes of each for the forthcoming year with a view to a more even distribution of work.</p> <p>It was RESOLVED to update the Rolling Action List to incorporate an action for the Chairs of the Committee and of the Board of Governors and the Clerk to discuss the relevant work programmes of each for the forthcoming year with a view to a more even distribution of work and to schedule meetings for the forthcoming year to enable this to happen more effectively.</p>
A19/007	<p>Agenda Item No. 8: Notification of any other business</p> <p>There were no items of other business.</p>

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MATTERS FOR DISCUSSION AND MONITORING	
A19/008	<p>Agenda Item No. 8.1: Internal Audit Report (Key Financial Systems – Purchase to Pay)</p> <p>Lisa Smith provided an overview of the work that had been carried out during this review. The report confirms that the College has good controls in place to manage the ordering, receipt and payment of goods and services across its sites and that there are sufficient controls in place to manage the issuance and monitoring of credit cards. However some control weaknesses were identified in relation to evidencing amendments to supplier details which potentially leaves the College open to the risk of details being changed incorrectly or inappropriately, which could potentially result in fraudulent payments being made.</p> <p>Taking account of these issues, the Board can take reasonable assurance that the controls in place to mitigate this area are suitably designed and consistently applied, but actions are needed to improve the control framework for supplier details.</p> <p>It was noted that six actions (five low priority and one medium priority) had subsequently been discussed and agreed with management, all of which have already been implemented.</p> <p>Governors questioned the sample size that led to the reasonable assurance rating and it was confirmed by RSM that this was in line with RSM metrics for sample size. The relatively small sample in this audit was because good controls were in place resulting in very few issues being identified within that sample and obviating the need for a larger sample to be tested.</p> <p>Governors also noted the query raised in the report in relation to the practice of booking rail and hotel accommodation using credit cards, rather than through the better practice of raising Purchase Orders with a corresponding invoice.</p> <p>It was RESOLVED to note the Key Financial Systems – Purchase to Pay Internal Audit Report and to approve the management response recorded therein.</p>

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A19/009	<p>Agenda Item No. 8.2: Internal Audit Report (Mock Funding Key Controls)</p> <p>Lisa Smith provided an overview of the work that had been carried out on the College's January 2019 ILR return, during which a number of exceptions had been identified where the College had not complied with the ESFA Apprenticeship Funding and Performance Management Rules 2018-2019, resulting in errors in the funding claimed.</p> <p>These included the lack of a 'skills scan' for the learners in the sample, a lack of breakdown of the 'contribution' for a large proportion of the cases sampled, which prevented auditors from checking for ineligible elements, ILRs not being updated in two cases sampled, resulting in the College not claiming funding for learning that is being delivered, incorrect calculation of 'off the job' training in some cases sampled, lack of evidence to substantiate the start date noted in the ILR (in two cases), an error in recording a declaration of an employer as a small employer in the ILR in one case and a number of issues relating to the PDSAT reports (albeit that these were likely to have been identified, investigated and corrected by the College prior to submission).</p> <p>It was noted that 11 actions (four low priority, six medium priority and one high priority) had subsequently been discussed and agreed with management, all of which will be implemented by the end of April 2019.</p> <p>A further 20 actions from the PDSAT Review have been accepted by management and are due for completion by the end of May 2019.</p> <p>It was noted that some of the issues identified may be attributable to the timing of the review and also to the discrepancy between the guidance on the funding rules which contradicts ESFA guidance issued on the same day.</p> <p>It was noted that some of the issues identified had already been picked up through the College's own internal audit processes and a proposal to improve this further was shortly to be considered by the Senior Leadership Team and should be in place by the end of April 2019.</p> <p>Governors welcomed the report which they found helpful and asked for a progress report to be brought to the next meeting of the Committee.</p> <p>It was RESOLVED to note the Mock Funding Key Controls Internal Audit Report and to approve the management response recorded therein.</p> <p>It was RESOLVED to bring a progress report back to the next meeting of the Committee on 25 June 2019.</p>

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A19/010	<p>Agenda Item No. 8.3: Internal Audit Report (Corporate Governance Audit)</p> <p>Lisa Smith provided an overview of the work that had been carried out during this review. The report confirms that the College has an effective control framework in place in relation to corporate governance with the majority of controls being fully complied with. Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the College relies to manage corporate governance are suitably designed, consistently applied and operating effectively.</p> <p>It was noted that three actions (one medium and two low priority) had subsequently been discussed and agreed with management.</p> <p>Governors were reassured about the effectiveness of corporate governance but want to look at this over the longer-term to confirm that the changes brought about by the recent governance review ensures that key issues continue to be thoroughly reviewed and addressed.</p> <p>It was RESOLVED to note the Corporate Governance Audit Report and to approve the management response recorded therein.</p> <p>It was RESOLVED to report the outcome of this review to the Board of Governors at its meeting on 21 May 2019.</p>
A19/011	<p>Agenda Item No. 8.4: Internal Audit Progress Report</p> <p>Rob Barnett provide an overview on RSM's progress in delivering the Internal Audit Plan to date, from which is was noted that the plan is largely on track to be fully delivered as planned.</p> <p>In relation to the Project Management review, RSM will use Nigel Bennett to look at the College's overall project management framework. This will include the College's general approach to managing projects, a review of the management information system, some capital projects and some revenue projects such as 14-16 Direct Entry.</p> <p>There is one proposed change to the 2018-19 Audit Plan, namely work on the Teaching Excellence Framework (TEF), as the College is not submitting an application this year. Alternatives have been discussed with the College's Senior Leadership Team (SLT) and it has been suggested that an audit in relation to ITS is done. Options are key financial controls or apprenticeship funding. As apprenticeship funding is a higher risk, the Senior Leadership Team has recommended this.</p>

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	<p>The work will take 5-days and the relevant SLT lead has yet to be determined.</p> <p>It was RESOLVED to note the Internal Audit Progress Report.</p> <p>It was RESOLVED to approve a review of ITS, with specific focus on apprenticeship funding to replace TEF in the 2018-2019 Audit Plan.</p> <p>It was RESOLVED to approve the outline scope for the project management review as outlined above.</p>
A19/012	<p>Agenda Item No. 9: ESFA Funding Review Action Plan 2018-2019</p> <p>Suki Rai presented an action plan to address the recommendations from the Internal Audit Report on ESFA Funding which was considered by the Committee at its last meeting on 4 December 2018.</p> <p>All five of the recommendations had been accepted by management. Three of the agreed actions have already been completed, one is in progress and is due for completion by the end of April 2019 and the other is an ongoing action.</p> <p>It was RESOLVED to note and approve the ESFA Action Plan 2018-2109.</p>
A19/013	<p>Agenda Item No. 10: Board Assurance Framework (BAF)</p> <p>Tony Johnson provided an overview of the Board Assurance Framework at the end of Q2 and it was noted that although no new risks had been added since it was last considered by the Committee in September 2018, a new risk in relation to 14-16 Direct Entry is to be added following the Board's approval of the 14-16 Direct Entry proposal on 19 March 2019.</p> <p>Movements in risk scores were identified as follows:</p> <ul style="list-style-type: none"> ➤ An increase in the residual risk score in relation to GCSE English and Maths ➤ A reduction in the residual risk score in relation to quality and the % of zero rated buildings for business use. <p>All other residual risk scores remain the same as for Q1 although some controls have been reviewed and some new controls have been added.</p>

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	<p>Governors questioned why some residual risk scores haven't reduced even when actions have been taken and controls are in place such as the risk in relation to protecting tertiary status.</p> <p>It was confirmed that this is because the likelihood of the risk occurring is outside of the College's control. Nevertheless, Governors felt that in light of the direction the College is now taking in relation to digital skills, the protecting tertiary status risk no longer appears to be the highest risk facing the College and that this risk should therefore be reviewed.</p> <p>The Chair informed the Committee that she is to meet with the Chair of the Board of Governors to look at how the BAF and the Balanced Scorecard add value and how they are used to influence more detailed scrutiny such as in Deep Dives and / or drives a discussion on what the Board should focus on. It was agreed that the BAF and the Balanced Scorecard needs to be more closely aligned to inform future Board agendas and the Board's work programme.</p> <p>Monika Liskiewicz raised a question about the impact of Brexit, which wasn't noted in the BAF, although there is an expectation that the front-end of the financial statements will address this.</p> <p>Governors asked what SLT was doing in relation to Brexit and it was confirmed that it had looked at the potential impact on staff and the consequential impact on curriculum and had no major concerns in relation to this. Also, as the College doesn't have a cohort of international students, there was no impact on student numbers. Nevertheless, Governors asked SLT to provide a report on its response to Brexit to the next meeting of the Board of Governors.</p> <p>It was RESOLVED to note the BAF at the end of Q2.</p> <p>It was RESOLVED to ask SLT to take a report on its response to Brexit to the 21 May meeting of the Board of Governors.</p>
A19/014	<p>Agenda Item No. 11: Clerk's Monitoring of Audit Recommendations</p> <p>The Clerk provided an overview of the position in relation to management actions arising from internal and external audit reports in the previous years and it was noted that most actions are complete.</p> <p>In relation to internal audit reports for the previous year, there were two actions not yet completed.</p>

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	<p>One relates to reconciliation reports between MIS and Agresso, where the link between the finance system and the new MIS is scheduled to be completed by April 2019.</p> <p>The other relates to a potential fire hazard at SciTech, where the action taken by management was far more comprehensive than that recommended and had therefore taken longer than planned. However, a comprehensive survey has now been completed and most of the works identified have been completed with all remaining works due for completion by April 2019.</p> <p>In relation to the External Auditor's report 2017-18, four of the seven recommendations had not been accepted by management. Of the three that had been accepted, two had been fully implemented and one was in progress (payroll reconciliation to gross pay).</p> <p>It was noted that agreed management actions arising from reports considered at today's meeting at Agenda items 8.1, 8.2, 8.3 and 9 will be consolidated into the Clerk's monitoring report at future meetings.</p> <p>It was RESOLVED to note the progress to date in delivering the actions arising from previous internal and external audit reports.</p> <p>It was RESOLVED to incorporate all agreed management actions arising from Agenda items 8.1, 8.2, 8.3 and 9 from today's meeting into the Clerk's Monitoring of Audit Recommendations report for future meetings of the Committee.</p>
A19/015	<p>Agenda Item 12: Any other business</p> <p>There was no other business.</p>
A19/016	<p>Agenda Item No. 13: Date and time of next meeting</p> <p>Tuesday 25 June at 4.00pm</p>

Part I closed at 5.20pm

Signed (Chair): **Dated:**