

**Minutes of the meeting of the South Bank Colleges Audit Committee  
held at 4pm on Thursday 3 February 2022  
via Microsoft Teams**

**Present**

Andrew Owen (Chair)  
Steve Balmont  
Mee Ling Ng

**In attendance**

Benjamin Baker (item 9)  
Michael Broadway  
Richard Flatman  
Natalie Ferer  
Rachel McCafferty  
Fiona Morey  
Jacqueline Mutibwa  
Gemma Wright, BDO, Internal Auditors

**1. Welcome and apologies**

The Chair welcomed the members to the meeting.

**2. Declarations of Interest**

No member declared an interest in any item on the agenda.

**3. Minutes of previous meeting**

The minutes of the meeting held on 10 November 2021 were approved as an accurate record.

**4. Matters arising**

The Committee noted the update on matters arising from the previous meeting.

**5. Internal Audit Progress Report**

Internal Audit Recommendation Follow up 2019/20 and 2020/21

The Committee was provided with an update on progress being made on implementing recommendations agreed following SBC internal audit reviews.

The Committee reviewed the SBC internal audit action tracker and noted:

- the outstanding recommendations for 2019/20. There were 8 overdue recommendations. The recommendation concerning supplier bank detail changes (a high risk in the financial controls audit) had been completed.
- the two outstanding recommendations for 2020/21. The medium risk relating to the income audit was being progressed.

The Committee emphasised the need to continue to ensure robust financial control systems are in place.

The Committee noted progress made on implementing the recommendations and received assurance from the executive that the remaining overdue recommendations would be completed and signed off as soon as possible. The committee requested that recommendations from the IT/cyber report are given focus and implemented as soon as possible.

#### Internal Audit Progress Report

The Committee was provided with an internal audit progress report and the proposed changes to the 2021/22 audit plan.

The Committee discussed the 2021/22 audit programme and the proposal to defer the health & safety audit to 2022/23 due to staff changes in Estates and a recent group-level audit of health and safety. The committee requested that an amended audit focusing on a specific area of health and safety is carried out.

The Committee approved the deferral of the health & safety audit to the 2022/23 internal audit plan.

#### Internal audit report - Bursaries

The Committee reviewed the audit report on the administration of bursaries which formed part of the annual review of financial controls at SBC.

The auditors gave a 'moderate' level of assurance over both the design and operational effectiveness of the controls in place over bursary payments relating to the 16-19 Bursary Fund and free school meals. Two medium significant risks had been identified which relate to policies and procedures being inconsistent and missing key information (a lack of appropriate eligibility checks in place) and a lack of segregation of duties over the approval and payment of bursary applications. The recommendations would be addressed.

## **6. Review of the Audit of the Accounts and Approval Process – 2020/21**

At its meeting on 23 November 2021, the Board, asked that a review of the audit of the accounts and approval process was undertaken.

The Executive reported that discussions had been held with the external auditors in January 2022 to address the matters concerning the 2020/21 audit of accounts. It was a difficult year due to the pandemic, remote working and the LSBU IT outage. An action plan had been agreed to rectify the issues arising from the discussions.

The Committee noted:

- the 2021 external auditors performance (appendix 1). The Committee requested for a performance matrix with KPIs that was more specific to FE colleges for SBC.
- the recommendation of the LSBU Group Executive to extend the KPMG contract for a further period of one year to include the audit for the year ending 31st July 2022. A decision as to whether or not to extend for a final further 12 months would be taken in late Autumn 2022 based on the 2021/22 audit performance.

## **7. Updated Corporate Risk Register**

The Committee reviewed the updated risk register.

It discussed the following changes on the register:

- relations with staff through Unions had become strained due to the reorganisation of SBC workforce structure and that the severity of the risk had gone up to high (red).
- the severity of Covid19 related risks was going down. IT and related financial systems risks remained unchanged.
- risk relating to funding received by the College for 16-19 year olds. This was due to 2021/22 student enrolment figures which were below budget target and would have a significant impact on the 2022/23 levels of funding. Securing enrolments in line with business planning remained a key risk especially as the new curriculum would be embedded from 2022/23.

It was noted that most of the risks remained unchanged in terms of risk rating.

## **8. Update on IT/ Cybersecurity Risk**

The Committee received a verbal update on the College's IT performance and the risks.

It was noted that the high risk rating of IT outages and cyber security was due to the IT infrastructure which was out of date, inadequate and was a key risk for the College. The Network Replacement project had been delayed due to the BT Openreach inter-site link which had not yet been installed. The Committee was assured that the IT infrastructure work being undertaken would improve the performance and mitigate the fundamental risk.

## **9. Health & Safety Incidents**

*Ben Baker joined the meeting*

The Committee discussed the College's health and safety incidents data during 2021.

The Committee discussed:

- the quantitative data and requested that the report should include more narrative analysing the data.
- that a trend analysis of the incidents/accidents needed to be considered and included in the report.
- violence at work (VAW) incidents and that a narrative of the outcome with the actions taken needed to be included in the report.
- benchmarking the performance against similar colleges. A suitable college with comparable data would be considered to assess the College's performance in this area of work.

It was noted that the online reporting system for health and safety (OSHENS) had led to an increase in reporting of incidents and would improve the management of the incidents and accidents.

The Committee acknowledged the robust health & safety monitoring arrangements at the College though there was still more work that needed to be done. The health & safety incidents report would be reviewed on a termly basis.

## **10. LSBU Group Anti-Fraud and Corruption Policy and Anti-Fraud, Bribery and Corruption Report**

The Committee discussed the updated LSBU Group Anti-Fraud and Corruption Policy which was part of the SBC financial regulations.

The Committee discussed the fraud response plan and that the chairs of the audit committees of the entities should be notified of the fraud incident earlier. The plan's reporting process would be reviewed.

The Committee recommended that SBC adopts the LSBU Group Anti-Fraud and Corruption Policy. The Committee emphasised the need to develop and promote an anti-fraud culture within the College and that refresher training would be provided to all staff which would be mandatory.

The Committee noted a letter from ESFA concerning an allegation of irregularity in relation to funding claimed for delivery undertaken by Dhunay Corporation Ltd, a subcontractor. The outcome of the investigation was that no issues had been identified and there was no risk to funding. A copy of the letter was noted. The contractual relationship between SBC and Dhunay had finished.

The Committee noted that no incidences of fraud, bribery or corruption had been identified since the last meeting in November 2021.

**11. Speak Up Update**

The Committee noted that there were no matters that had been raised under the Speak up policy since the last meeting in November 2021.

**Date of next meeting  
4pm, Tuesday 28 June 2022**

Confirmed as a true record

.....(Chair)