

Minutes of the Audit Committee Meeting

held Tuesday 9 June 2020

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

In attendance Jacquie Carman (*Director of Finance and Corporate Services*)
Anna Spencer-Gray (*RSM UK Audit LLP*)
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 11 March 2020 and Matters Arising

The minutes of the Audit Committee Meeting held 11 March 2020 were approved as a correct record.

Under Matters Arising

The Clerk reported that the Disaster Recovery Plan and Major Incident Policy had been due to be returned to the Committee, however, the urgency of updating this, in response to Covid-19 had led to early circulation to all members and then consideration and approval of the updated document by the Corporation on 1 June 2020.

There were no outstanding actions.

4 External Audit

4.1 External Audit Plan

Anna Spencer-Gray outlined the planned approach to external audit work, with focus on key areas identified in the Audit Risk Summary. Audit work would be undertaken in autumn and reported on to the Audit Committee in the Audit Findings Report.

The Audit Committee accepted the Halesowen College, Audit Plan for the year ended 31 July 2020, as provided by external auditors RSM UK Audit LLP.

4.1i External Audit Plan Appendix – Sector Emerging Issues

Anna Spencer-Gray reported that the horizon scanning report on key emerging issues had been recently published. While reference to Covid-19 was provided, a detailed

response had not been included due to the rapid pace of change. Members asked about other guidance and following discussion it was agreed that access to RSM's guidance would be circulated. Additionally, the helpful updates being provided by the Association of Colleges was also noted.

Jacquie Carman noted how useful the information provided was, and recognised that information needed to be contextualised, to ensure that wider risks and opportunities continued to be given due attention.

Members asked questions about T-Level provision and in particular capital funding. Jacquie Carman responded that the College could bid in the current year even though not due to commence T-Level provision until September 2021. Members further discussed slow sector take-up for T-Levels and the additional costs to providers of investment to address Covid-19.

Members also sought clarity on governance codes in relation to the review of the code for the HE sector. Anna Spencer-Gray noted that it was positive to look at other codes such as that for the Charity Sector.

In relation to the requirements of the Office for Students on the College, Jacquie Carman highlighted that the OfS Accounts Direction was similar to UK Gap. While the OfS was not the principal regulator, it was further noted that reference would be made to requirements in the report from external audit.

The information was received.

4.2 Regularity Audit Framework - Self-Assessment

Members reviewed the evidence of control, as provided in the detailed self-assessment to be presented to the external auditor.

Jacquie Carman highlighted the work being undertaken by internal audit on payroll, on which external audit could place reliance. Members noted that in addition to previous condition of payroll provider changes, the College had updated both documents and work plans.

The Audit Committee considered the self-assessment of compliance with regularity and proprietary requirements and recommended to the Corporation that this be signed by the Chair and the Accounting Officer of the College, before being submitted to the external auditor as part of the regularity audit process for 2019/2020.

5 Conditions of Current Funding - Self-Assessment of Compliance, Financial Memorandum

Jacquie Carman confirmed that assessment had been done on compliance based on previously provided conditions. The report recognised all requirements and identified actions to comply.

In addition to key actions and main areas of risk, Jacquie Carman explained that two additional requirements had re-emerged, these being the requirement to increase insurance to twenty million pounds and the need to work to achieve ISO27001 accreditation on digital security.

Members noted that the cost of increasing insurance was substantial and as such, this was being raised with the ESFA. Members further noted that the College would be working to achieve ISO27001 accreditation.

Jacquie Carman further highlighted key risks under the change of payroll operations, and the risk to comprehensive access to all necessary funding agency and data platforms through the change of Principal.

Action 5a

The Audit Committee having reviewed the self-assessment, actioned all points identified, with progress to be monitored at the next meeting.

6 Internal Audit

6.1 Internal Audit Report - Strategic New Ventures

Clare Parkes reported on the detailed work undertaken to review the processes surrounding transfer of provision from BMet Stourbridge, and that this had been undertaken in accordance with Financial Regulations.

Action identified with regard to the staff single central record had been addressed during the audit, with no resulting recommendations.

The Audit Committee accepted the Internal Audit Report, Assurance Review of Strategic New Ventures.

6.2 Internal Audit Appointment - Letter of Engagement

In accordance with College procedures on annual appointment of auditors, the Committee received the engagement letter provided by TIAA.

The Audit Committee recommended to Corporation the re-appointment of TIAA as Internal Audit Service providers for 2020/2021, as provided for in the letter of engagement dated 9 June 2020.

7 Progress Report on Audit Action Plans

Members considered the progress report against actions remaining from audits; under the ICT Review of the Network and Infrastructure Security Arrangements, members noted that the project was complete but could not be operational during College lockdown; under Review of Systems of Internal Control, Governance and Transparency, Jacquie Carman highlighted that the remaining action would be addressed under the Audit Committee Annual Report in November 2020, and under Review of HR, members noted that a new Personnel and HR Team had been created, with revised systems and new workflows put in place. Further internal audit in 2020/2021 would review arrangements to monitor operations, in line with new payroll and new financial regulations.

Members asked questions about new provision. Jacquie Carman reported that new staff were in place, and that the new payroll parallel runs had been successful, with a third parallel run in place.

Having considered the progress made against audit actions, the Audit Committee authorised the removal of closed items from the list.

8 Audit and Assurance

8.1 Audit Plan 2019/2020 Mid-Year Update

In looking to the current year plan, members understood that a range of audits scheduled could not take place under lockdown. Jacquie Carman outlined where it was recommended to carry work forward into the 2020/2021 Audit Plan. This included some sensible modification in light of changes.

Members were asked to consider a revision to current plan, to include a new audit which would provide an initial review of the new payroll system.

Members asked about internal audit fees and noted that there were no payment penalties, and that work being carried over constituted a slight increase in the overall number of days in 2020/2021.

The Audit Committee received the mid-year update of the Audit Plan 2019/2020, noting any risk factors, and approved the additional audit of initial review of payroll. The Committee would inform the Corporation of the revision including additional planned work.

8.2 Audit Plan 2020/2021

Jacquie Carman presented the proposed Audit Plan 2020/2021 which had been drawn up in correspondence with strategic objectives. While the same approach had been adopted as previous years, members were aware of changes due to Covid-19, and mindful of a change in Principal.

While the College was financially resilient in the short to medium term, Covid-19 response provided a range of additional challenges.

Comprehensive consideration was given to the range of issues facing the College, including funding, curriculum, competition, financial resilience and good governance, student needs, digital systems and other external factors.

A key area of concern lay in addressing student needs and wellbeing, with delayed HE or employment and increased competition, including for apprenticeships. The College should be focused on maintaining quality of provision across both digital and face to face provision. The College should also be ready and responsive in a highly competitive provider locality. There were also further cost implications for digital delivery, for estate and health and safety.

Jacquie Carman outlined the proposed areas of work and how audits from the 2019/2020 plan had been thoughtfully transferred across, including those on digital and the learner journey. Members noted the introduction of a new audit for Covid-19 preparedness, with an accreditation process through Dan Grant Associates.

Planned review of key financial controls, curriculum changes, estates strategy, data and DSATs remained pertinent in light of increased pressures in relation to Covid-19 and different ways of working. A good example of which could be measurement of student engagement, rather than physical attendance at College.

Members asked a range of questions about consistency in quality teaching, training and reviewing the learner journey, noting the monitoring role of the Students, Curriculum and Quality Committee. Members also asked about retention and

achievement target setting. Jacquie Carman responded that these remained pertinent for the current year working from predicted grades.

It was further noted that there was tremendous work to be done for staff to be able to effectively support students in how they are engaging with learning; for students to achieve and progress into an arena of increased competition for higher education and employment.

Questions were raised regarding undertaking a separate Safeguarding Audit and consideration of Equality and Diversity. Jacquie Carman explained that key aspects of safeguarding would be addressed across both digital and learner journey planned audits. Further to this, both the Safeguarding Policy and Equality and Diversity Strategy could be added to the planned Strategic Audit.

The Audit Committee recommended that the Corporation adopt the proposed Audit Plan for 2020/21, subject to revision of scope of the Strategic audit and review in the autumn term, once the risk process is complete and the post lockdown landscape for education is clearer.

9 Review of Committee Terms of Reference

In the absence of an updated Audit Code of Practice, the Clerk reported minimal proposed change to the Audit Committee cycle, as part of the review of committee terms of reference.

The Audit Committee recommended to Corporation for approval, the revisions to the Audit Committee Terms of Reference.

10 Any Other Business

There was none.

11 Date of Next Meeting

The provisional date of the next meeting of the Audit Committee is 15 September 2020.

The meeting closed at 7pm.

Actions from Meetings		
Audit Committee Meeting 9 June 2020		
5	Conditions of Current Funding - Self-Assessment of Compliance, Financial Memorandum	JCa
5a	The Audit Committee having reviewed the self-assessment, actioned all points identified, with progress to be monitored at the next meeting.	September 2020