

# MINUTES



## AUDIT COMMITTEE MEETING

**Date:** 11<sup>th</sup> June 2020

**Time:** 5.00pm

**Venue:** Video Conference

### **Present:**

Andrew Fawcett (Chair)

Chris Ball

Stephanie Nixon

Gulnaz Brennan

### **In Attendance:**

Bill Webster (Principal)

Garry Westwater (Executive Director of Finance)

Karen Westsmith (Director of Adults & H.E.)

Tim Openshaw (Assistant Vice Chancellor, Planning & Student Experience) (UoB)

Danny Harvey (PwC)

Liam Donaghy (PwC)

Amy Harrowsmith (PwC)

Deborah Bradburn (Clerk)

## **1. SECTION A - BUSINESS MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE**

### **1.1 Welcome to Members/Officers**

The Chair welcomed members to the meeting, which commenced at 5.03pm.

### **1.2 Apologies for absence**

There were no apologies received.

### **1.3 Declarations of Interest**

The Chair reminded everyone present to declare any interests that they may have on matters to be discussed. Standing declarations were noted particularly in relation to the University of Bolton reciprocal governance arrangements and also paid positions.

There were no declarations of interest.

### **1.4 Request for an item to be unstarred**

No requests were made.

### **1.5 Minutes of the previous meeting held on 12<sup>th</sup> March 2020**

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The minutes of the meeting held 12 March 2020 had been previously circulated to members for consideration.

**Agreed:** that the minutes are approved as a correct record and authorised for publication.

## **1.6 Matters arising from the previous minutes**

The Clerk presented the action progress log and the following points were noted:

- Recommendations from the business continuity audit would be complete by 30 June 2020.

All other items from the previous meeting had been actioned or been included on the agenda for discussion.

## **2. SECTION B - COLLEGE MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE**

### **2.1 OfS Reportable Events Procedure**

The Director of Adults & H.E. presented the report and the following points were noted:

- It was mandatory that the College had a process in place to ensure compliance with the Office for Students (OfS) ongoing conditions of registration.
- Reporting of a reportable event to the OfS was the responsibility of the accountable officer with the likelihood that the clerk would submit any report in consultation with the Principal, Chair of the Board and Chair of Audit prior to submission and reported at the next Audit Committee. Significant matters would be reported to the University under related protocols and policy documents.

It was noted that the OfS had suspended some of its reporting requirements and the College would not be required to report on the campus re-opening or that there would be more on-line teaching and learning provision.

### **RESOLVED:**

The Committee noted the OfS Reportable Events procedure.

**(Karen Westsmith left the meeting at 5.11pm)**

### **2.2 Internal Audit Reports**

#### **(i) Internal Audit Progress Report and 2019-20 Audit Plan Update**

PwC presented the report and the following points were noted:

- As a result of COVID-19 the report on capacity would be presented at the next Committee.

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- A review on OfS compliance would replace the BCMS project review as the BCMS project had been deferred. The same OfS compliance review would be completed at the University and would provide a useful comparison.

## **Governor Questions:**

- Would it be useful to take a look at the plan to see what other aspects PwC could review given the circumstances that the College was now operating under?

Space utilisation and operating under a COVID-19 safe environment would be factored into the audit plan. The T-Level capital bid proposal would be presented to the Board for approval and if approved the College would like this fed into the PwC space utilisation scope of work. The external consultants engaged to assist with the capital bid had stated that the College had the best space utilisation in the sector that they had observed.

Most teaching rooms would accommodate 20 students and would now have to be adjusted to accommodate 6-7 students. Space utilisation would require further consideration as the College moved to more on-line delivery resulting in changes to the size and configuration of the College estate. PwC could scope a capacity piece of work within a timeframe to suit the College in advance of the next Committee.

All colleges were making preparations for the current term but more broadly for September. Prior to the campus re-opening the College had completed risk assessments. The Committee suggested that it could be useful to undertake an audit in relation to the campus re-opening and the controls in place for a September return including workforce readiness.

## **RESOLVED:**

The Committee noted the progress made against the plan.

### **(ii) Follow Up Reviews**

The following update was provided by PwC:

- The only outstanding matter was business continuity. The Executive Finance Director raised the wider issue of the College and University requirement to work more closely in this area. It was acknowledged that both organisations worked in different environments but that there could be advantages gained in working together more in order to safeguard the College against a potential loss of IT or key buildings.

## **Governor Questions:**

- Is the completion date for the business continuity plan achievable?  
Global business continuity was a larger piece of work but the work for completion on 30 June was achievable.

## **RESOLVED:**

The Committee noted the update and endorsed the recommendation for a Group continuity plan.

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## **ACTION:**

Executive Finance Director to pursue Group business continuity.

## **2.3 Outstanding Audit Recommendations: Monitoring Schedule**

The Executive Finance Director presented the outstanding audit recommendations monitoring schedule.

## **RESOLVED:**

The Committee noted the completion of the audit recommendations.

## **2.4 Proposed 2020-21 Internal Audit Plan**

PwC presented the report and it was noted that:

- The plan recorded the audits relevant to the College. There was work to support the development of the Group strategy over summer that would provide the Committee and Board with further assurance.
- PwC would undertake full reviews of working capital management and return to the workplace at the College and University that would provide a picture of risk across the Group.
- The business continuity review would commence at the end of next academic year which would give the College time to establish new processes.

The Committee noted that cyber security should be an area of focus given the growth in online delivery and that cyberattacks posed a greater risk.

The Executive Finance Director requested an amendment to the plan that made reference to FE instead of HE under the College working capital management focus of review heading.

## **RESOLVED:**

The Committee noted and approved the 2020-21 internal audit plan and endorsed PwC's professional standards charter under Appendix D.

## **ACTION:**

- PwC to undertake a cybersecurity review.

## **2.5 Audit Code of Practice Review**

The following update was provided by the Executive Director of Finance:

- College payments were profiled with a large amount of grant funding received April – July with reduced payments thereafter.

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## 2.6 Sub-contracting activity review

- The College had one sub-contracting arrangement with Shock-out Arts. The arrangement was managed through an apprenticeship contracts manager who reviewed and monitored progression. Monitoring had continued by video conferencing with four student withdrawals early in the programme that were not COVID-19 related. All practical assessments had been completed in January 2020.
- There could be another sub-contracting arrangement in 2020-21 with Alliance Learning who were part of the University Group. Alliance Learning were looking for study programme support on a temporary basis. If supported the arrangement would go through the College's due diligence process.

## 2.7 Risk Management / Risk Register

Tim Openshaw presented the report and the following point was highlighted:

- There had been an anticipated increase in score in one of the risks areas that related to the COVID-19 environment.

### **RESOLVED:**

The Committee noted the update to the Risk Management / Risk Register.

## 2.8 Counter Fraud Strategy

The Executive Director of Finance presented the strategy for approval by the Committee. The following point was noted:

- The strategy cross-referenced existing College counter-fraud measures and the Board would be notified of any key actions.

### **RESOLVED:**

The Committee noted the strategy and recommended it for approval by the Board.

### **ACTION:**

Clerk / Board Agenda

## 2.9 Business Continuity Plan

The Principal presented the business continuity plan for approval by the Committee that would be under constant review.

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## **RESOLVED:**

The Committee noted the contents of the Business Continuity Plan and recommended it for approval by the Board.

## **ACTION:**

Clerk / Board Agenda

### **3. SECTION C - UNIVERSITY GROUP MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE**

#### **3.1 Group Risk Management / Group Risk Register**

The Committee reviewed the PwC Group Risk Management and Assurance report and Group Risk Register and it was acknowledged that changes suggested by the College Audit Committee had now been incorporated into the register and embedded into the Group operations.

There was a demarcation of roles, responsibilities and process thereby mitigating risk across the Group. Controls had been identified with good practice in terms of clear recognition of risk at a senior level with all four Group entities having a risk lead on an ongoing basis with the Assistant Vice Chancellor, Planning & Student Experience having clear risk oversight.

Overall it was a low risk report. There were two areas identified for improvement in relation to Group entities in order to bring them more strategically aligned with the College and University.

The Group Risk Register was from March 2020 with the key source mapped against Group discussions and RAG rating.

The Committee were assured that there were adequate systems in place and that the College adopted a high visibility of risk that was embedded within the organisation. Any issues that had emerged had been acted upon quickly and presented in the reports and the Committee had not felt at any time that the risk register had not been alive to that. The audit report was a very comprehensive and positive report.

## **RESOLVED:**

The Committee noted the Group Risk Management and Assurance report and Group Risk Register.

#### **3.2 Significant Risk & Critical Incident Notification Protocol**

The Committee received for noting the protocol clarifying decision making and communication between the Group in order to respond to and escalate critical incidents and matters of significant risk. The protocol was to be implemented across all Group organisations and complemented the existing risk processes in place.

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## RESOLVED:

The Committee noted the contents of the protocol and recommended it for approval by the Board

## ACTION:

Clerk / Board

## 4. SECTION D - ANY OTHER BUSINESS

### 4.1 ESFA Policy / Funding Rules / Conditions of Grant Changes

This was a standing item on the agenda to discuss noteworthy matters. The following was noted:

- The GMCA had signed off the Adult Education Budget. The notification of funding would be revised and simplified.
- The integrated financial model for colleges (IFMC) would be issued shortly for submission in July 2020. The submission may require Board approval by correspondence as it would not be complete for the June Board. ESFA had asked for financial information for the current year and next year's budget only. The Executive Finance Director would discuss the submission with the Principal for presentation to the Board.

## 5. SECTION E - FUTURE MEETINGS

Thursday 15<sup>th</sup> October 2020 at 5.00pm

There being no further business to discuss, the meeting closed at 6.07pm

**Chair's Signature:**

A handwritten signature in black ink, appearing to read "A. D. Jowett".

**Date:** 22 October 2020