

Minutes of the Audit Committee

held by way of Video Conference on Friday 20th March at 8:00 am

Present	Apologies
Sir Dexter Hutt (DH)	Iqbal Mohammed (IM)
Simon Thompson (ST)	
Cliff Hall (CH)	
Michele Larmour (ML)	
Helen Miles (HM)	
In Attendance	
Louise Jones (LJ)	
Martin Penny (MP)	
Fiona Yardley (FY)	
Stephen Belling (SB)	
Jonathan Lanes (JL) BDO (In part)	
Alison Rowe (AR) BDO (In part)	
Mark Dawson (MD) KPMG (In part)	

	<p>Welcome and Apologies for Absence</p> <p>ST welcomed everyone to the online meeting and obtained verification that all present were able to hear and participate in the meeting.</p>
	<p>Declarations of Interest.</p> <p>MD advised of an interest in agenda item 4: It was noted that MD would not be present for that agenda item.</p> <p>No other declarations of interest were reported in addition to those recorded on the Register of Interests.</p>
Item 1	<p>(i) Open and Confidential Minutes of Audit Committee held on 29 November 2019</p> <p>The minutes of the last meeting were accepted as a true and accurate record of the meeting.</p> <p>AC20:01 IT WAS RESOLVED THAT the minutes should be approved.</p> <p>(ii) Matters arising and Action Log</p> <p>MD advised that a small number of colleges had shown a net liability in their last year's accounts. No sector- wide bench marking had been done. MD would verify KPMG's internal reviews and confirm this advice.</p> <p>SB confirmed all other actions points had been completed.</p>

<p>Item 2</p>	<p>Health and Safety Report (Autumn term)</p> <p>LJ referred to the report provided with the Committee Pack which had been prepared in February and invited questions.</p> <p>Observations made and questions raised by Committee.</p> <ol style="list-style-type: none"> 1. <i>Do the issues raised at Finance Committee's consideration of the Property Estate Strategy need to be included in future reports?</i> (HM) <p>LJ advised that: -</p> <ul style="list-style-type: none"> • A report would be prepared for consideration at the next Finance Committee and would then be presented to Corporation in May. • No red flag issues were raised in the Property Strategy report. • It would be helpful to include a reference to this work in future Health and Safety Reports 2. <i>What further information can be provided about the student assault at the James Watt campus and what has been done as a result?</i> (ST) <ul style="list-style-type: none"> • LJ advised that the incident had involved a fight between students and disciplinary action had been taken. 3. ST observed that the report provided an overall positive picture and was to be commended. 4. <i>Is there anything which leads to what appears to be a general improvement of the health and safety position at BMet?</i> (ML) <p>LJ advised:</p> <ul style="list-style-type: none"> • There was no specific event or activity to which improvement could be attributed. • It was to be noted that the Interim Health and Safety Manager had performed well during the past 12 months and the newly appointed Health and Safety Manager appeared to be continuing to take things forward. 5. <i>How is the College responding to Covid-19?</i> (ML) <p>LJ advised:</p> <ul style="list-style-type: none"> • The College has been keeping up to date with government announcements on a daily basis.
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- Excellent advice has been provided by the Department for Education and Association of Colleges on a daily basis.
- We have been in regular communications with students and members of staff.
- We have been engaged in full contingency planning with the expectation that the College will be required to close and put in place arrangements for students to work from home.
- We are aware there will be challenges in relation to courses with a significant practical content.
- Staff have been ensuring materials for students are available on-line.
- We are ensuring processes are in place to monitor progress and enable us to optimise our ability to provide ongoing academic and pastoral support in what are unprecedented times.

CH advised that he is also in contact with neighbouring colleges to share good practice.

6. ***What measures are we putting in place to support vulnerable learners?*** (ML)

CH advised: -

- We are interpreting vulnerable learners in accordance with ESFA guidelines to include those learners for whom a health care plan is in place.
- We do not provide 5- day week provision for any of our students, all of whom are over 16 years of age.
- We are making contact with each of the carers named in those plans to consider what level of support will be needed and determine whether or not it would be in the best interests of the student or their family, for the learner to come into the College.
- We will review what comes out of those conversations and, if necessary, consider what programme activity we can provide potentially in collaboration with neighbouring colleges.

7. ***What are we doing in respect of provision for children of Key Workers?*** (ML)

CH advised: -

- We are starting from the premise that we may not be required to make provision for our students as they are all over the age of 16.
- We will respond to requests to make provision on an as needs basis.

	<p>8. <i>Recognising we are in unprecedented challenging times, what contingency planning is taking place in respect of examination and assessments?</i> (ML)</p> <p>CH advised: -</p> <ul style="list-style-type: none"> • The information we have at this point in time, (i.e. as at 20th March) is that ‘A’ levels and “GCSE’s” examinations may either not take place this year or will be re- scheduled to a later date. • We are awaiting feed- back in relation to BTEC assessments. • We are used to assessing student performance online. • The A Level team has prepared guidance for students on learning expectations in terms of outcomes and amount of study time required. This guidance is to be adapted as necessary for roll out across the College.
<p>Item 3 (i)</p>	<p>Progress on delivering the Internal Audit Plan for 2019/20 and Internal Audit Reports</p> <p>MP presented the report in the Committee Pack headed “Internal Audit Action Tracker” which provided an update on how audit recommendations were being implemented and showed that many longstanding items had now been addressed.</p> <p>IT WAS RESOLVED THAT AC20:02</p> <p>The Internal Audit Action Tracker report and progress on the implementation of actions be noted.</p> <p>JL advised the Committee:</p> <ol style="list-style-type: none"> 1. The report in the Committee Pack entitled “BDO Internal Audit Progress report” was produced in February and further progress has been made. 2. Three Internal Audit reports would be presented in this meeting which presented no major concerns and contained positive assurance grades. 3. The main amendment to the 2019/ 20 internal audit plan related to the decision to postpone the Teaching and Learning Audit to the period 2020/21 so as to allow time for the College to complete the development of its Digital strategy. 4. Work is currently being done to prepare for the audit work required annually to review of sub- contracting arrangements in order to report to the ESFA. 5. Out of scope work is currently being done by the BDO forensics team in respect of Project Carthage, 6. Reports relating to the Teaching and Learning Policy and Procurement and Payment controls would be reported to the June meeting.

7. BDO are equipped to continue internal audit work using remote access and technology and where necessary caveating findings where it is necessary. They have a client portal that can be used to receive documentation and video conferencing and screen sharing can be used to review the vast majority of information. Daily catch up reporting arrangements can be used to identify any practical issues impeding a review.
8. AR advised that as a full report on cyber security and JISC had been considered by the Committee at its meeting in November, and a second phase of review was to be designed and time- tabled.

Observations made and questions raised by Committee.

1. ML and HM noted that they were reassured about the significant amount of work that could be progressed through remote working.
2. ST acknowledged the assurance status of the three audit reports and thanked MP and the team for helping to facilitate this positive trend.
3. ***How will the finance team operate on a remote access basis?*** (ST)
4. MP advised: -
 - The whole team is able to work remotely and have been issued with laptops.
 - All Barclays banking facilities can be accessed online.
 - All arrangements with communication related services providers have been checked and are in a good working order.
 - Arrangements are being put in place to support all learners who receive free meals.
 - All internal finance systems now operate in Business World which is a cloud based provision and so can be used by staff using remote access.
 - The payroll system works remotely.
 - Finance managers are required to have daily phone contact with their team.
 - Finance managers have a weekly phone meeting with Martin to review progress.
 - The team is all able to use Microsoft teams.
 - Barclays had advised they were impressed with the Colleges preparations.

ST and ML noted that they were reassured that arrangements had been put in place to ensure that the finance function could continue to operate effectively.

	<p>JL advised that some clients had reported an increase in phishing emails and in particular emails purporting to be sent by a CEO or CFO and advised that the College deploy extra vigilance in respect of such emails.</p> <p>IT WAS RESOLVED THAT AC20:03 The Audit Report be noted.</p>
<p>Item 3 (ii)</p>	<p>Curriculum Planning and Resourcing Audit</p> <p>AR advised the Committee</p> <ol style="list-style-type: none"> 1. The audit had resulted in: - <ul style="list-style-type: none"> • one medium significant finding in relation to how the College is able to respond to employers' demands for certain skills training and recruit specialist staff; and • one low significant finding in relation to the Star Chamber business planning process. 2. MP advised that the College had now appointed Morgan Hunt to assist it with the recruitment of additional staff on an as needs basis and LJ advised the arrangements appeared to be working reasonably well 3. MP advised that plans to ensure the appropriate levels of attendance for both stages of the start chamber process were in place but had been impeded this year by the Covid-19 situation. <p>Observations made and questions raised by Committee.</p> <ol style="list-style-type: none"> 1. <i>Are Star Chambers still going to happen?</i> (ST) <p>LJ advised that all the preparatory work had been done and that the intention was to hold reschedule them as soon as viable and convene them using Microsoft Teams.</p> 2. <i>What plans are being made to retain and recruit students?</i> (DH) <p>CH advised:</p> <ul style="list-style-type: none"> • This issue was being reviewed by the Senior Leadership team working on the possible scenario of the College being closed until the summer. • Keep warm activities are ongoing and being further developed by the Vice Principals and Marketing teams to ensure on- going communication with potential students. • An open day is currently planned for 20th June.

	<ul style="list-style-type: none"> • The college will deploy a full programme of on- line, social media and advertising communications. <p>3. <i>Is the College’s base line for planning that it will not be opening until September 2020?</i> (ST)</p> <p>CH advised the College plan to work with the possibility of being able to open the College after Easter but develop a “Start-up Plan” which can be deployed as soon as we able to re- open.</p> <p>4. <i>Can we hold an open day in the summer holidays if necessary?</i> (DH)</p> <p>CH advised that we could.</p> <p>5. <i>Has there been any consideration of being able to continue to provide learning during the summer vacation if we are not able to open after Easter?</i> (ML)</p> <p>CH advised that no advice or guidance has been issued about this at the moment. It would be possible to review what additional preparation work could be done during the summer holidays when we have a clearer idea of what is happening generally.</p> <p>IT WAS RESOLVED THAT AC20:04 The Committee noted the contents of the audit report.</p>
Item 3 (iii)	<p>Income Diversification Audit.</p> <p>AR presented the report in the Committee pack regarding Income diversification and advised the Committee:</p> <ol style="list-style-type: none"> 1. The audit had found good progress against previous recommendations. 2. Curriculum implementation plans had been produced but tactical plans could be more fully developed. <p>JL advised Committee that:</p> <ol style="list-style-type: none"> 1. The College had made significant progress from the position twelve months ago where it had no strategy, no systems for monitoring income streams, was not engaged in horizon scanning and undertook no analysis of why it either lost or won work. 2. Further work could be done by the College but it is now more aligned with other Colleges. <p>Observations made and questions raised by Committee.</p>

	<p>1. What work has been done around future scenario planning? (ST)</p> <p>MP advised:</p> <ul style="list-style-type: none"> • ESFA cash flow for 2020/21 should be predictable as it is based on student numbers from this academic year. • Cash flow around apprenticeship and Adult learner Loans was more uncertain- as it is influenced by the number of employers able to take on apprentices and levels of attendance. • JLR have closed down their education centre to take account of Covid-19 and this will have an impact of £150k on this year's cash flow. • We are currently reviewing cash flow requirements on a worse-case scenario basis. • The impending land sales should generate a positive impact on cash flow. <p>The Committee noted the contents of the audit report.</p> <p>IT WAS RESOLVED THAT AC20:05 The audit report be noted.</p>
Item 3 (iv)	<p>Financial Commitment and Cash Flow Monitoring Audit.</p> <p>AR advised the Committee:</p> <ol style="list-style-type: none"> 1. Consideration had been given to individual scenarios that might effect and it would be beneficial to consider how the College could handle “the perfect storm” of more than one scenario occurring at the same time. 2. Greater consistency could be applied to the processes deployed to assist with the timely collection of debts. 3. The College would benefit from the production of more reliable sources of information to inform capital expenditure profiling. 4. Care is needed in the use of formulas in planning documents involving vast amounts of information. <p>MP advised:</p> <ol style="list-style-type: none"> 1. There had been one formula error in a massive document. 2. Many of the capital expenditures issues were historic and were associated with employees no longer at BMet. The relevant processes are now being overseen by Fiona Yardley and a greater degree of control is being exercised.

	<p>3. The debt collection process has been reviewed and the audit has helped the finance team improve its enforcement of monitoring controls.</p> <p>Observations made and questions raised by Committee.</p> <p>1. Has the 0.5 million debt figure changed? (ML)</p> <p>MP advised that the debt figure includes student loans and makes the debt figure high. It is known however that student loans are guaranteed payments.</p> <p>IT WAS RESOLVED THAT AC20:06 The Committee note the Financial Commitment and Cash Flow Monitoring Audit report.</p>
Item 4	<p>Review of Arrangements for 2020/21 internal and external audit</p> <p>MP reminded Committee that at its review of the audit arrangements for the period 2019/ 20 it was agreed that contracts should be renewed for a further year and the question of going out to tender be considered the following year.</p> <p>The Committee gave consideration to the question of whether to go through a tender exercise for the period 2020/ 21, the current uncertainties arising from the unknown consequence of Covid-19 and what would be in the best interests of the College.</p> <p>After careful consideration IT WAS RESOLVED THAT AC20:07</p> <p>The internal and external audit contract arrangements should be extended for an additional year to cover the period 2020/ 2021.</p>
Item 5	<p>Project Carthage Interim Report</p> <p>This discussion is recorded in separate confidential minutes.</p>
Item 6	<p>Any other Business</p> <p>No other items of business were considered.</p>
Item 7	<p>Confidential Discussion with Auditors</p> <p>The Committee was of the view there were no matters requiring confidential discussion with the Auditors.</p>
<p>Date of next Meeting Friday 26th June</p>	

Simon Thompson

Signed: [Simon Thompson \(Jul 28, 2020 16:31 GMT+1\)](#)

Chair: Simon Thompson


BMet Audit Committee Minutes 20 March 2020

Final Audit Report

2020-07-28

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