

**Minutes of the meeting of the South Bank Colleges Audit Committee
held at 4pm on Tuesday 28 June 2022
in Board room, Clapham campus, Lambeth College**

Present

Andrew Owen (Chair)
Steve Balmont
Mee Ling Ng

In attendance

Benjamin Baker (item 9 &10)
Michael Broadway
Richard Flatman
Natalie Ferer
Rachel McCafferty
Fiona Morey
Jacqueline Mutibwa
Fleur Nieboer, KPMG External Auditors
Gemma Wright, BDO, Internal Auditors

1. Welcome and apologies

The Chair welcomed the members to the meeting.

The Committee had just had a private meeting with both the external and internal auditors.

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 3 February 2022 were approved as an accurate record.

4. Matters arising

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

5. External Audit Plan 2021/22

The report set out KPMG's external audit plan for 2021/22 which included the audit of SBC's subsidiary SW4 Catering Ltd. It outlined the risk assessment and planned audit approach to be undertaken.

The Committee discussed the key risks identified for the audit which included: valuation of LGPS pension liability, revenue recognition, valuation of land and buildings, going concern and management override of controls.

Materiality had been defined as £550k (2.1% of revenue). The reporting threshold would be £27k.

The timing of the November meeting would be reviewed to ensure that the Committee is able to review the full set of the draft accounts and related documents prior to presenting them to the Board for approval.

The Committee approved the SBC External Audit Plan 2021/22.

6. 2022 Accounting and Year End Audit Plan

The Committee discussed the report on SBC's preparations for the financial year end and the external audit process. The 2021 year end audit and approval process had been reviewed; the technical and timing issues had been addressed in the 2022 audit plan.

The Committee noted the changes to the external audit team and that the audit would be managed by an FE specialist at KPMG.

The Committee noted the status of the KPMG audit findings recommendations in prior years.

Management would ensure that the Committee had adequate time to review the financial statements and consider technical accounting matters, in particular those relating to pensions. Barnet Waddingham accounting briefing note and glossary were noted. The Committee meeting in November would be rescheduled to a more suitable date.

7. Internal Audit Progress Report

Internal Audit Recommendation Follow up 2019/20, 2020/21 and 2021/22

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 four outstanding actions for 2019/20. These relate to the information security audit which included a high risk concerning the key systems (email and the Distributed File System) that were vulnerable to attacks. The recommendations were being progressed.
- the three outstanding actions for 2020/21. The recommendations on the two medium risks concerning the income audit were being progressed. The recommendation on the IT Disaster recovery audit had been completed.
- the two outstanding actions for 2021/22. The recommendations on the medium risks concerning the financial controls bursaries audit were being progressed.

Internal Audit Progress Report

The Committee reviewed the 2021/22 audit programme which was progressing well; there had been no changes to the plan.

The Committee reviewed the audit report on safeguarding. The auditors gave a 'moderate' level of assurance over both the design and operational effectiveness of the controls in place for safeguarding at SBC. The review identified one significant risk which relates to 58% of current staff being overdue for their three-year DBS check. The Chair of the Quality & Improvement Committee would be informed about the risk and the recommendations addressed.

8. Internal Audit Plan 2022/23

Fiona Morey joined the meeting

The Committee was presented with the internal audit strategy for 2022-25 and the draft internal audit plan 2022/23. The 2022/23 plan was based on the College's risk registers, the internal audit annual report and recent internal audit reports.

The Committee discussed the proposed SBC audit areas which included: business and curriculum planning, financial controls, admissions and enrolment, HR/payroll data and safeguarding nursery. The risks associated with the move to the new building would be considered by the project working group.

The Committee approved the draft internal audit plan for 2022/23.

Ben Baker joined the meeting

9. Health & Safety Incidents

The Committee discussed the quarterly update on Health and Safety Accident and Incident Reporting for January 2022 – May 2022 reporting period.

The Committee noted that there was an increase in reported accidents and incidents. There was also an increase in reporting of injuries, diseases and dangerous occurrences regulations (RIDDOR) reportable accidents and incidents which was due to the students and staff return to college and also the Health and Safety team's successful campaign on awareness.

There was discussion about the College's performance against similar colleges in this area of work and whether there was some benchmarking data. The next report would include comparable data especially on the RIDDOR report. Future reports would include a performance breakdown of the three sites i.e. Clapham, Brixton and Vauxhall.

10. Business Continuity Plan Update

The Committee discussed an update on the development of the SBC business continuity plan, which was supported by the LSBU Health, Safety and Resilience team.

SBC's business continuity planning was postponed during the restructuring of the group business continuity planning process to enable a consistent approach groupwide and had been successfully implemented at LSBU.

The Committee noted that communication was a critical area of the plan i.e. ensuring that up to date contact details of students and staff are maintained in the transition period.

The Committee supported the approach taken by the group on the business continuity planning process which would be implemented at SBC. It noted the engagement and co-operation from SBC so that LSBU group Health Safety and Resilience can produce a consistent Business Continuity approach groupwide.

Ben Baker left the meeting

11. Updated Corporate Risk Register

The Committee reviewed the updated risk register.

The Committee discussed the changes on the register especially where the severity of the risk had gone up to high (red) such as the high levels of sub-contractor use. Securing enrolments in line with business planning remained a key risk especially as the new curriculum would be embedded from 2022/23.

The Committee also discussed the new risks that had been included in the register. These included LSBU financial support as the Transaction Unit Funding grant had been fully utilised, asset security in relation to the significant investment at the NESC development and the potential impact on funding if Cyber Essentials is not implemented.

The Covid19 related risks had been removed from the register.

Risk Appetite Review 2022/23

The Committee discussed the review of the group risk appetite framework and SBC's risk appetite 2022/23 for recommendation to the Board.

SBC would adopt the revised framework. The Executive noted that SBC's current risk appetite statements were appropriate and would be reviewed for 2022/23 and presented at the next meeting.

12. Update on IT disruption in February 2022 – Lessons Learnt

The Committee received a report on lessons learnt following the IT outage and its impact on the College in February 2022.

The disruption was due to a server migration during the network replacement and that the work had been completed. Good progress was being made on the

Network Infrastructure Replacement; the setbacks were noted. The project was expected to be completed by August 2022.

13. Updated Financial Regulations

The Committee noted that there were no changes to the Financial Regulations since July 2021, when they were last updated and approved by the Committee.

14. Value for Money

The report provided an update on SBC's commitment, approach and framework for securing Value for Money (VfM).

At its meeting in July 2021, the Committee discussed the framework to establish an embedded organisational approach and that the principles would be developed in line with LSBU group VfM Framework. An annual review of the approach was recommended.

The Committee discussed the proposal that the VfM framework is reviewed in light of SBC support received via LSBU group in particular with regards to procurement support received for purchases in excess of £50,000. SBC would establish best practice informed by LSBU Group Guidance and Policy in Procurement and securing Value for Money across the Group.

The Committee supported the proposed approach which would be reviewed annually.

15. Approval of Debt Write Offs

The Committee noted the planned proposals on debt write off and provisions for the year ending 2021/22. The revenue risk (£19k) concerning the funding of students on a particular course had been resolved.

16. Anti-Fraud, Bribery and Corruption Report

The Committee noted that no incidences of fraud, bribery or corruption had been identified since the last meeting in February 2022.

17. 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 February 2022.

18. Any other business

The Committee would be informed of LSBU FPR Committee's decision on SBC financial support as soon as possible.

The Committee noted that Rachel McCafferty would be leaving SBC at the end of June 2022. The LSBU group CFO thanked Rachel for the significant work she had done on improving SBC's financial control systems. On behalf of SBC Board and SBC Audit Committee, the Chair thanked Rachel for her service and contribution to the Board and the College and wished her well in her future endeavours.

**Date of next meeting
4pm, Wednesday 9 November 2022**

Confirmed as a true record

.....(Chair)