

**Minutes of the meeting of the South Bank Colleges Audit Committee
held at 4pm on Wednesday, 1 November 2023
In Board room, Clapham campus, Gateway College**

Present

Andrew Owen (Chair)
Steve Balmont
Mee Ling Ng

In attendance

Ben Baker (item 17)
Natalie Ferer
Richard Flatman
Fiona Morey
Jacqueline Mutibwa
Ian Rule
Hannah Catchpool, RSM External Auditors
Mark Law, RSM External Auditors
Gemma Wright, BDO, Internal Auditors
Joshua Wilson, BDO, Internal Auditors

Apologies

Michael Broadway

1. Welcome and apologies

The Chair welcomed the members to the meeting. The above apologies were noted.

The Committee had just met with RSM (External Auditors) and BDO (Internal Auditors) in the absence of officers.

2. Declarations of Interest

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

3. Minutes of previous meetings:

The minutes of the meeting held on 13 June 2023 were approved as an accurate record.

The minutes of the meeting held on 10 July 2023 were approved as an accurate record.

4. Matters arising

The Committee noted the update on matters arising from the previous meeting and that most actions had been completed or were on the agenda of the meeting.

Financial reporting for the year end 31 July 2023

5. External Audit Findings

The Committee received the draft external audit year-end report 2022/23.

The Committee discussed:

- the status of the audit report. The audit of the accounts was near to finalisation subject to resolving the outstanding matters which included an update on going concern review and confirmation of SBC's status as private sector. The Committee noted that there might be some minor changes which were not expected to be material.
- the significant risk concerning funding issues identified during the audit. The area of work would be considered by the Audit Committee. The audit recommendations/ actions would be progressed by BDO internal auditors via the audit follow up work (included in the internal audit action tracker).
- that no material weakness had been identified. The Executive noted that it was a positive audit and there were no major concerns. The final version of the audit report would be circulated to Committee Members prior to the Board meeting in November 2023

The auditors thanked SBC staff for their co-operation and good working relationship and that the audit had gone well especially as this was their first audit with SBC.

6. Going Concern Statement

The Committee reviewed the assessment that the College is a going concern for the next 12 months.

Based on the going concern review, the Committee supported the preparation of the accounts on the going concern basis. SBC was still dependent on the

continued support of LSBU and a letter of comfort would be shared with Committee Members prior to the Board meeting in November 2023.

7. System of Internal Control Report

The Committee noted the annual review of effectiveness of SBC's system of internal control, which underpins the internal control statement in the annual report and accounts.

The Committee approved the annual compliance statement for the year ended 31 July 2023 attached to the report.

8. Corporate Governance Statement

The Committee noted the draft Corporate Governance statement for inclusion in the annual report and accounts.

9. External Audit Letter of Representation

The Committee reviewed the draft Letters of Representation related to the audit of the financial statements of SBC and its regularity assurance engagement for the year ending 31 July 2023. The documents were still being reviewed by RSM, external auditors.

The Members of the Executive present confirmed to the Committee that all information that should have been disclosed to the auditors had been disclosed to the auditors.

The final draft version of the Letters of Representation would be circulated to the Committee Members prior to the Board meeting in November 2023.

10. Annual Report and Accounts ending 31 July 2023

The Committee reviewed the draft SBC accounts for the year ending 31 July 2023.

The Committee noted that there would be further minor changes prior to finalising the accounts, including pagination, internal referencing and the notes on staff costs and pensions. The final revisions required to the accounts were not expected to be material.

The Committee noted that there were no concerns and that the financial position had significantly improved, and SBC was moving in the right direction.

The final draft version of the Report and Accounts for 2022/23 would be circulated to the Committee Members (with tracked changes) prior to the Board meeting in November 2023.

11. Internal Audit Annual Report 2022/23

The Committee discussed the draft internal audit annual report 2022/23.

The Committee noted the internal audit annual opinion which was “generally satisfactory with improvements required in some areas” (the second highest of four ratings) and provided reasonable assurance that there were no major weaknesses in SBC’s risk management, control and governance processes.

There were no internal audit reports providing no or limited assurance issued during 2022/23. The Committee noted the high risk finding raised in the Nine Elms post project review and that management needed to take action to address the weakness identified.

12. Internal Audit Follow up and Progress Reports

Internal Audit Recommendation Follow up 2019/20 - 2022/23

The Committee discussed the internal audit follow up and progress made on implementing actions agreed in previous audits.

The Committee reviewed the internal audit action tracker and noted that a number of management actions (13) remained outstanding from 2022/23. The Health & Safety medium risk action that was still open from 2021/22 was noted. The Committee emphasised the need to complete the actions as soon as possible.

Internal Audit Progress Report

The 2022/23 internal audit programme had been completed. The additional audit on the NESC post-project review (lessons learnt) had been finalised and was still being reviewed by management. The Committee expressed their concern about the delayed audit report which had been requested at previous meetings. The Committee noted that it would be helpful to consider the audit findings prior to starting Phase 2 to ensure that any lessons learnt are identified and incorporated in future developments. The Committee asked that the audit report on Nine Elms was shared with Committee Members as soon as possible.

The Committee discussed the 2023/24 audit programme which was underway. There were no changes proposed at this stage and the plan would be kept under review.

13. NESC Project Financial Closure Report (summarising the financial performance of the NESC project)

The NESC Project financial closure report would be presented to the Committee at its next meeting in February 2024.

14. Audit Committee Annual Report

The Committee approved its 2022/23 draft annual report to the Board, subject to the completion of the RSM external audit and the inclusion of RSM external auditor's recommendations. The updated annual report would be circulated to the Committee Members for approval prior to the Board meeting in November 2023.

{Secretary's note: the Chair of the Audit Committee approved and signed the audit committee annual report on 20 December 2023, the date on which the accounts were signed.}

15. Updated Corporate Risk Register

The Committee reviewed the updated risk register.

The Committee noted the changes on the register, especially the risk severity concerning the insufficient space to deliver the curriculum plan during the decant phase 2023-25 which had an increase in scoring (from amber to red). There were no new risks since the last meeting in June 2023.

16. ESFA Subcontracting Report 2022/23

The Committee reviewed the report on sub-contracting activity for 2022/23 in accordance with ESFA funding agreements and rules on managing subcontracted delivery. Wylie & Bisset LLP had been appointed as auditor to undertake the assurance audit for 2022/23.

The Committee noted the new ESFA Subcontracting Standard which came into effect from 1 August 2022 for the 2022/23 funding year. The Subcontracting Standard sets out the requirements for all providers who subcontract £100,000 or more of their delivery, across all the ESFA funding streams. It replaces the annual audit certification process which was previously required.

Having reviewed the Wylie & Bisset LLP audit report, the Committee:

- noted the auditor's assessment of the College's compliance with ESFA Subcontracting Standard for the 2022/23 funding year which provided external assurance on the systems and controls in place to manage subcontractor delivery for education and training. The recommendations were noted.
- approved the procedural document and check list for closing/terminating subcontractors' contracts.
- noted the management action plan to ensure subcontractor contracts are not signed prior to learning activity taking place.

Ben Baker joined the meeting

17. Health and Safety Incidents Annual Report 2022/23

The Committee was presented with SBC's annual Accident and Incidents Report for 2022/23.

The Committee discussed the 2022/23 performance:

- the incident rate had increased by 18.2% compared to last year which was due to the resumption of full on-site occupancy, a more rigorous reporting culture, and the challenges of the new LSBTC building.
- the accident rate had decreased by 19.5% compared to last year.
- the RIDDOR reportable events had increased by 100% compared to last year. The two incidents of violence at work within the EEP department and actions taken to address the matter were noted.
- the high-frequency departments included the EEP department for young people with special learning needs (16) and the estates department responsible for all building-related incidents (19 incidents).
- On the performance break down by site, most of the activities were at Clapham and it registered the highest incidents at 81 whilst LSBTC had 15 incidents.

The Committee discussed:

- the difficulty in assessing SBC's performance in this area of work as there was no data on the sector standards or comparable benchmarking data of similar colleges which would be helpful.
- future developments in the area of work which included improving the health management system, training and work on fostering a health and safety culture.
- how the report would inform future work on training, resources and physical infrastructure which should be reported in the next annual report.
- the risk concerning knife crime and how the College was addressing the safety concerns. The College was working closely with external agencies to address the concerns.
- that a pie chart showing the performance break down of the three sites (Clapham, Brixton and Vauxhall) with the profile of incidents and accidents would be helpful.

Ben Baker left the meeting

18. Annual Reports on GDPR and Freedom of Information (FOI)

The Committee noted the subject access requests received in 2022/23. There were no FOI requests received at SBC in 2022/23. The Committee also noted the data breaches reported in 2022/23. They were all deemed not sufficient to be reported to the ICO, but advice was provided on measures taken to prevent future incidents.

19. Speak up report

The Committee noted that there were no matters that had been raised under the Speak up policy since its last meeting in June 2023. The Committee also noted the report on the speak up issues raised via the other channels within the College such as the grievance procedure and employment tribunals which would be included in the Speak up report at each meeting.

20. Anti-Fraud, Bribery and Corruption

The Committee noted that no incidences of fraud, bribery or corruption had been identified since the last meeting in June 2023.

21. Terms of Reference – Review

The Committee agreed the proposed changes to its terms of reference (TOR) in order to comply with the provisions in the updated Audit Code of Practice 2022/23 and the regulatory requirements, subject to the inclusion of RSM external auditor’s recommendations. The updated TOR would be circulated to the Committee Members for approval and recommended to the Board at its meeting in November 2023.

22. Committee Annual Work Plan 2023/24

The Committee noted the annual work plan for 2023/24 and future meeting dates.

23. Any other business

The Committee noted that Richard Flatman would be leaving LSBU group at the end of November 2023. On behalf of the Committee, the Chair thanked Richard for his contribution to the Committee and wished him well in his future endeavours.

**Date of next meeting
4pm, Tuesday, 13 February 2024**

Confirmed as a true record

.....(Chair)