

Minutes of the Audit Committee Meeting

held Wednesday 11 March 2020

Present Mark Johnson (*Chair*), Tiffany Harvey-Pallent (*Vice Chair*), Joanne Chilton

In attendance Jacquie Carman (*Director of Finance and Corporate Services*)
Clare Parkes (*TIAA Ltd*)
Jennifer Sunter (*Clerk to the Corporation*)

1 Apologies

There were none.

2 Declarations of Interest

There were none.

3 Minutes of the Audit Committee Meeting held 13 November 2019 and Matters Arising

The minutes of the meeting held 13 November were approved as a correct record.

Under Matters Arising actions from previous meetings:

13.1: *Disaster Recovery Plan and Major Incident Policy* – Members noted that external review was being undertaken and a report would be returned to the Committee in June 2020.

4 External Auditor

4.1 Assessment of Performance Indicators for 2018/19 and Indicators for 2019/2020

Members considered the review of performance against agreed indicators.

All deadlines had been achieved and performance was good against all indicators. The educational and technical expertise of the external auditors was particularly noted.

The Audit Committee received the report and approved no changes at the current time to the Key Performance Indicators for External Audit providers for 2019/2020.

5 Internal Audit Reports

5.1 Systems of Internal Control, Governance and Transparency

Clare Parkes reported that the assurance review had provided substantial assurance, with three routine and five operational recommendations.

Members considered the recommendations and management actions.

The Audit Committee accepted the Internal Audit Report, Assurance Review of Systems of Internal Control, Governance and Transparency and the management responses to the recommendations provided.

5.2 HR Review of System for Recruitment and Selection

Clare Parkes reported that the assurance review had provided reasonable assurance with a range of recommendations.

Jacquie Carman outlined the developments within HR operations and the actions being taken to address the predominantly administrative recommendations arising from the review.

Members asked a range of questions to ensure that there were no substantial issues regarding compliance and that appropriate procedures are in place.

Members further noted the appointment of a new HR compliance officer.

Members also discussed the value of including a second HR assurance audit within the Audit Plan 2020/21.

The Audit Committee accepted the Internal Audit Report, Assurance Review of HR and the management responses to the recommendations provided.

6 Progress Report on Internal Audit Action Plans

Jacquie Carman reported on progress against remaining actions from internal audit reviews.

Following consideration of the progress reported the Audit Committee authorised that the closed item be removed from the Internal Audit Action Plans list.

7 Audit and Assurance Plan 2019/2020 Mid-Year Update

The mid-year review of the Audit Plan for 2019/2020 outlined work so far undertaken and proposed additional work.

Following the College's prompt response to the current payroll provider ceasing to provide the service, it was deemed appropriate to have an early initial review of the College's in-house provision. The review of the first month of operation would address appropriate separation of duties, financial regulations and that appropriate procedures are in place.

Members also noted the proposal that a further review of the in-house payroll operation be included in the Assurance Plan for 2020/2021.

The Audit Committee received the mid-year update of the Audit and Assurance Plan 2019/2020, noting any risk factors, and approved the additional audit, an initial review of payroll.

The Committee would inform the Corporation of this additional audit.

8 Risk Management Mid-Year Update 2019/20

Members received the mid-year update and analysis of risk management including the Risk Register, Sources of Assurance and Controls, the scored Net Risk Plan and the revised 2019/2020 Action Plans.

Overall there continued to be no red rated risks, and the highest rated risks continued to be competition, meeting funding targets and any adverse impact from funding changes. However, new themes had emerged within the year and had been identified within the review, together with proposed mitigating actions.

Members recognised the action on the change of College Payroll as reported.

Jacque Carman reported on the challenges to accommodation and timetabling with regard to refurbishment of Blocks 4 and 5 and that this was being managed. Members further discussed future funding for capital development, and Jacquie Carman outlined the College work with the West Midlands Colleges Group, and in particular the strategic focus on accommodation that is fit for purpose, responding to changes in curriculum and growing digital needs.

Jacque Carman also reported on the College approach to the emerging threat of a Coronavirus pandemic. A review of the College's critical incident management would be proposed in the Audit Plan for 2020/2021. Members asked about recent testing of the College's Lockdown procedure. Jacquie Carman outlined the desk-based exercise undertaken, that information had been provided for students, and changes to the current bell/alarms system to ensure clarity when being used.

With reference to the HR Assurance, Audit members asked if the risk rating for HR was correct. It was noted that following reasonable assurance provided, in relation to one aspect of the HR function reviewed, this remained appropriately green risk rated under the traffic light system.

Members recognised the organisational risk in relation to the change of leadership and the need to continue to sustain staff wellbeing, and as such a review of the College's approach was recommended.

Members also noted that it would be beneficial to highlight the Safe Campus within the College Marketing materials.

The Audit Committee approved the mid-year update of the Risk Management Suite of Reports comprising;

- **Risk Register – mid-year update**
- **Risk Assessments: Sources of Assurance and Controls**
- **Risk Plan (net risk scores)**
- **2019/2020 Action Plans - updated with progress and new actions**

9 Anti-Fraud Self-Assessment Checklist and Suite of Policies

The key themes emerging from the self-assessment exercise were reported to members and included staff wellbeing, a change of leadership and the implementation of the College's in-house payroll system.

Subsequent risks emerging from audit, review of risk and anti-fraud arrangements were proposed for the 2020/2021 Audit Plan.

Members received the updated Anti-Bribery Policy, Anti-Fraud Policy and Anti-Money Laundering and Proceeds of Crimes Policy, reviewed in relation to the Anti-Fraud arrangements of the College.

The Audit Committee received the Anti-Fraud Self-Assessment Checklist and approved that in addition to the initial review of systems in place for payroll from 1 April 2020, within the 2019/2020 operational audit plan, that a full systems review of payroll be included within the 2020/2021 operational audit plan. In addition that the 2020/2021 plan should also include a review of the staff wellbeing framework, including HR processes, terms and conditions, facilities for staff and CPD activities.

The Audit Committee further resolved to recommend to the Corporation approval of:

- **The Anti-Bribery Policy**
- **The Anti-Fraud Policy**
- **The Anti-Money Laundering, Terrorist Financing and Proceeds of Crime Policy**

10 Any Other Business

Jacque Carman reported that a staff complaint had been instigated under the Whistleblowing Policy and Procedure. Following legal advice, the matter had been subsequently addressed under the College Staff Disciplinary Policy.

11 Date of Next Meeting

The next Audit Committee is scheduled for Tuesday 9 June 2020 at 6pm.

Meeting closed at 6.50pm

Actions from Meetings		
Audit Committee Meeting 13 November 2019		
13.1	Disaster Recovery Plan and Major Incident Policy – Confidential Report Following the range of additional information supplied, Jacque Carman agreed to address further including external review.	JCa March June 2020