

Minutes of the Audit Committee Meeting

Held Wednesday 6 December 2023

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

In attendance Jacquie Carman (*Principal*)
Andrew Woodford (*Vice Principal, Chief Finance Officer*)
Nathan Coughlin (*Bishop Fleming*)
Jennifer Sunter (*Clerk to the Corporation*)

1		Apologies
		There were none.
2		Declarations of Interest
		There were none.
3		Minutes of Audit Committee Meeting held 13 June 2023 and Matters Arising
		<p>The minutes of Audit Committee Meeting held 13 June 2023 were approved as a correct record.</p> <p>Under Matters Arising</p> <p>Audit Committee Meeting 7 March 2023</p> <p>6a, Risk Management Mid-Year Update 2022/2023. The agreed changed approach including the risk management spreadsheet was in place. The action is closed.</p> <p>Audit Committee Meeting 13 June 2023</p> <p>6.1a and c, with regard to internal audits, it was agreed that this action was overtaken and closed.</p>
4		Accountability and Assurance
	4.1	Summary of Assurance relating to Systems of Financial Control and Corporate Governance
		<p>Jacquie Carman outlined the summary of assurances mapped against the responsibilities of the Corporation. The report had been provided to the external auditors as part of their regularity audit work.</p> <p>Members noted that they found this oversight of assurance very supportive.</p> <p>The Audit Committee noted the report, the contents of which would be utilised to support their opinion, to be provided in their annual report to the Corporation and Principal as Chief Accounting Officer.</p>
	4.2	External Audit Findings Report: Key Issues for Discussion year ended 31 July 2023

	<p>Nathan Coughlin noted that the audit process had gone very well before guiding members through their findings under the Key Issues for Discussion report. Overall, there was little in areas of adjustments and Bishop Fleming were ready to provide a clean opinion on accounts, going concern and regularity.</p> <p>With regard to Halesowen College Enterprises Limited it was noted that the required letter of support had been approved by the ESFA.</p> <p>Points of discussion and questions raised were:</p> <ul style="list-style-type: none"> • Work done on pension schemes and their accounting treatment with regard to not being able to recognise assets. • Additional work undertaken with regard to reclassification of colleges to the public sector. • Records documenting settlement agreement procedures and practice. • Letter of support requirements for wholly the owned subsidiary company • Accounting of pay award. • Fixed asset and historical loan control points.
	<p>The Audit Committee resolved to recommend to the Corporation the acceptance of the Bishop Fleming Report on Key Issues for Discussion year ended 31 July 2023, subject to a minor amendment, and noted that the letters of representation and the assurance therein would be provided in conjunction within the Annual Members' Report and Financial Statements.</p>
<p>4.3</p>	<p>Annual Members' Report and Financial Statements year ended 31 July 2023</p>
	<p>Andrew Woodford gave a presentation on the consolidated accounts and accompanying Members' Report, which were compliant with HE and FE Statements of Recommended Practice, 'Managing Public Money', UK Gap and FRS102 requirements.</p> <p>These had also been externally audited by Bishop Fleming as reported.</p> <p>The College had ended the year with Outstanding financial health.</p> <p>Headlines included that the College year end had realised a surplus in accordance with budget, which had afforded the College's non-consolidated pay award. Additionally, it was noted that the College had a reduction in investment in preparation for capital works.</p> <p>With regard to performance against key ratios, most performed above target and while liquidity was 2.68 (below the target of 3) it remained well above the national benchmark of 1.4. Pay costs were 61.1 % which was slightly above target of no more than 61%. The staff base had lowered; however, this belied the use of agency staff.</p> <p>It was noted that there were changes to the mix and balance of funding. While the College consistently relied on funding body income there had been a reduction in tuition fee income, which was in part due to Free Courses for Jobs and changes in approach from the West Midland Combined Authority.</p> <p>Members understood that the Corporate Governance Statement would be signed on the advice of the Audit Committee, underpinned by the required statements and sources of assurance.</p> <p>With regard to Halesowen College Enterprises Limited the Company had improved performance and remained a going concern. The approved letter of support was also in place.</p> <p>Andrew Woodford concluded by emphasising that the forecast was for more challenging years ahead, however, the Annual Report for 2022/2023 reflected the strong performance achieved, with no areas of concern.</p>

		The Audit Committee resolved to recommend to the Corporation that they approve the Annual Report and Financial Statements 2022/2023 and that the required statements within, including the statements on Corporate Governance, Internal Control and on the College's Regularity, be signed by the Chair and the Principal, subject to minor amendments.
4.4		Halesowen College Enterprises Ltd Directors Report and Financial Statements year ended 31 July 2023
		Members noted that insurance payments during Covid had skewed the company accounts. Members also noted that the increase in National Minimum Wage posed a risk as increases could not be passed to customers. Subsequently other avenues of diversifying were being pursued to support the company. Members further discussed opportunities to increase income.
		The Audit Committee recommended to the Corporation the Halesowen College Enterprises Ltd Directors Report and Financial Statements 2022/2023.
4.5		Audit of Pension Contributions
		Members discussed the growing on costs for the College with regard to the scheme for teachers. A broader discussion followed on pension offer at the College and more also widely for the sector with concern about ongoing viability. The Audit Committee noted the audit work conducted by Bishop Fleming on the TPA return 2022/23.
4.6		Audit Committee Annual Report year ended 31 July 2023
		Members considered the summary contents of their annual report noting that it addressed: <ul style="list-style-type: none"> • Independence, work and effectiveness of the Committee • The approach to risk and assurance, anti-fraud and whistleblowing • The appointment and work of internal and external audit providers • The position on which their opinion to the Corporation and the Principal was founded.
		The Audit Committee recommended that the Annual Report of the Audit Committee 2022/2023 and the opinion contained therein be approved and provided to the Corporation and thereafter forwarded to the Education and Skills Funding Agency alongside the Annual Members' Report and Financial Statements 2022/2023. For the period 1 August 2022 to 31 July 2023 the Audit Committee is satisfied <ul style="list-style-type: none"> • that the College's audit arrangements, governance framework, processes for risk management and control and processes for securing economy, efficiency and effectiveness, the solvency of the institution and safeguarding of its assets were adequate and effective, and in line with the requirements of 'Managing Public Money and that there were no significant issues of concern arising up to the date of the preparation of the Annual Report, • with adequate disclosures and that the College remains a going concern moving forward, • that the sources of assurance considered and the internal and external arrangements in place to manage and quality assure the data on which it relies throughout the Corporate Cycle of Business are effective,

		<ul style="list-style-type: none"> that there were no significant matters of internal control included in the management letters or reports from auditors or other assurance providers. <p>The Audit Committee has received the necessary assurance to advise the Corporation on the adequacy and effectiveness of the Colleges' audit framework to support the signing of the Statement of Corporate Governance and Internal Control within the Annual Members' Report for the year ended 31 July 2023.</p>
5		Risk Reporting
	5.1	Risk Report Risk Management Policy and Procedure, Risk Register and Risk Plan
		<p>Jacque Carman emphasised that the highest risks to the College remained from external pressures and unknowns, particularly with regard to educational reform and political turbulence. Underneath this there were also cost of living pressures and concerns from conflicts across the world.</p> <p>The College had identified one red categorised risk, as 'Difficulties in planning caused by external factors'.</p> <p>Members discussed the impact on learners of educational reform, as early as September 2023, where qualifications were being defunded and not replaced with same level options. In particular, these were in areas of Digital, Early Years and Health. Some of the areas being defunded corresponded with areas of priority skills development.</p> <p>T Level achievement rates were not high and the government approach supported students staying in College longer, which was not sustainable for students needing to enter the labour market.</p> <p>With regard to staff recruitment and retention early indications were that there was some improvement.</p> <p>Student retention and attendance was improved with much hard work continuing.</p>
		The Audit Committee recommended that the risk management suite be approved by the Corporation.
	5.2	Confidential – Outcome of reported exam maladministration
		<p>Members discussed the reported exam maladministration which had been addressed by the exam board and was being addressed internally by the College.</p> <p>Feedback from the exam board included actions to enhance procedures.</p>
	5.3	Prevent Risk Assessment Update
		Members discussed the assessment approach and received the report.
6		Audit Plan and Reports
	6.1	Review of Audit Plan 2023-2024
		<p>Members considered the changes to the Audit Plan noting the revised approach to schedule less audits with a deeper dive remit, with no reduction in audit days. Subsequently neither Marketing nor Retention would be subject to internal audit as it was felt that both could be addressed in a different way by the College.</p> <p>Moving forward the College may explore a three-year plan.</p>
		The Audit Committee recommended that the Corporation adopt the final Audit Plan for 2023/24.
	6.2	Internal Audits (previous plan) a. Tuition Fees

		b. Digital
		Members received the final internal reports for Tuition Fees and Digital. Both awarded substantial assurance with one operational issue identified for the Digital audit. Members raised the issue of cyber essentials and plans in place to address wider issues. It was felt that the cyber risk score was too low. Additionally given the explosion in digital and Artificial Intelligence the digital risk assessment would need to be reviewed.
		The Audit Committee received the Internal Reports on Tuition Fees and ICT Review of Digital, noting the assurance provided and the management responses to findings.
	6.3	Progress Report on Audit Action Plans
		It was noted that all actions had been addressed and that internal audit would consider any follow up to these.
		The Audit Committee noted the progress report and that items with the status of closed and no longer relevant would be removed from the report.
		<i>Ian Hughes left the meeting.</i>
	6.4	Governance Action Plan - Update
		The Clerk outlined the remaining actions on the Governance Action Plan noting reasons where items had been overtaken or where being actioned and monitored through committees. One item remained ongoing which would be taken through to the new year's plan which should ensue from the external review of governance.
	7	Annual Reviews
	7a	Freedom of Information and GDPR monitoring
		The report was noted for information.
	7b	Health and Safety Annual Report and incidents monitoring
		Members responded to the report approving of the well embedded reporting format, noting the clear objectives to monitor and acknowledgement of further work to improve on important reporting of near misses. It was positive to note that there was an active Health and Safety Forum.
	8	Office for Students
	8a	Minutes of the Office for Students Correspondence Group
		It was noted that it continued to be a challenge to monitor the correspondence from the Office for Students. The minutes of the Office for Students Correspondence Group were received.
	9	Any Other Business
	Action 9a	Members suggested that the agenda for the next meeting be flipped. The Clerk would raise with the incoming Committee chair.
	10	Date of Next Meeting 28 February 2024

The meeting closed at 8:16pm

Audit Committee Meeting 7 March 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>	<p>Jca</p> <p>Nov 2023</p> <p>Closed 12.23</p>
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>	<p>Autumn 2023</p> <p>Closed 12.23</p>
Audit Committee Meeting 6 December 2023		
Action 9a	<p>Any Other Business</p> <p>Members suggested that the agenda for the next meeting be flipped. The Clerk would raise with the incoming Committee chair.</p>	<p>Spring 2024</p> <p>JSu/IHu</p>