

Minutes of the Audit Committee Meeting

Held Tuesday 7 March 2023 at 6pm

Present Helene Jones (*Chair*), Tiffany Harvey-Pallent (*Vice Chair*) Mark Sterling and Ian Hughes.

In attendance Jacquie Carman (*Vice Principal and Chief Operating Officer*)
Clare Parkes (*TIAA*)
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 29 November 2022 and Matters Arising
		<p>The minutes of the Audit Committee Meeting held 29 November 2022 were approved as a correct record following one minor amendment.</p> <p>Under Matters Arising</p> <p>Audit Committee Meeting 14 June 2022:</p> <p>Item 8a, Progress Report on Governance Review Action Plan, the monitoring of remaining actions be confirmed to the Committee was reported under the agenda and remained ongoing.</p> <p>Item 12a, Review of Audit Committee Terms of Reference and Cycle of Business it was agreed that the item on risk reporting was overtaken and closed.</p> <p>Audit Committee Meeting 29 November 2022:</p> <p>Item 7.3, Progress Report on Audit Action Plans, it was agreed that the reinstatement of audit actions on student finance was now moot and therefore closed.</p>
4		Internal Audit
	4a	Appointment Process for Internal Audit Providers
		<p>Members had previously approved the timescale which had changed, enabling a less hurried timescale to undertake shortlisting and presentations.</p> <p>Members undertook the shortlisting exercise against the five tenders received.</p> <p>Following shortlisting review the Audit Committee agreed to invite the following companies to present to their next meeting on 13 June 2023.</p> <ul style="list-style-type: none"> • TIAA • RSM • ICCA

Clare Parkes joined the meeting.

5		External Audit
	5a	<p>Review of External Audit Performance Indicators</p> <p>Members noted the positive review of performance of external audit providers with all indicators achieving a green rag rating.</p> <p>Planning had been comprehensive, with a sensible approach to challenges, risks and key issues. Auditors had excellent sector knowledge and discharged duties professionally.</p>
	Action 5a	Following appointment of external auditors for a three-year period the Clerk highlighted that it was not necessary to provide formal annual engagement letters unless there was substantive change to contract or provision, and that this should be updated in the terms of reference review.
		The Audit Committee received the review of External Audit Performance Indicators and approved that there were no changes at present to Key Performance Indicators for 2022/23.
6		Risk Monitoring
	6a	Risk Management Mid-Year Update 2022/2023
		<p>Jacquie Carman highlighted the principal risks and uncertainties underpinning the review of the risk register. Political and economic change and current ongoing educational reform were noted, as was the impact on the financial model of funding methodology reform.</p> <p>Members also noted concern that access to adult courses may be impacted, dependent on the approach of the West Midlands Combined Authority to funding and opportunities.</p> <p>Additionally there was risk that more young people would fall into the NEET category if there were no suitable courses between A and T Levels.</p> <p>Student attendance was also highlighted as an amber risk, despite the College's efforts to mitigate against complex factors impacting this.</p> <p>Members asked a range of questions including:</p> <p>Increased risks around T Level funding claims and achieving student placements across the locality when applications increased.</p> <p>Queries raised on the range of risk scores and scores after mitigating actions.</p> <p>Reflection on Risk Champions being in place and how their work across risk review is moderated.</p> <p>The Committee discussed the reporting of risk to the Committee and Corporation and commended the new spreadsheet report.</p>
	Action 6a	<p>The Audit Committee agreed that a changed approach should be taken forward in the new cycle whereby the Committee would address:</p> <ul style="list-style-type: none"> • Risk Management Spreadsheet including direction of travel. • Net Risks Table • Risk Action Plan <p>Underpinned by access to the risk register and suite of reports.</p>
		The Audit Committee recommend the mid-year updates to the risk management suite of reports to be approved by the Corporation.
7		Audit Plan and Audit Progress Reports
	7a	Audit Plan 2022/2023 Mid-Year Update
		Members received a verbal update on the achievement of internal audits. Audits were undertaken or scheduled and progressing well.

		<p>The Sustainability audit had been undertaken and was being finalised to be reported to the next meeting.</p> <p>The update was received.</p>
	7b	<p>Progress Report on Audit Action Plans</p>
		<p>Under the review of Strategic Arrangements, Jacquie Carman confirmed that there was further work to be undertaken with regards to Marketing. The strategy would need to be further revised with focus on alternative models. The College was advertising for a Head of Marketing and Sales.</p> <p>Under Estates members noted that progress was being made which would be reported to the next meeting of the Committee.</p>
		<p>The Audit Committee noted the progress report on Audit Action Plans and authorised removal of items with the status of closed and no longer relevant.</p>
	7c	<p>TIAA Internal Audit Reports</p>
		<p>Clare Parkes updated members on outcomes from two planned audits completed.</p> <p>Under the audit Assurance Review of Key Financial Controls – Payroll, substantial assurance was received with no recommendations.</p> <p>With particular focus on the change of payroll systems members asked questions about the depth of testing undertaken and if this had also looked at staff starting and leaving employment with the College. Clare Parkes clarified the sample testing undertaken and Jacquie confirmed the range of testing and checks implemented by the College which included a one hundred per cent check on payroll transfer and monthly payroll checks.</p> <p>The Finance and HR Teams were congratulated on a successful payroll transfer.</p> <p>Under the Assurance Review of Adult Skills, (undertaken as part of the 2021/2022 Audit Plan), substantial assurance was received with no recommendations.</p> <p>Members asked about the success of the town centre Skills Shop and noted that this had yielded some apprentices and had also helped to recruit some cleaning staff. The Skills Shop remained integral to the Halesowen Bid and supported the College working with local employers. The ideal position going forward would be to support an onsite teaching room.</p>
		<p>The Audit Committee received the internal audit reports and accepted the management responses for</p> <ul style="list-style-type: none"> • Assurance Review of Key Financial Controls – Payroll • Assurance Review of Adult Skills
	8	<p>Annual Reviews</p>
	8a	<p>Conditions of Current Funding - Self-Assessment of Compliance, Financial Memorandum Update</p>
		<p>Members considered the update on actions under the self-assessment against the current conditions of funding, noting progress made. There were no items rag rated as red.</p> <p>Members asked about rag rates against items closed and Jacquie Carman responded that if the items had been rated as amber, they were areas which were being monitored.</p> <p>Looking forward the report would be replaced by the new Accountability Agreement. Priorities under this agreement would be linked to funding and currently the judgments and consequences from these remained unknown.</p>

		The Audit Committee noted the report and that the current conditions of grant funding would be replaced by part one of the Accountability Agreement for 2023/24.
	8b	Anti-Fraud Self-Assessment Checklist and Suite of Policies
		Members noted that under arrangements for colleges reclassification as public sector, the College would need to demonstrate adherence to 'Managing Public Money' requirements.
	Action 8b i	The Audit Committee will consider adherence to 'Managing Public Money' at its next meeting in.
		<p>Jacque Carman reported that the suite of policies to mitigate against fraud had been updated and linked to safeguarding and removing opportunities for fraud at a time of economic challenge.</p> <p>The continual danger of cyber fraud was highlighted alongside the College's approach to training to help avoid this.</p> <p>Members discussed numerous points to clarify policy and procedure for managers to consider regarding the Anti-Fraud procedures. In particular, the information regarding investigations and that staff would not be undertaking criminal level investigations under the requirements of PACE.</p>
	Action 8b ii	It was agreed that the Appendix A of the Anti-Fraud Response Plan was not required and should be removed.
		Members also raised that additional external audit may be required in relation to 'Managing Public Money'. Jacque Carman noted that while there was already a required Regularity Audit there may be additional work as detailed requirements unfold.
		<p>The Audit Committee noted the results of the self-assessment checklist exercise addressing anti-fraud arrangements and approved the revised policies, incorporating:</p> <ul style="list-style-type: none"> • Anti-Bribery Policy • Anti-Fraud Policy and Response Plan • Anti-Money Laundering and Proceeds of Crimes Policy
	8c	Overview of Governor Development and Training
		<p>Members received the report that provided an overview of training and development undertaken by governors and the Clerk to the Corporation.</p> <p>While identifying the approach and the opportunities fulfilled it highlighted the risk to members not achieving mandatory training at an early stage.</p> <p>To provide assurance and further support ownership of governor training and development it was felt that a report should be provided to the Corporation.</p>
		On recommendation of the Audit Committee a report on the overview of Governor Development and Training was recommended to the Corporation.
	8d	Review of Whistleblowing Policy
		<p>Jacque Carman presented the updated review of the Whistleblowing Policy highlighting that awareness had been raised with staff and the focus was on creating the right culture within the College to support reporting.</p> <p>Jacque Carman reported that the College was instigating an external review through PROTECT and would seek governor engagement within this.</p> <p>Members raised questions about ensuring policy and procedure did not prejudice any police investigations, that disclosures were protected with legal protection for the whistle-blower.</p> <p>Members also raised some points on ensuring clarity of procedure.</p>

	Action 8d	It was agreed that minor amendments to the Whistleblowing Policy and procedure would be addressed by management.
		The Audit Committee approved the revised Whistleblowing Policy.
	8e	Review of Disaster Recovery Plan and Major Incident Policy
		Members noted that the policy and plan to address disaster or major incidents was reviewed annually. Members noted the primary focus of retaining quality education for students. Members went on to query the staff structure for disaster management, what operational alternatives were considered and asked how the information was cascaded to staff. Jacquie Carman explained that the College regularly undertook a disaster management desk top exercise with actions arising to address and welcomed external views. Information was communicated to staff and previously this had worked well.
	Action 8e	College management would consider the suggestions of the Committee around the staff make-up of the Disaster Management Team.
		The Audit Committee approved the revised Disaster Recovery Plan and Major Incident Policy.
	9	Termly Monitoring
	9a	Health and Safety Incidents Monitoring
		Members noted that it remained too early to compare year on year data due to the pandemic. Mandatory staff training was being monitored through the College Leadership Team and the reporting of near miss accidents when they arose was being promoted. The Health and Safety Incidents Monitoring report was received.
	9b	Freedom of Information and GDPR monitoring
		Members noted that there had been very few incidents and activity under freedom of information and data protection and the update was received.
	9c	Minutes of the Office for Students Correspondence Group
		Members received the minutes of the Office for Students Group from January 2023 noting the assurance these afforded.
	9d	Governance Action Plan
		Members received the updated plan which included actions from the Corporation's Development Day January 2023. Items closed or overtaken would be removed from the list.
	9e	Meeting Impact Review
		Members considered the impact of the meeting and listed the following value: <ul style="list-style-type: none"> Assurance was afforded from the internal audit reports and internal auditor presence added value. The review of tenders for external audit had successfully identified companies to invite to interview. Suggestions for enhancing risk reporting were agreed and should support accessibility and effectiveness of review.

		<ul style="list-style-type: none"> Points were raised on review of policies for management consideration. Identified that governor training overview should be provided for Corporation for ownership and to mitigate any compliance risk.
10		Any Other Business
		There was none.
11		Date of Next Meeting
		The next meeting of the Committee is as scheduled for Tuesday 13 June 2023.

The meeting closed at 8.11pm

Audit Committee Meeting 14 June 2022		
Action 8a	Progress Report on Governance Review Action Plan That the monitoring of remaining actions be confirmed to the Committee. Addressed at each meeting and ongoing. Mach 2023	Jsu Nov 22 March 2023 June 2023
Action 9a	Health and Safety Incidents Monitoring Members further asked about the use of data for benchmarking from potential comparator groups and suggested this be investigated. Closed Nov 22.	Jca Nov 2022
Action 12a	Review of Audit Committee Terms of Reference and Cycle of Business As the Audit Committee did not want to fragment the wholistic reporting of risk it was proposed that a section addressing risk impact be trialled on the standard reporting cover sheets. Overtaken and closed March 2023	Jsu Nov 22 Spring 23

Audit Committee Meeting 23 November 2022		
Action 4.6a	Audit Committee Annual Report year ended 31 July 2022 Members briefly discussed the Committee Terms of Reference with regard to the provision for matters to be carried over between meetings which was noted for the annual review of terms.	JSu June/July 2023
Action 7.3a	Progress Report on Audit Action Plans The reinstatement of audit actions on student finance was agreed. Closed March 2023.	JCa June 2023

Audit Committee Meeting 7 March 2023		
Action 5a	External Audit Following appointment of external auditors for a three-year period the Clerk highlighted that it was not necessary to provide formal annual engagement letters unless there was substantive change to contract or provision, and that this should be updated in the terms of reference review.	Jsu July 2023

Action 6a	<p>Risk Management Mid-year Update 2022/2023</p> <p>The Audit Committee agreed that a changed approach should be taken forward in the new cycle whereby the Committee would address:</p> <ul style="list-style-type: none"> • Risk Management Spreadsheet including direction of travel. • Net Risks Table • Risk Action Plan <p>Underpinned by access to the risk register and suite of reports.</p>	Jca Nov 2023
Action 8b	<p>Anti-Fraud Self-Assessment Checklist and Suite of Policies</p> <p>The Audit Committee will consider adherence to Managing Public Money at its next meeting in.</p> <p>It was agreed that the Appendix A of the Anti-Fraud Response Plan was not required and should be removed.</p>	June 2023 March 2023
Action 8d	<p>Review of Whistleblowing Policy</p> <p>It was agreed that minor amendments to the Whistleblowing Policy and procedure would be addressed by management.</p>	March 2023
Action 8e	<p>Review of Disaster Recovery Plan and Major Incident Policy</p> <p>College management would consider the suggestions of the Committee around the staff make-up of the Disaster Management Team.</p>	March 2023