

Minutes of the Audit Committee Meeting

Held Thursday 6 June 2024

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

In attendance Andrew Woodford (*Vice Principal, Chief Finance Officer*)
Louise Tweedie (RSM UK)
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 the Audit Committee Meeting held 7 March 2024 and Matters Arising
		<p>The minutes of the Audit Committee Meeting held 7 March 2024 were approved as a correct record.</p> <p>Under matters arising the Clerk reported on all actions listed under the minutes of the meeting held 7 March 2024. Actions had been addressed or were under the current agenda, the exception being, that the procedure for policy updates for the website under action 4ca was being addressed through a change in website management process.</p>
4		External Audit
	4a	Draft External Audit Plan
		<p>Nathan Coughlin outlined the external audit approach to address key risks to the College model, with continuing focus on management override controls and revenue recognition and heightened areas of capital works and addressing pension assumptions.</p> <p>Members noted that there would be a change to the accounting approach for Halesowen College Enterprises Ltd, with preparation being undertaken by external auditors and with an appropriate level of treatment and reporting.</p> <p>The Chair asked about a key risk of payroll and was assured that under key financial controls, pay, particularly senior staff pay remained an area of robust review.</p> <p>Members also noted the sector guidance provided regarding the new Financial Handbook, incorporating guidance on Managing Public Money. Regularity audit would expand and the self-assessment questionnaire would be updated. Clear documentation on statements that must be provided for 2024/2025 would also be needed.</p> <p>A change was noted under the Post 16 Audit Code of Practice with a more risk based approach to DfE discrete areas of funding.</p> <p>Andrew Woodford also confirmed that the reporting timetable would be condensed for 2025/2025.</p>
		The External Audit Plan year end 31 July 2024 was accepted.
5		Audit Plan and Reports
	5a	Audit Plan 2023/2024 Update

		<p>Andrew Woodford highlighted that the key change to the current Audit Plan was in moving the IT audit to 2024/2025, to accommodate staff resources and internal process review.</p> <p>It was also noted that outside the main Audit Plan, the internal auditors were considering Apprenticeship funding and discretionary support bursary funding. The revised Audit Plan 2023/2024 was noted.</p>
	5b	Progress Report on Audit Action Plans
		<p>Members noted that all items from audit action plans were closed, except for ongoing work regarding website review as while the actions from the internal audit had been taken on board the overall refresh was pending. The College had now decided to cease outsourcing and to upskill staff to manage the website internally.</p> <p>Internal Audit would also provide a follow up report for assurance.</p>
		The Audit Committee noted the progress report on Audit Action Plans and authorised removal of items with the status of completed.
	5c	Internal Audit Reports <ul style="list-style-type: none"> • Key Financial Controls • Learner Numbers - Apprenticeships
		<p>Key financial Controls – Budgetary Controls</p> <p>Louise Tweedie reported that the audit had given substantial assurance with three management actions. Of medium priority, enhanced staff training was being taken forward. A finance partnering approach was an area to progress.</p> <p>Learner Number Systems: Apprenticeships</p> <p>Members discussed the internal audit findings and action points. Louise Tweedie highlighted that the very technical and specific funding rules required specific start up stage documentation and that lack of data was both hard to rectify and impacted on completion dates.</p> <p>Members asked about materiality and understood that while not material, due to small numbers, the volume of points raised was of concern. Members also asked about staff changes within the area and noted that the restructure of the team would focus on the infrastructure needed alongside staff training. Members also asked if appropriate technology would assist the team.</p> <p>Andrew Woodford reported that moving forwards there would be a complete review of files and reporting to ensure compliance. An action plan would be in place and owned by key members of the leadership team. Additionally, it was noted that outside of the internal audit contract, RSM's funding auditors had been engaged to carry out a deep dive review of Apprenticeships.</p>
	Action 5ca	Members recorded their concern and asked that the action plan be provided to the next meeting of the Audit Committee and that Lisa Edwards, as the newly appointed lead attend to update the Committee.
		The Audit Committee received the internal audit reports Key Financial Controls – Budgetary Controls and Learner Number Systems – Apprenticeships and noted the management actions.
	5d	Draft Audit Plan 2024/2025
		<p>In considering the proposed plan for 2024/2025 members raised questions addressing key risks to the College.</p> <p>Louise Tweedie outlined the areas of work planned, which had arisen through review of risk and key issues facing the sector, including increased risk around bursary funding, changes under a revised Procurement Act, the College changes to its Risk management approach, and Estates Development regarding statutory requirements and impact of the physical estate on staff and learners.</p>

		<p>Members felt that a closer review of proposals aligned to the risks outside the risk appetite would be beneficial. Particularly, estates and safer environments, estates and lack of access to capital funding, survey of estates condition, funding and contract delivery.</p> <p>Louise Tweedie emphasised that the internal audit would be reviewing processes and controls, such as strategic and curriculum/business planning and that the revised risk register in process would support future mapping of audits against key risks.</p> <p>It was agreed that delays to the Procurement Act by the Government could push this audit work back.</p>
		The Audit Committee recommended the Draft Audit Plan for 2024/2025 be provided to the Corporation for approval subject to adjustments to more closely align to key risks as discussed with Andrew Woodford and Louise Tweedie.
6		Risk
	6a	Key Risks Summary Update
		<p>Andrew Woodford shared an updated metrics reporting system which focused on making risk management processes more usable and impactful. The key areas would be supported by shorter summary documentation to support context.</p> <p>In the current update members noted that student support had been elevated to a key risk.</p> <p>Members discussed the metrics being developed and the most useful tools to be provided.</p> <p>Members commended the progress being made.</p> <p>The risk management suite mid-year update was noted by the Audit Committee and a summary would be provided for the Corporation</p>
7		Annual Reviews
	7a	Regularity Audit Framework - Self-Assessment
		Members noted that the key regularity assessment would be reviewed by the external auditor. The questionnaire had been updated to include links to both Managing Public Money and the new College Financial Handbook.
		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.
	7b	Update on Financial Regulations
		Members considered the updated Financial Regulations which had been updated to incorporate new elements from the College Financial Handbook. While members asked for these regulations to be more concise it was recognised that they followed (Cipfa) best practice.
		The Finance and Resources Committee approved the revisions to the Financial Regulations.
	7c	FE Governance Code Reporting
		<p>Members understood that the adopted governance code provided a principles base code for reviewing governor assessment and supporting continuous improvement and it was also a requirement to report on compliance within the Annual Members' Report.</p> <p>Having adopted the Association of College's template, members considered how best to report on the code in the current and in future years.</p> <p>It was noted that the Corporation currently had an upper limit of nine years' service for governors, against eight years given as best practice.</p>

		The Audit Committee recommended the FE Governance Code report for 2024/2025 as sufficient reporting for the current year and that further thought to future year reporting be given, to support both the spirit of the code and evidencing effectiveness of governance.
	7d	Review of Audit Committee Terms of Reference
		Members noted that the Audit Committee terms had been revised with key changes to recognise membership limits and to recognise the principles of action where a decision on a matter could not be reached at a meeting.
		The Audit Committee recommended revisions to the Audit Committee Terms of Reference to the Corporation for consideration.
8		Termly Monitoring and Progress Reports
	8a	Health and Safety Incidents Monitoring
		In monitoring the incidents members highlighted the need to provide context or qualification against percentages provided, particularly to aid understanding of materiality of any reported increases. In the current report, the increase in sporting incidents was due to new inclusion of injuries at away fixtures and an increase in assaults and challenging student behaviour. It was noted that while there were two COSHH incidents, there were no incidents of significance in respect of the Health and Safety Executive. Members asked about Safety and Security training and noted that this had dipped since the previous report while moving to a new supplier. The report was received.
	8ai	Disaster Management Action Plan
		Members noted that the improvement plan related directly to the Disaster Recovery Plan and Major Incidents Policy and was positive.
	8b	General Data Protection Requests and Freedom of Information Requests Monitoring
		The update report was noted.
	8c	Minutes of the Office for Students Correspondence Group, 12 March and 1st May 2024.
		The summary of the minutes was noted for information and it was agreed that while an overall annual statement should be kept under oversight by the Audit Committee, that the minutes of the OfS correspondence Group would better sit with the Students' Curriculum and Quality Committee.
9		Any Other Business
		On her last meeting, members thanked Helene Jones for her years of service to the Audit Committee, including her period as Chair.
10		Date of Next Meeting
		The date of the next meeting was provisionally noted as 4 December 2024 subject to confirmation of the Corporation Calendar for 2024/2025.

The meeting closed at 8.10pm

Audit Committee Meeting 6 December 2023		
Action 9a	Any Other Business Members suggested that the agenda for the next meeting be flipped. The Clerk would raise with the incoming Committee chair.	Spring 2024 JSu/IHu

Audit Committee Meeting 7 March 2024		
4ba	Progress Report on Audit Action Plans A query regarding retention of records to be raised with HR in the first instance. Addressed. Retention policy updated.	JSu/RCh June 2024
4ca	Website Compliance Review The procedure for policy updates with regard to provision for the website would be reviewed. Ongoing	AWo June 2024 December 2024
7a	Anti-Fraud Self-Assessment Checklist and Suite of Policies:	
7ai	That the Anti-Fraud Self-Assessment Checklist be reviewed regarding increasing coherence in titles and responses.	AWo March 2024
7aii	That managers seek further guidance regarding any references to PACE within the Anti-Fraud Response Plan.	
7aiii	That gender language be checked in policies.	
7da	Review of Disaster Recovery Plan and Major Incident Policy Governors requested that any action plan arising from the disaster management review exercise could be provided for the Committee.	AWo June 2024
8aa	Health and Safety and Security Monitoring A request for additions to the report for Health and Safety and Security Monitoring would be provided to the author for review.	AWo/Kho June 2024
8c	Minutes of the Office for Students Correspondence Group:	
8ca	It was agreed that a cover report sheet would enhance the value of the minutes of the Office for Students Correspondence Group provided for monitoring and assurance.	JSu June 2024
8cb	Internal auditors agreed to feedback practice on monitoring Higher Education and OfS information and compliance monitoring.	RSM March 2024

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Action 5ca	Learner Number Systems: Apprenticeships Members recorded their concern and asked that the action plan be provided to the next meeting of the Audit Committee and that Lisa Edwards, as the newly appointed lead attend to update the Committee.	RSM/AWo November 2024