

Minutes of the Audit Committee Meeting

Held Tuesday 13 June 2023 at 5pm

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*)
Nathan Coughlin (*Bishop Fleming*)
Jennifer Sunter (*Clerk to the Corporation*)

Agenda item 4 was taken as the first substantive item.

1		Apologies
		There were none.
2		Declarations of Interest
		Having declared her interest Clare Parkes was not present for agenda item 4, Appointment of Internal Audit Providers. As provider of external audit Nathan Coughlin was also not present for agenda item 4, Appointment of Internal Audit Providers.
3		Minutes of the Audit Committee Meeting held 7 March 2023 and Matters Arising
		The minutes of the meeting held 7 March were approved as a correct record, however the action 6a on risk reporting would be amended to recognise that the risk spreadsheet would be provided for each meeting. The Clerk reported under Matters Arising: Audit Committee Meeting, 14 June 2022, item 8a, Progress Report on Governance Review Action Plan, the actions were being addressed with reports to each meeting continuing. Audit Committee Meeting, 23 November 2022, item 4.6a, Audit Committee Annual Report, provision to carry items over from meetings and Audit Committee Meeting 7 March, Item 5a, External Audit, regarding appointment letters, were both addressed under the review of the committee's terms of reference. Audit Committee Meeting 7 March: Item 8b , Anti-Fraud Self-Assessment Checklist and Suite of Policies, adherence to Managing Public Money was addressed under the agenda and removal of Appendix A of the Anti-Fraud Response Plan was being actioned. Item 8d, Review of Whistleblowing Policy amendments were addressed. Item 8e, Review of Disaster Recovery Plan and Major Incident Policy, the team of staff was being considered in light of staff changes.
4		Appointment of Internal Audit Providers
		Members received presentations from two audit firms invited to present following the formal tender process. Following presentations and questions the Committee considered the information imparted and rated each provider on audit approach, relevant firm experience, relevant audit personnel experience and fee.
		The Audit Committee agreed to recommend to the Corporation the appointment of RSM as internal audit service to Halesowen College for a three-year period commencing academic year 2023/2024.

5		External Audit
	5.1	External Audit Plan
		<p>Nathan Coughlin outlined the scope of the external audit work and the changes to auditing standards and the reclassification of Colleges as public sector that will impact this.</p> <p>More detailed assessment of each risk around key financial controls and systems would be necessary and there could be different control mechanisms.</p> <p>Members considered the complexity around letters of support for subsidiary companies and the most appropriate accounting treatment. This was an annual requirement therefore dialogue with the ESFA was sought.</p> <p>The plan addressed risks and heightened risk areas including capital projects and pensions.</p> <p>A key question was asked about how the College could respond if the reasonable test assumption was not reasonable.</p> <p>Nathan Coughlin noted the generally tried and trusted approach of the actuaries, their benchmark and consideration of a range of norms. While acknowledging that there might be more variation this year, there was a prescribed approach and auditors would be in dialogue with the College and the actuary.</p> <p>Following a member's question Nathan Coughlin outlined how materiality was established, considering risks and their control with a financial threshold of materiality being anything above £40,000.</p>
		The Audit Committee accepted the Halesowen College, External Audit Plan for the year ended 31 July 2023, as provided by external auditors Bishop Fleming.
	5.2	Regularity Audit Framework - Self-Assessment
		<p>Members noted that the self-assessment had been significantly updated to reflect the reclassification of colleges as falling within the public sector.</p> <p>Evidence was gathered to support the key areas. There were no concerns, however there were several actions to be addressed across the cycle of business. Policies and procedures would be updated to address both reclassification and that the College was also entering into subcontracting arrangements for the first time.</p>
		Subject to minor adjustment, the Audit Committee recommended the Regularity Audit Self-Assessment to the Corporation, for consideration prior to signing by the Chair and Principal and providing to the external auditor.
	5.3	Managing Public Money
		<p>Members noted that the return under Managing Public Money requirements had been provided for the ESFA by the deadline.</p> <p>The College had considered and was assured that disclosures were transparent and in line with requirements.</p> <p>The Audit Committee noted the return and the impact of the reclassification.</p>
6		Internal Audit
	6.1	Internal Audit Reports
	6.1a	Sustainability
	6.1b	Human Resources
	6.1c	Attendance, retention and punctuality
		Assurance Review of Sustainability
		<p>Clare Parkes outlined the scope and findings of the review which gave substantial assurance, with two action points, one routine and one operational.</p> <p>Members raised several points to better understand the basis of the audit and the College's position, given that it recorded that the College had a good starting point and needed to address actions moving forward. Jacquie Carman updated members that a new Environmental Strategy was being considered by the</p>

	<p>Finance and Resources Committee and the College had a road map to work towards UN 17 Sustainable Development Goals.</p> <p>Members noted that the work was a desk top review and that the College had what was required. A strategy was in place, which now needed development to be more robust and effective.</p>
6.1a	Subsequently it was requested that the report recommendations be reconsidered and the report be reissued.
	<p>Assurance Review of Human Resources</p> <p>Clare Parkes reported reasonable assurance, with a range of important, routine and operational action points arising from the review of onboarding and addressing administration in line with policy.</p> <p>Members noted the findings and asked questions about the actions surrounding new staff induction and probation and if these indicated control issues. Jacquie Carman noted that points regarding staff moving from probation to substantive employment would be addressed and that while in such a large data set some errors inevitably occurred, the College sought to further increase rigour. Jacquie Carman also confirmed that probationary review sat with the Staff Development Team.</p>
	<p>Assurance review of Attendance, Retention and Punctuality</p> <p>Clare Parkes reported that the audit had referenced two risks and identified two areas of good practice. Substantial assurance was provided with no action points.</p> <p>Governors raised a few questions highlighting that the audit outcome had no recommendations or good practice suggestions on attendance, given that the College recognised the challenges in this area.</p> <p>Jacquie Carman outlined that the audit had addressed the College approach to retention and attendance and that College policy and strategy were being adhered to. Attendance was below target and the College had deployed a range of mitigating actions.</p>
6.1c	The Audit Committee requested that the report be reconsidered regarding recommendations and best practice and be reissued.
6.2	Progress Report on Audit Action Plans
	<p>Members received an update against actions which were all now addressed:</p> <p>With regards to Marketing the strategy had now been updated and the College had appointed a new Head of Marketing and Sales. Additionally a Marketing schedule was being considered for the year ahead.</p> <p>With regards to tenders under Estates review, the PMP report had been provided for the College Leadership Team.</p> <p>With regards to the action under review of SEND, the new Director of Learner Services and the Head of SEND were addressing actions relating to formally documenting the Education, Health and Care Plan process from application stage.</p>
	The Audit Committee noted the progress report on audit action plans and that items with the status of closed or no longer relevant would be removed.
6.3	Audit Plan 2022/2023 Update
	<p>Members considered the summary of achievement of the audit plan and noted the audits scheduled for June and July to complete the current plan.</p> <p>Jacquie Carman noted that further work on Marketing was desirable.</p> <p>The update was accepted.</p>
6.4	Draft Audit Plan 2023/2024
	Jacquie Carman highlighted key areas of risk and assurance and the work proposed for 2023/2024. Members considered the draft audit plan for 2023/2024,

		<p>which would be revisited in the autumn term, following completion of the review of the risk register. The register was mapped against the current Strategic Plan which was also being updated.</p> <p>Members checked that the College felt that work in relation to local skills and accountability were being addressed and noted that the audits covered a wide range of work to be addressed across the year.</p>
		The Audit Committee recommended that the Corporation adopt the proposed Audit Plan for 2023/24, subject to review in the autumn term once the formal review of the risk register is completed and a refreshed strategic plan is in place.
7		Termly Monitoring and Progress Reports
	7.1	Progress Report on Governance Review Action Plan
		<p>The Clerk outlined the few points remaining on plan and that some may be overtaken. Any pertinent points remaining would be carried forward, together with any additional actions from the governance self-assessment report.</p> <p>The update was received.</p>
	7.2	Health and Safety Incidents Monitoring
		Members noted that the profile for reporting near misses had been raised and noted the position regarding completion of staff required training and how this was being monitored.
	7.3	General Data Protection and Freedom of Information Requests Monitoring
		<p>Members noted the overview of Freedom of Information requests and any breaches under General Data Protection Regulation.</p> <p>The report was noted.</p>
	7.4	Minutes of the Office for Students Correspondence Group
		The Clerk outlined the continued review of correspondence from the Office for Students and that the minutes of the Correspondence Group were provided for assurance.
	7.5	FE Governance Code Report
		<p>The Clerk presented the report on compliance with the Code of Good Governance for English Colleges.</p> <p>Members noted that the code was being replaced, therefore this would be the last time of reporting against the current code.</p> <p>Members asked questions in relation to group structures and on providing a more detailed answer regarding freedom of information.</p>
		The Audit Committee recommended to the Corporation the compliance report on the Code of Good Governance for English Colleges.
8		Review of Audit Committee Terms of Reference and Cycle of Business
		<p>The Committee considered a range of amendments to the terms of reference regarding quorum, deferring items, acknowledging Managing Public Money and addressing any duplication.</p> <p>Members also suggested an addendum recognising that some recommendations may have a financial aspect.</p>
		The Audit Committee recommended to the Corporation the revisions to the Committee's Terms of Reference.
9		Meeting Impact Review
		<p>In considering the impact of the meeting members noted:</p> <ol style="list-style-type: none"> 1. Interviews and recommendation on internal auditor appointment. 2. Referral back of internal audit reports to address action

		regarding the reviews of sustainability and student attendance, retention and punctuality.
10		Any Other Business
		There was none.
11		Date of Next Meeting
		To be determined through the new calendar.

The meeting closed at 8.15pm

Audit Committee Meeting 14 June 2022		
Action 8a	<p>Progress Report on Governance Review Action Plan</p> <p>That the monitoring of remaining actions be confirmed to the Committee.</p> <p>Addressed at each meeting and ongoing. March 2023</p> <p>June 2023: Item remained ongoing would be removed as an action. Closed.</p>	JSu Nov 22 March 2023 June 2023
Action 9a	<p>Health and Safety Incidents Monitoring</p> <p>Members further asked about the use of data for benchmarking from potential comparator groups and suggested this be investigated.</p> <p>Closed Nov 22.</p>	JCa Nov 2022
Action 12a	<p>Review of Audit Committee Terms of Reference and Cycle of Business</p> <p>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.</p> <p>Overtaken and closed March 2023</p>	Jsu Nov 22 Spring 23
Audit Committee Meeting 29 November 2022		
Action 4.6a	<p>Audit Committee Annual Report year ended 31 July 2022</p> <p>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.</p> <p>June 2023: Closed.</p>	JSu June/July 2023
Action 7.3a	<p>Progress Report on Audit Action Plans</p> <p>The reinstatement of audit actions on student finance was agreed.</p> <p>Closed March 2023.</p>	JCa June 2023
Audit Committee Meeting 7 March 2023		
Action 5a	<p>External Audit</p> <p>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.</p> <p>June 2023: Closed.</p>	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> <p>June 2023 update to note that the risk management spreadsheet would be provided at each meeting of the committee.</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> <p>June 2023 : Closed</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> <p>June 2023: Closed</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> <p>June 2023: Closed.</p>	March 2023

Audit Committee Meeting 13 June 2023		
Action 6.1a and c	<p>Internal Audit</p> <p>Sustainability - that the report recommendations be reconsidered and the report be reissued.</p> <p>Attendance, retention and punctuality - that the report be reconsidered with recommendations and best practice and be reissued.</p>	Autumn 2023