

BLACKPOOL AND THE FYLDE COLLEGE

AUDIT COMMITTEE

MINUTES OF A MEETING HELD ON 4 MARCH 2020 AT 5.00PM

IN THE BOARDROOM ON THE BISPHAM CAMPUS

Present: J Mills (in the Chair) Independent Member
S Dunstan Co-opted Subject Specialist
L Moffat Independent Member (by telephone)

In attendance: J Butterfield, TIAA, internal auditor
P Howard, PDH Advisory Limited (minutes)
M Long, Independent Member (observing)
R Ryan, Chief Operating Officer
S Yeoman, Financial Controller
D Young, Company Secretary

1. Chair and quorum

Judith Mills took the chair and noted that due notice had been given to all committee members and that a quorum was present. Accordingly, she declared the meeting duly convened and constituted.

2. Apologies for absence

Apologies for absence were received from J Cole (Independent Member) and E McIntyre (KPMG, external auditor).

3. Declarations of interest

No committee members declared an interest in any items to be considered during the meeting.

4. Preparations for COVID-19

The Chief Operating Officer provided a verbal report to update the committee on preparations for COVID-19 (previously known as coronavirus) and confirmed that an update report would be presented to the Corporation Board at its meeting the following week. He noted that part of the Corporation's contingency planning involved the establishment of two distinct leadership teams which would be physically separated across different locations in an attempt to avoid cross-contamination. He noted that there are currently internal authorisation procedures set out in Financial Regulations which require the dual signature of the Principal and Chief Executive and the Chief Operating Officer. As these two post holders will

be on separate leadership teams in the event of the contingency plans being activated, it was proposed that the Corporation Board be asked to approve the variation of Financial Regulations to replace this with a requirement for any two signatures from members of the Executive Team for the duration of any business continuity arrangements. The committee was therefore asked to consider the proposal so that its recommendation may be presented to the Board for consideration.

The committee congratulated the college on its contingency planning and noted that it was particularly advanced in comparison with other organisations. The committee **ENDORSED** the proposed change to Financial Regulations as outlined by the Chief Operating Officer.

S Dunstan noted that the intention was for the variation to be temporary and in response to COVID-19 but suggested that consideration should be given to including such a contingency provision, alongside clear activation triggers, within Financial Regulations on a permanent basis. The Chief Operating Officer confirmed that this would be considered as part of the annual review of Financial Regulations which would be presented to the next meeting of the committee for consideration.

5. Minutes of previous meeting

The minutes of the previous meeting held on 27 November 2019 were considered. S Yeoman drew the committee's attention to minute reference 7 and noted that the sentence "E McIntyre presented the draft year-end report for FY2018/18..." should in fact read "FY2018/19".

With this amendment, the minutes of the previous meeting were **APPROVED** as a true and accurate record.

6. Internal audit annual report

J Butterfield presented three internal audit reports which had been circulated with the agenda.

With regard to the assurance review of General Data Protection Regulation compliance, the committee noted that this had been undertaken as part of the previous year's audit programme and was being presented for formal receipt. The committee noted that a reasonable assurance level had been reported by the internal auditors and the Chief Operating Officer confirmed that, in response to one of the recommendations in the report, the Company Secretary had now been appointed as the organisation's Data Protection Officer.

In relation to the assurance review of the internal capital bid, the committee noted that a substantial assurance level had been reported. In response to a question from S Dunstan, the Chief Operating Officer explained the rationale for requesting the audit and noted the inclusion of a recommendation to report the year-end

expenditure position against the intentions that had been set out at the start of the year for completeness.

The final report presented was a compliance review of learner numbers and the committee was pleased to note that a substantial assurance level had been reported. The Chief Operating Officer noted the length of time since the last ESFA audit of learner numbers and confirmed that, in addition to the assurances received as part of the internal audit report, a separate ESFA-style inspection would be undertaken over the coming months to further assure the committee of the organisation's compliance.

The committee **RECEIVED** the internal audit reports and noted the content.

7. Audit findings tracking log

The Chief Operating Officer presented the audit findings tracking log which had been circulated with the agenda. The Chair commended management on its excellent performance at addressing audit recommendations and noted the vast improvements that have been made over the last four years. Particular note was made of the fact that an audit of e-procurement systems had recently concluded and that recommendations arising from that audit would be included in the next report to the committee.

The committee **RECEIVED** the report and noted the content.

8. Risk management report

The Chief Operating Officer presented a report which had been circulated with the agenda to present the current risk register for review by the committee. He drew the committee's attention to the summary of changes provided within the covering report and the committee's particular attention was drawn to risk 7(b) which was showing as behind plan. The committee heard that this was the result of sickness within the responsible department and S Dunstan noted that progress was still rated as green. In response, the Chief Operating Officer confirmed that the delays had not impacted on the overall risk.

In response to a question from the Chair regarding risk 4, the Chief Operating Officer gave a summary of the mitigations that had been put in place.

The committee **RECEIVED** the report and noted the content

9. Any other matters to report

The Chief Operating Officer provided a verbal report to inform the committee of six breaches of Financial Regulations that had occurred since the last meeting. He clarified that they were all minor in nature but reminded the committee that all breaches are reported as a matter of good practice. The breaches were as follows:

- 1 to 3: There had been three occasions where orders had been placed with new suppliers prior to them being registered as suppliers to the organisation. All members of staff had been counselled as to the proper procedure to prevent reoccurrence and note was made that, in one of the cases, some mitigation had been put forward due to the urgency of need.
- 4: A spot audit found that controls were not being fully adhered to in relation to cash handling within retail services. There had been no malicious intent and feedback had been provided to the staff concerned.
- 5: A small amount of cash was noted to be missing from a petty cash float and a full investigation had commenced. The Chief Operating Officer summarised the circumstances surrounding the loss and confirmed that the college's procedures had not been followed. All relevant staff had been counselled.
- 6: A payroll error resulted in a member of staff being overpaid. The staff member had immediately made contact with payroll to report the overpayment and had been informed that the payment was correct. The staff member subsequently made a second attempt to report the overpayment and had again been advised that the payment was correct. As a result, the decision had been taken to write-off the loss as it was due to an internal error rather than any error or fraud on the part of the staff member concerned. Confirmation was provided that processes within payroll had been amended to prevent reoccurrence.

J Butterfield left the meeting.

Confidential minute.

The committee **RECEIVED** and noted the verbal report.

10. Date, time and venue of next meeting

The next meeting of the Audit Committee will be held on 17 June 2020, 5.00pm in The Boardroom on the Bispham Campus.

S Dunstan noted that this meeting was likely to be the last to be attended by P Howard and the committee expressed its thanks for the support he had provided over the last five years.