

**Minutes of the meeting of the South Bank Colleges Audit Committee
held at 4pm on Tuesday 13 February 2024
in Room IB16, LSBU Technopark**

Present

Andrew Owen (Chair)
Steve Balmont (Vice-Chair)
Mee Ling Ng

In attendance

Robert Folkes (online item 5)
Fiona Morey
Jacqueline Mutibwa
Ian Rule
Gemma Wright, BDO, Internal Auditors
Joshua Wilson, BDO, Internal Auditors
Melissa Drayson, Rockborn (observer)

1. Welcome and apologies

The Vice-Chair welcomed the members to the meeting. The Vice-Chair also welcomed Robert Folkes, Interim Director of Financial Reporting and Control to his first SBC Audit Committee meeting. Robert gave a brief summary of his professional background and experience. Melissa Drayson, Rockborn Management Consultants was attending the meeting as an observer.

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 1 November 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 being progressed. The status of the action would include the timescale for completion and when it was completed.

5. Internal Auditors Tender Update

The Committee received an update on the tender for internal auditors. 2023/24 was the final year of the contract with BDO for the provision of Internal Audit services to the LSBU group. The appointment of an internal auditor was planned for June 2024 and would be an LSBU Board and an SBC Board decision.

The Committee discussed the procurement process and the key decisions that had been made regarding the process including the requirement for FE sector experience. The Vice-Chair of the Audit Committee would represent SBC on the Tender Working Group and the tender documents would be circulated to Committee Members.

6. Internal Audit Progress Report

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 2019/20 – 2021/22 management actions had all been completed. The 2022/23 outstanding actions related to the NESC project and were being progressed.

Internal Audit Progress Report

The Committee discussed the 2023/24 audit programme and that no changes were being proposed to the plan.

The Committee reviewed the audit report on Financial Controls - cash flow forecasting. The auditors gave a 'limited' level of assurance over the design and a 'moderate' level of assurance over the operational effectiveness of controls in place relating to cash flow forecasting. Three medium and one low risk had been identified. The Executive gave assurance about the work being undertaken along with the ongoing discussions with LSBU to improve the performance of the cash flow reporting. There were also measures in place to address the cash flow risk related to the land transaction deal.

The Committee also reviewed the audit report on the NESC post-project review. The purpose of the audit was for lessons learnt which would support the next stages of the estates development (Phase 2 and 3). The review identified one high significant risk related to the procurement and contractual arrangements, the other risks were mainly around the governance structures/ decision making. The findings and recommendations of the report were noted and that most actions

had been completed. Management had accepted the audit recommendations which would help improve the performance of future developments.

The report gave some level of assurance on the performance of the project and that a review to ensure that the recommendations have been implemented, embedded and are effective would be considered. On future developments, the performance issues, risks or deviations from the plan would be brought to the attention of the Audit Committee and the Board as soon as the issues are identified via the Accounting Officer's report.

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

The Committee received the NESC project financial closure report. The final expenditure budget was £46.1m against the revised budget of £46.7m. The adverse variances mainly relate to the curriculum equipment costs of £1.3m, which were offset by the reduced expenditure on the overall building project.

The Committee acknowledged that the project had delayed due to the pandemic and some other reasons but had been delivered successfully within the agreed budget.

8. Updated Corporate Risk Register

The Committee reviewed the updated risk register.

The Committee noted the changes on the register in terms of risk rating. The risk severity concerning failure to meet the 85% achievement targets had increased in scoring (from amber to red). This was due to the predicted achievements in English and Maths, an area of concern which would also have an impact on the Ofsted Inspection. Significant work was being undertaken to manage the risk and that more information about the mitigation actions needed to be included in the risk register i.e. the intervention strategies to improve English and Maths performance.

The risk related to trade unions relations had improved, the risk score had gone down (from red to amber). There were no new risks since the last meeting in November 2023.

9. Business Continuity Plan Update

The Committee discussed the progress made on the development of the SBC business continuity plan since the last meeting in February 2023.

The Committee noted the positive report though progress was slow and recommended a timeframe for the completion of the work. Management needed

to provide more support to LSBU group Health Safety and Resilience team to enable the work to be completed.

SBC had adopted the SafeZone application as an emergency communication tool and the challenges were noted. The role of the SBC Board in the business continuity management and its oversight of the work would be included in the report. The Committee supported the recommendations presented in the report.

10. Value for Money Update

The Committee received an update on progress being made on establishing an embedded organisational approach and framework for securing Value for Money (VfM).

The Committee discussed the developments that had been made since the last meeting in February 2023. The computerised purchase ordering system (Agresso) was embedded in the VfM approach, and its functionality had strengthened the VfM approach.

The Committee noted the proposal to appoint a dedicated part-time Purchasing Officer for SBC to review the operational expenditure and also pursue VFM initiatives subject to budget availability. On the estates development, it was recommended that a review of capital expenditure procedures would help to ensure that VfM principles are applied throughout future projects, from commissioning through design, scoping and delivery, and cover all aspects including construction, professional support, equipping and relocating to the new site.

11. Updated Anti-Fraud Policy 2023/24 and Anti-Fraud, Bribery and Corruption Report

Updated LSBU group Anti-Fraud Policy 2023/24 and Fraud Response Plan

The Committee was asked to review and recommend that SBC adopts the changes to the LSBU Group Anti-Fraud and Corruption Policy 2023/24. The version with tracked changes would be circulated to Committee Members to consider the proposed changes to the policy prior to recommending them to the SBC Board.

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 November 2023.

12. Speak Up Policy and Report

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

13. Subcontracting & Partnership Contingency Plan 2023/24

The Contingency Plan was requested by the Board following the development session (November 2023) on Sub-contracting and Partnership delivery in terms of Board oversight. The Plan provides assurance on the risk concerning the subcontractor/partner going out of business (going into liquidation or administration) or if the College were to withdraw from the arrangement.

The Committee was informed about one of the College’s approved subcontractors who Ofsted had judged as ‘inadequate’, and the actions taken. There was concern about the potential risk that the subcontractor could go out of business following the poor Ofsted report. Though SBC learners were not part of the Ofsted inspection, there was a risk concerning the quality of the subcontracted provision.

The Executive gave assurance that the risk was being managed and that the College had implemented a programme of additional contract monitoring and scrutiny of subcontractor provision.

The Committee reviewed the 2023/24 Subcontracting & Partnership Contingency Plan which provided a reasonable level of assurance that the risk was being managed well.

14. Any other business

There was no any other business.

**Date of next meeting
4pm, Tuesday 25 June 2024**

Confirmed as a true record

.....(Chair)