

**Minutes of the meeting of the South Bank Colleges Audit Committee
held at 4pm on Tuesday 13 June 2023
in Board room, Clapham campus, Gateway College**

Present

Andrew Owen (Chair)
Steve Balmont
Mee Ling Ng

Apologies

Richard Flatman

In attendance

Michael Broadway
Natalie Ferer
Fiona Morey
Jacqueline Mutibwa
Ian Rule
Gemma Wright, BDO, Internal Auditors
Joshua Wilson, BDO, Internal Auditors

1. Welcome and apologies

The Chair welcomed the members to the meeting. Apologies were received from Richard Flatman.

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 February 2023 were approved as an accurate record.

4. Matters arising

The Committee noted the update on matters arising from the previous meeting and that the actions had been completed.

5. External Auditors Engagement Letter

The Committee noted the engagement letter for RSM, the new external auditors.

It was noted that the Audit Committee would have an introduction meeting (via MS Teams) with RSM on 10 July 2023. At that meeting the committee would be requested to review and approve SBC's audit plan for the year ended 2022/23.

{Secretary's note: On 10 July 2023, the Audit Committee discussed and approved SBC's audit plan for the year ended 2022/23}

It was noted that the next Audit Committee meeting on 1 November 2023 might be too early to consider the 2022/23 year end report and accounts. The matter would be reviewed once the audit planning process has been done.

6. Internal Audit Follow up and Progress Reports

Internal Audit Recommendation Follow up 2019/20 - 2021/22

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 there was an improvement as most actions had been progressed. Most of the outstanding actions relate to IT matters. The Committee received assurance that the IT actions would be dealt with.

Internal Audit Progress Report

The Committee discussed the 2022/23 audit programme and that no changes had been made to the plan. The additional audit on the NESC project needed to be further reviewed and if it was ready before the next meeting in November, it would be shared with the Committee.

The Committee reviewed the audit reports on Financial Controls - P2P/Budgeting and Business & curriculum planning. The Committee discussed:

- Financial Controls - P2P/Budgeting. The auditors gave a 'moderate' level of assurance over both the design and the operational effectiveness of the controls in place relating to the P2P. The auditors gave a 'substantial' level of assurance over both the design and the operational effectiveness of the controls in place relating to budget setting and monitoring. One medium and four low risks had been identified. The recommendations would be addressed.
- Business & curriculum planning. The auditors gave a 'moderate' level of assurance over both the design and the operational effectiveness of the controls in place relating to the business planning process. Two medium and one low risk had been identified. The Committee noted that it was generally a positive audit report bearing in mind the major review of the curriculum models and business planning process that had taken place but also the business plan now covered two colleges and not one.

7. Internal Audit Plan 2023/24

The Committee was presented with the proposed 2023/24 Internal Audit Plan for approval. The 3-year Group Internal Audit Strategy for 2023-26 had been approved by the Group Audit and Risk Committee in June 2023. The 2023/24 plan was based on the College's risk registers, the internal audit annual report and recent internal audit reports.

The Committee discussed the proposed audit areas which included: financial controls – income, financial controls – cashflow forecasting, student experience – student voice and engagement with employers.

The Committee asked to receive internal audit assurance on the management information systems (MIS) which funders would also like to review i.e. ESFA and GLA.

The Committee approved the proposed Internal Audit Plan for 2023/24.

8. ESFA Sub-Contractor Controls Assurance 2022/23 – External Auditor

The Committee discussed the appointment of an independent auditor to undertake the ESFA sub-contractor controls assurance 2022/23.

BDO were not able to undertake the assurance audit this year due to the ESFA changes to the audit requirements. Wylie & Bisset LLP had been appointed by the Interim CFO, due to ESFA requirement to provide a subcontractor controls assurance certificate by the end of July 2023. The selection process for the auditor and the engagement letter were noted. The Board would be presented with the audit report at its meeting in July 2023.

The Committee noted the appointment of Wylie & Bisset LLP as auditor for this specific assurance work for 2022/23.

9. Financial KPIs 2023/24 and review 2022/23

The Committee was presented with the 2023/24 proposed Financial KPIs for approval.

The Committee discussed the proposed KPIs and that performance against the financial KPIs is tracked by the Board through the management accounts and also monitored by the Quality & Improvement Committee.

The Committee approved the selection of the proposed Financial KPIs for 2023/24 which would be recommended to the Board for approval at its meeting in July 2023.

10. Updated Corporate Risk Register

The Committee reviewed the updated risk register.

The Committee noted the changes on the register in terms of risk rating especially the risk severity if the College fails to discharge its Health and Safety obligations which had an increase in scoring (from amber to red). The seven new risks that had been included in the register were noted.

On the risks proposed for closure, the NESC project financial closure report would need to be considered prior to closing the risks related to the Vauxhall Project.

11. Risk Appetite Annual Review 2023/24

The Committee discussed SBC's risk appetite 2023/24 for recommendation to the Board.

The Executive noted that SBC's current risk appetite statements were appropriate and no changes were proposed for 2023/24. The Committee approved the proposed risk appetite for 2023/24 which would be recommended to the Board for approval at its meeting in July 2023.

12. Updated Financial Regulations

The Committee reviewed the updated financial regulations for recommendation to the Board.

The Committee noted the two minor operational changes and recommended the updated Financial Regulations to the Board for approval at its meeting in July 2023.

13. Approval of Debt Write Offs

The Committee noted that there were no debt write offs for the Committee's approval for the financial year 2022/23. There were also no debts that had been approved for write-off by the interim Chief Financial Officer during the financial year 2022/23 to date.

{Secretary's note: On 26 June 2023, the interim CFO in consultation with the Chair of the Audit Committee approved the write off of debts amounting to £6,225.55, which were considered irrecoverable}

14. Anti-Fraud, Bribery and Corruption Report

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

15. 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 February 2023.

The effectiveness of the policy was discussed. The Committee noted that there were other channels of speaking up within the College such as via the grievance procedure and employment tribunals and that a summary of the issues raised would be presented to the Committee once a year.

Date of next meeting
4pm, Wednesday 1 November 2023

Confirmed as a true record

.....(Chair)