

Minutes of the Audit Committee Meeting

held Tuesday 8 June 2021

Present Helene Jones (*Chair*), Mark Richardson, Thomas Huntbatch, Joanne Rouse
In attendance Jacquie Carman (*Vice Principal and Chief Operating Officer*)
 Clare Parkes (*TIAA Ltd*)
 Anna Spencer-Gray (*RSM UK Audit LLP*)
 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 9 March 2021 and Matters Arising
		The minutes of the Audit Committee meeting held 9 March 2021 were approved as a correct record.
		Matters Arising Actions from the meeting held 9 March for review June 2021: Under action 4a External Auditor - Assessment of Performance Indicators for 2019/2020 and indicators for 2020/2021, Jacquie confirmed that this had now been addressed. Under action 8a Risk Management Mid-Year Update 2020/21, it was noted that a report on course costing was being provided for the Finance and General Purposes Committee 16 June meeting.
4		External Audit
	4.1	External Audit Plan
		Anna Spencer-Gray raised key points about the planned work of external audit including the timetable, risks, and audit approach. Standard risks addressing income recognition, management override, pension scheme liabilities and going concern were noted, with a new international standard impacting on how going concern would be reported. Members noted that there were two additional risks for the current year audit. Firstly, due to changes to the Audit Code of Practice, there was substantial change in that statements from the ESFA would no longer constitute as assurance over funding earned. Consequently, alternative assurance mechanisms were being considered. Secondly, a further additional risk noted, was that of auditing furlough income, with regards to Halesowen College Enterprises Limited. Jacquie Carman noted the need to avoid unnecessary or duplicated testing of funding and that she had contacted the Association of Colleges regarding income recognition tests, in the light of there being no ESFA clawback of 16-18 funding, and that the West Midlands Combined Authority had also said there would be no clawback of adult funding.
		The Audit Committee accepted the Halesowen College, Audit Plan for the year ended 31 July 2021, as provided by external auditors RSM UK Audit LLP.

4.2	Regularity Audit Framework - Self-Assessment
	<p>Members considered the self-assessment, which had addressed all aspects of financial, resource and asset management.</p> <p>Jacque Carman outlined action points arising from the assessment and that an update could be provided for members.</p> <p>Members felt that the process was thorough and robust.</p>
	The Audit Committee, having considered the self-assessment of compliance with regularity and proprietary requirements 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 2020/2021.
5	Internal Audit
5.1	Internal Audit Reports
	Clare Parkes provided the findings from the internal audit reports.
5.1a	Assurance Review of Strategic This review had resulted in substantial assurance, with one routine recommendation. The Learning, Teaching and Assessment Strategy was being updated to reflect the new Ofsted Education Inspection Framework.
5.1b	Assurance Review of ICT Digital This review had resulted in substantial assurance, with two routine and two operational recommendations. Jacque Carman stressed the increased risk for Colleges regarding cybercrime. The College had increased insurance cover, purchased additional software, and introduced multi factor identification.
	<i>The Clerk lost connection with the Teams meeting. With consent the meeting was recorded by Jacque Carman, standing in for the remainder of the meeting.</i>
5.1c	Assurance Review of Learner Journey This review had resulted in substantial assurance, with no recommendations. Clare Parkes noted the considerable work undertaken by the College to support students across the pandemic.
5.1d	Assurance Review of Systems of Internal Control and Key Financial Controls This review had resulted in substantial assurance, with no recommendations. Clare Parkes confirmed the audit findings, with adequate controls and robust performance management being in place. The College utilised the ESFA forecasting template and continued to have financial health graded as outstanding.
5.1e	2019/2020 Follow Up Review The follow up review showed that all recommendations from the 2018/2019 internal audit work had been implemented, with nothing outstanding. A member asked how the Committee could judge that recommendations had been successfully implemented, with specific regard to outcomes they generated. Jacque Carman responded that this was a continuous process for the senior management team and internal auditors, based on the risk index. Assurance could be taken from both the progress reports provided to the Committee on actions taken, and that where an area remained high risk it would continue into the following audit cycle, citing examples where this was the case.

		The Audit Committee accepted the Internal Audit Reports and management responses therein, including Assurance Reviews of Strategic, ICT Digital, Learner Journey, Internal Control and Key Financial Controls, and the 2019/2020 Follow Up Review,
	5.2	Internal Audit Appointment - Letter of Engagement
		Members noted there were no issues in recommending the reappointment of TIAA as internal audit providers.
		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 21 May 2021.
6		Progress Report on Audit Action Plans
		Members were pleased to note that there were no outstanding recommendations to consider.
7	7.1	Audit Plan 2020/2021 Update
		<p>Jacque Carman reported that work was or had been addressed for most areas. However, the planned audit of Work Placement Learning/Employer Engagement remained delayed, as these had not been taking place due to the pandemic.</p> <p>Additionally, the DSATs review and funding maximisation was to be scheduled for summer, following further discussion with the external auditors regarding specialist auditors and timing, to avoid duplication of work.</p>
		The Audit Committee received the update against the Audit Plan 2019/2020, noting risk factors, and approved the additional audit of apprenticeships. The Committee would inform the Corporation.
	7.2	Audit Plan 2021/2022
		<p>Members considered the draft plan for audit work, which was based on the review of risk. As this review was in progress, the plan could need revision in the autumn of 2021.</p> <p>Key issues arising were outlined as:</p> <ul style="list-style-type: none"> ▪ Financial challenges and funding ▪ Curriculum changes and the impact on learning ▪ Student support (high needs) ▪ Quality of provision ▪ New strategic plan ▪ Competition ▪ Value for money ▪ External factors ▪ Digital Challenges ▪ Accommodation <p>In addition, the College remained mindful of external factors of the pandemic and post lockdown catch up funding, (despite little mention of funding for colleges), and that a comprehensive spending review was due.</p> <p>Jacque Carman outlined the basis for the nine areas of planned audit work, to be undertaken across twenty-five days in 2021/2022.</p> <p>Members asked about assumptions regarding increased unemployment, given the apparent changes being reported and further asked about the ongoing arrangements and considerations for remote working.</p> <p>Jacque Carman reported that in response to staff shortages in the hospitality sector, the College was organising a Hospitality Boot Camp, with further promotion of catering courses. While there was a rapidly changing economic picture, local unemployment remained high, prompting the need to continue to</p>

	<p>inspire people into education and training. The College was auditing adult skills and considering the relevance of the curriculum offer in relation to community needs and the West Midlands Combined Authority areas of priority.</p> <p>About remote working, Jacquie Carman explained that with the critical mass of students being on College sites, with a small proportion of online learning, it was necessary to have most staff physically in College. However, there remained scope for some flexibility in home working for part of each week.</p> <p>Implications were being reviewed through an estates audit.</p>
	<p>The Audit Committee recommended that the Corporation adopt the proposed Audit Plan for 2021/22, subject to review in the autumn term once the risk process had been completed and the post lockdown landscape for education was clearer.</p>
8	Audit Code of Practice
	<p>Further to points already highlighted regarding significant changes to the revised Audit Code of Practice, members noted the succinct summary of responsibilities of the Audit Committee and actions, as provided by Jacquie Carman.</p> <p>While some actions had already been addressed, others, including the Committee's terms of reference were in hand, as part of the governance review.</p> <p>Members noted that the policy on appointment of external auditors would be revisited about the requirement to tender every five years, as minimum.</p>
9	Any Other Business
	There were no matters raised.
10	Date of Next Meeting
	To be provided, pending approval of the calendar.

The meeting closed at 7pm.

Actions from Meetings		
Audit Committee Meeting 9 March 2021		
Action 4a	<p>External Auditor - Assessment of Performance Indicators for 2019/2020 and indicators for 2020/2021</p> <p>While it was noted that the performance indicators in place remained appropriate, it was necessary to defer the report until June 2021.</p> <p>Closed</p>	JCa June 2021
Action 7a	<p>Conditions of Current Funding - Self-Assessment of Compliance, Financial Memorandum Update</p> <p>Members asked questions about the rating of actions which had been closed, particularly those rated red or amber. It was agreed that future reporting would include additional rag rating of closed actions, to more clearly reflect current status.</p>	JCa 2022
Action 8a	<p>Risk Management Mid-Year Update 2020/21</p> <p>It was agreed that a report for the Corporation on course costing could be provided, alongside the budget setting reports for Finance and General Purposes Committee and Corporation in June 2021.</p> <p>Closed</p>	JCa June 2021