



## South Staffordshire College

### Meetings of the Board of Governors

#### Minutes of the Virtual Meeting of the Audit Committee

16 September 2021

9:30am to 11:32am

**Governors present:** Helen Simpson (HS); Philip Atkins (PA); Andrew Elsby-Smith (AE-S); David Isted (DI); Dipal Patel (DP)

**Apologies received:** n/a

**In attendance:** John Snow (Deputy Principal – Finance and Resources) (JS); Claire Boliver (Chief Executive & Principal) (CB); David Hoose (Mazars External Auditor) (DH); Clare Parkes (TIAA Internal Auditor) (CP)

Audit	Agenda Item	Actions
1	<b>Welcome and Apologies for Absence</b> HS opened the meeting at 9:30am and welcomed the governors and attendees. There were no absences.	
2.	<b>Appointment of Chair of the Committee</b> <i>HS left the meeting for this item.</i> <b>Resolved: That Helen Simpson be appointed as chair of the committee until the first Committee meeting of 2022-2023.</b>	
3.1 3.2 3.3	<b>Meeting between the Auditors and Committee</b> <i>JS and CB left the meeting for this item.</i> The Committee and auditors met without management present to allow both the opportunity to raise any issues. Neither auditor had any issues to raise with the Committee. DH confirmed that planning meetings for the external audit had taken place. CP confirmed that internal audits were completed last year with SSC staff being very accommodating. Audits were being planned for the year ahead with 2 dates confirmed.	
4.	<b>Declarations of Interest</b> There were no declarations of interest in items on the agenda.	
5.1 5.2	<b>Minutes of the last Meeting and Action Grid</b> <u>Minutes</u> <b>Resolved:</b> the minutes of the meeting of 16 June 2021 be approved as a true record. <u>Action Grid</u> The committee reviewed the Action Grid noting the actions closed and the updates on the following 2 items still in progress: <ul style="list-style-type: none"> <li>31/3/21 174-176 Insurance Review – retendering process to commence in December 2021 for renewal in July 2022</li> <li>16/6/21 206-207 Internal Audit Follow up on 2019-20 recommendations – to be reviewed at each meeting with an update included as an item on each agenda.</li> </ul>	
6.1 6.2 6.3 6.4 6.5 6.6	<b>Fraud, Irregularity, Impropriety, Cybersecurity &amp; Whistleblowing</b> <u>Whistleblowing Policy</u> JS presented the draft policy confirming that the reporting procedures had changed so that concerns were reported to a senior postholder (clause 5.1) rather than a manager to provide anonymity and greater assurance. A governor questioned whether external providers were available to support the process. JS confirmed that he had compared the SSC policy with other colleges who used either managers, principals or governors as the reporting point. Reporting to HR was a possibility but this had the potential to look like a complaint or a grievance. A governor asked whether there had been any whistleblowing incidents at SSC. JS replied there had been none since he joined SSC or during his career in other organisations. A governor queried whether this was due to a genuine lack of issues or fear to report them. CB confirmed she was not aware of any at SSC and felt that staff would feel able to talk about such issues. It was agreed that SSC was a very open organisation. A governor asked if there was a way to raise a concern anonymously. CB confirmed that staff had reported issues to HR in the past but these were usually complaints about managers rather than whistleblowing.	



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6.7	JB noted a correction at clause 3.2 to the legislation and <b>in response to a question</b> confirmed that the policy had been reviewed by ELT and HR prior to the committee. The HR review had been particularly important due to the implications which may lead to disciplinary action.	CB/JS
6.8	<b>Resolved: to recommend approval of the policy to the Board on 30/9/21</b> <u>Cybersecurity Update</u>	
6.9	JS reported that an attempt to upload malware to the guest network had been prevented. There had been no risk to the college as the guest network is on a separate network. JS confirmed that the college had installed ARBOR software to protect against incoming and outgoing traffic. JS also confirmed the college had achieved cyber essentials plus accreditation and was working towards ISO 27001.	
6.10	<b>The Chair thanked and praised JS and the College for their continuing work and constant vigilance in this area.</b> <u>Anti-Bribery Policy</u>	
6.11	JS presented the policy confirming that the policy would be part of the financial regulations approved by the board in October 2021.	
6.12	<b>Governors asked if the college kept a register of gifts and hospitality and whether any training was provided.</b> JS confirmed there was a register and the financial regulations provided guidance on what could be accepted. JS confirmed that training was included in the induction process which itself was in the process of being improved and updated.	
6.13	<b>A governor noted that the college should be particularly alert to these issues in relation to any upcoming building projects.</b> CP confirmed that the register should be presented to the audit committee on an annual basis. CB confirmed that the register would be highlighted in key messages to staff.	
6.14	<b>Resolved: to recommend approval of the policy to the Board as part of the Financial Regulations on 22 October 2021.</b> <u>Any other matters for the Committee</u>	CB
6.15	JS confirmed there were no other matters to be brought to the attention of the committee.	
	<b>Internal Audit Reports</b> <u>HR &amp; Safeguarding</u>	
7.1	CP confirmed the audit had resulted in an assessment of Reasonable Assurance with 3 routine recommendations and 2 operational effectiveness matters. There were no real concerns with the audit and all recommendations had been accepted with appropriate implementation dates set. The operation effectiveness matters (OEMs) had also been accepted and did not need to be followed up.	
7.2	<b>A governor asked whether staff could be required to join the update service for the DBS.</b> CB confirmed that all new staff were encouraged to join the service as the college paid for the subscription and it would be rolled out as staff renewed their DBS. CB confirmed that she would review the policy to see whether subscription to the update service could be made compulsory.	
7.3	<b>The chair asked what was required to achieve Substantial Assurance.</b> CP confirmed that OEMs did not impact on the assurance but felt that Substantial Assurance would be achievable if the 3 recommendations were implemented within the timescales.	
	<u>Cash Receipting, Controls and Banking</u>	
7.4	CP confirmed the audit had resulted in an assessment of Reasonable Assurance with 3 important recommendations and 2 routine recommendations. The college had updated its procedures but not all staff were following the procedures. The financial regulations also needed to be updated to reflect the new processes. Tamper proof bags had been recommended for cash collection and the audit recommended looking at whether the number of cash floats could be reduced.	
7.5	JS confirmed that the new student record system - 'Prosolution' was now live with links to fees and transport and the college also had other ways to accept payments.	
7.6	<b>The chair noted that although there had been improvements in the system over the past few years, due to less cash being handled, there had been concerns raised by the audit committee for a number of years relating to internal controls on cash handling and therefore the risk was still high, and requested a follow up on the audit in the near future.</b>	



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7.7	After a short discussion it was agreed to bring the scheduled follow-up forward to the autumn term for items due to be implemented by 30 Sept 2021 with the remainder being due in Spring/Summer 2022.	JS/CP
	<u>Student Voice</u>	
7.8	CP confirmed the audit had resulted in an assessment of Substantial Assurance with no recommendations and 2 operational effectiveness matters. CP praised the number of good practises identified during the audit, noting that the consultation of students for the Vision 2025 document was useful feedback.	
7.9	<u>The Chair congratulated everyone involved in the student voice process.</u>	
	<u>2020-2021 Internal Audit Annual Report</u>	
7.10	CP confirmed that TIAA were satisfied that, for the areas reviewed during 2020-21, the college had reasonable and effective risk management, control and governance processes in place. The report confirmed that a total number of seven assurance reviews had been undertaken during the academic year, which had resulted in outcomes of 2 'substantial assurance', 4 'reasonable assurance' and 1 'limited assurance'. In total, 28 recommendations had been made, comprising of 1 'urgent', 14 'important' and 13 'routine'. CP reported that despite the covid restrictions, all audits had been completed according to plan.	
7.11	<u>The Chair asked how the number of recommendations compared with the sector.</u> CP confirmed that the college compared well. In newly audited areas such as procurement which had not previously been in the audit cycle (which had limited assurance) it was hard to tighten controls and it would need a dedicated team.	
7.12	<u>The Committee agreed it would be helpful if the Learner Voice Audit Report could be brought to the attention of Ofsted during any visit.</u>	
	<u>Follow up on previous recommendations</u>	
7.13	CP confirmed that 37 recommendations from previous years had been implemented, with 1 HR recommendation superceded but now included in new HR report. 11 relating to apprenticeships would be followed up in 2021-22. 7 recommendations were not implemented – 2 for Health and Safety due to change in personnel and 3 for procurement which now have new dates.	
7.14	<u>The chair sought assurance that all recommendations would be implemented in future years including those classed as not implemented or outstanding.</u> JS confirmed that all outstanding recommendations would remain on the list and continue to be tracked and reported to the Committee until TIAA confirmed they were complete and could be removed.	
7.15	<u>The Committee were content with the reports from TIAA and thanked CP for her reports.</u>	
	<b>Internal Audit Action Grid</b>	
7.16	JS reported that there had been 48 outstanding recommendations brought forward from previous years. 15 had been completed and should be removed by TIAA during the year as part of their follow up exercises. 19 were in progress and 14 were overdue but now had revised dates.	
7.17	JS noted the following points on items in progress: <ul style="list-style-type: none"> <li>• The apprenticeship policy and procedure had been delayed as the document needed further revision.</li> <li>• The preferred supplier list will be addressed when the new member of staff for procurement is appointed.</li> <li>• The health and safety manager has the Health and safety recommendations had done a lot of work in these areas and will complete these shortly.</li> </ul>	
7.18	<u>The Chair asked whether any health and safety risks had emerged or increased due to the recommendations not being implemented.</u> JS confirmed that he had confidence in the health and safety manager who was getting a framework in place and would delegate responsibility to managers. Risks had to be managed locally. The covid pandemic had sidetracked progress but things were back on track.	
7.19	<u>The Chair expressed concern that Apprenticeships had not moved forward and sought assurance from JS.</u> JS confirmed that the college was focussed on the area of apprenticeships including improvement processes from Quality and HR. He therefore did not feel that the lack of a policy was a risk. JS was also content that funding and data collection issues were being addressed. JS felt better prepared for the EFSA Funding Audit due to the mock audit work carried out earlier in the year.	



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7.20	<b>The Chair asked about the follow up on the procurement audit.</b> JS confirmed there was 1 outstanding recommendation which was being addressed. The contract register was being collated and the new procurement officer will drive this forward.	
8.1	<b>External Audit Strategy Memorandum</b> DH explained the scope and cost of the audit strategy and confirmed that although the EFSA will carry out a Funding Audit, it was necessary for the external auditors to test the systems too.	HS/MM
8.2	DH confirmed that they were now required to present their findings to the board and not just the audit committee and the chair confirmed that she and the Clerk would discuss this with the Chair and Vice Chair of the board.	
8.3	DH presented the range of fees for the work by Mazars, and in response to a query from the Chair, confirmed that the fees included in the report were in accordance with the Tender. DH agreed to notify the audit committee if the fees were likely to exceed the tender.	
8.4	JS explained that the ESFA review was likely to identify some funding issues around apprenticeships and the external auditors would be aware of the college's weaknesses. The EFSA and the external auditors would be looking at different issues. DH confirmed that the external auditors would audit how the college had addressed the issues previously identified and assess how these are incorporated into the accounts. Detailed testing would sit alongside this.	
8.5	<b>The Chair sought confirmation that the committee would receive assurance on the detailed testing of the covenants.</b> DH confirmed this noting that there were lessons learned from previous audits.	
8.6	<b>A governor asked whether the banks asked for a Covenant Compliance Certificate.</b> JS confirmed that only one bank asked for a certificate (Barclays) and this did not need to be signed off by the board.	
9..1	<b>Regularity Audit Self-Assessment 2020-21</b> JS confirmed that this had no significant changes from last year with the exception of the Covid section. It would be used by the external auditors.	
9.2	<b>The chair asked if there had been any feedback last year from the auditors or regulators</b> and JS confirmed there had been none.	
9.3	<b>Resolved: to recommend the audit self-assessment to the board.</b>	
10.1	<b>Risk Management</b> <u>Risk Register and Action Plan 2021-22</u> JS confirmed there were no new risks. Risk C2 had been renamed 'the quality of College Apprenticeship and Employer Engagement Provision' and Risk C13 had been renamed 'risks of achieving capital funding and then managing a major capital building project'. JS noted that C13 would need its own register in due course. Risk C17 had been amalgamated with risk C6 to be 'the risk that the College does not achieve a 'Good' Ofsted Grade at the next inspection. Risk C14 on digitisation had been removed following the implementation of the new MIS system.	
10.2	JS confirmed that he would do some work around controls before the board meeting on 30/9/21.	
10.3	JS confirmed the Covid risk register remained separate, and the key risk was around catching Covid.	
10.4	<b>The chair sought assurance on the process for scoring and bringing the risk register and action plan to the committee and the board.</b> JS explained that it started with ELT and then went to a risk group before returning to ELT before coming to Audit committee on a cycle throughout the year. The risk register is always presented to the Audit committee as a draft.	
10.5	<b>The chair asked about the covenant risk and its position on the register.</b> JS confirmed that the risk remained as amber as it was the same level as last year.	
10.6	<b>A governor asked when the risk around apprenticeships (on maximum scores of 6x6) was likely to reduce.</b> CB confirmed that the issues were around Quality. There had been issues with staff and vacancies however a new business manager had been appointed in construction to look at achievement for all these apprenticeships. This was still an Ofsted risk as it was expected to be graded 'Requires Improvement' overall. CB confirmed that the employer engagement survey was very good as was the apprentice survey however, there were too many apprentices who had gone past their end date.	



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10.7	The Committee carefully reviewed the register in detail noting the changes in names. <b>The progress on C19 (Complete a ROATP application) was low</b> and JS confirmed that the window to make the application was not yet open.	CB
10.8	<u>Covid Risk Register</u> JS confirmed that the risk register had been condensed into fewer categories of risk. The college had set up on-site testing but otherwise the government expected colleges to manage the risks themselves.	
10.9	<b>A governor agreed and noted that there had been a shift in focus to require individuals to take on responsibility for their own care.</b>	
10.10	<b>A governor asked whether disciplinary actions had been considered for failure to isolate or respond to a request to provide vaccine data.</b> CB confirmed that recommendations and guidelines had been put out in key messages which were being followed. Many staff have confirmed their vaccination dates. The college had 3 cases of covid at present and none of these staff had had the vaccine. The college had not penalised staff for not getting the vaccine.	
10.11	The committee discussed the merits of disciplinary procedures and CB confirmed she would discuss this with the HR deputy principal.	
10.12	<u>Covenant Compliance Risk Register</u> JS confirmed that there was no change in the risks. The financial outturn for 2020-21 has improved so he has no concerns. Yorkshire bank is in a breach position in 2021-22, and is likely to remain so unless the college received additional funding for 16-18 year olds which would not be known until February/March 2022. Yorkshire Bank are not testing their covenants in 2020-21 but if there were concerns in 2021-22 it can be paid off as a very last resort. Other covenants with banks are close in 2021-22 due to the deficit budget, but enrolment looks close to predictions in the plan and the college has invested in staffing.	
10.13	<b>The chair asked DH if the breach of the Yorkshire Bank covenant was a concern for the external auditors.</b> DH confirmed that if Yorkshire Bank were content then they were not concerned. JS confirmed that Yorkshire Bank had given the confirmation that they are not testing the covenants in 2020-21 as part of the new debt agreement signed in July.	
10.14	<b>The chair sought assurance that the dialogue with all the banks would continue.</b> JS confirmed that he met regularly with all 3 banks and would keep the committee updated on progress.	
11.1	<b>Subcontracting</b> JS explained that the EFSA expected colleges to have an external audit on subcontracted provision over £100,000 in any financial year. The college had undertaken a review of 2020-21 provision and projected 2021-22 provision and confirmed that any sub-contracted provision was well below the threshold.	
11.2	The committee reviewed the report with JS noting the following: <ul style="list-style-type: none"> <li>the partnership provision with Benn Carson Recruitment for English and Maths tuition in April-July 2021 of £129,000 which is not classed as sub-contracted provision.</li> <li>the College had subcontracted with FMBS last year on adult education, but this would not be continued in 2021-22.</li> <li>£75,000 had been set aside in the budget to fund any potential sub-contracting provision up to £100,000 in 2021-22 which would leave the College below the threshold for additional audit.</li> <li>discussions were being held with FMBS to increase the College's commercial offer in Construction however, this would not be classed as sub-contracted if agreed as the College would use its own staff and premises.</li> </ul>	
11.3	JS concluded that the College was a low risk in this area.	
11.4	<b>The Chair sought further assurance that the partnership in English and Maths was not sub-contracting.</b> JS confirmed that the rules had been carefully examined and were content that it was a partnership and not sub-contracted.	
12.1	<b>Insurance Review</b> JS outlined the insurance arrangements for the current year including the additional cyber insurance cost. Sunderland Marine cover niche aquaculture activities. JS noted that the buildings would need to be revalued for the re-tendering process next year.	





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12.2	The committee reviewed the progress on the current active claims and the closed claims and JS confirmed that they were all being managed by the insurers. JS noted that the claim relating to flooding on neighbouring farmland which had been reported to the board had now been closed without any payment being made.	
13	<i>CP and DH left the meeting at 11:28am and HS thanked them for their attendance.</i> <b>Meeting between the Committee and Management</b> CB and JS confirmed they had nothing to raise. JS confirmed he was very satisfied with the work carried out by TIAA and Mazars.	
14	<b>Any other Business</b> There was no other business.	
15	<b>Date of next meeting</b> The date of the next meeting is Wednesday 24 November 2021 on Teams. The committee had discussed meeting earlier than 9:30am to allow time for governors to get to Rodbaston for the Strategy Day and instructed the clerk to seek views on a start time of either 8:30am or 9:00am.	<b>clerk</b>

**Signed electronically by the Chair as a true record**

**Helen Simpson**  
**24 November 2021**