

Minutes of the Audit Committee meeting held on 18 October 2022 online by Teams starting at 6.00 pm [and recorded]

Present Amirun Nehar [Acting Chair]
Sarah Horton-Walsh
Tony Worth [External Member]
Harrison Thompson

In Attendance Rebecca Gater [Principal & Chief Executive]
Heather Evans [Deputy Principal]
Pete Haynes [Vice Principal HR and Student Services]
Sam Bromwich [Director of Corporate Governance, Risk & Compliance]
Rosa Wells [Executive Director Employment & Skills and IoT]

Louise Tweedie [RSM]

1. Apologies for Absence

Apologies for absence were received from Lucy Lee and Mark Dawson [KPMG].

The Principal and Vice Principal HR & Student Services were delayed in joining the meeting due to an issue at the Woodlands campus.

2. Declarations of Interest in relation to this agenda

There were no new declarations of interest.

3. Minutes of the Audit Committee Meeting held on 14 June 2022

The minutes of the meeting held on 14 June 2022 were agreed as a true and accurate record and will be signed with the acting Chair's e-signature.

3.1 Matters Arising - there were no matters arising.

3.2 Actions – the actions list was received.

4. The Skills Bill – Board Assurance Presentation

The Executive Director Employment & Skills and IoT introduced her presentation which summarised the aims of the Bill and the role of the Local Skills Improvement Plans, including the appointed Employer Representative Body [ERB]. For the West Midlands, the ERB is the Chamber of Commerce [comprising the three local Chambers] – and the body with which College must cooperate. In particular, she highlighted the key aspects for the governing body:

- **Local Skills Improvement Plans**
- **Duty to review provision in relation to local needs** - [1] “In carrying out its review, the governing body must have regard to any guidance published under this section by the Secretary of State”. And [2] “the governing body must publish its review on the institution’s website”.
- **Secretary of State’s new powers** – including the aim of introducing an ‘approved list’ of post-16 training providers, setting conditions for registration and access to funding: all of which are still proposals with timescales yet to be confirmed.
- **Institute for Apprenticeships and Technical Education**
- **Lifelong Loan Entitlement**

- **Office for Students [OfS]** - introducing the power to assess quality of HE, outcomes and progression.
- **Additional issues** – [1] the Bills seeks to ensure parity of school-career advice to cover technical education and [2] to criminalise / deter any 'cheating-services' promoted to students.

The Vice Principal HR & Student Services joined the meeting at this point, due to dealing with a Woodlands Campus issue with the Principal.

Q Does College consider that it will have to review its HE offer in light of these proposed changes?

A It may be that College is reasonably well-placed to deal with them by the nature of its current delivery, as the majority of its HE learners are working, part-time or apprenticeships, and as in FE, it already focuses on continuation and retention.

Q Do you foresee any impact on College of these proposed changes in terms of budgets and resources, even if not in the short-term?

A The review of the L2 and L3 technical offer may see the biggest impact with any associated uncertainty, such as transitioning to T Levels, looking at the offer for L2, and also L1. Anticipating changes and possible impact requires College to be adaptable and 'agile' in terms of its offers.

The Executive Director Employment & Skills and IoT was thanked for her presentation, which was uploaded to BoardEffect post-meeting for Members' reference. *She left the meeting after item 4.*

5. Risk Management & Board Assurance Report

The Director of Corporate Governance, Risk and Compliance detailed the top key risks that are monitored regularly and reported to the Committee for agreement and recommendation on to Corporation meetings. She reported that since the last meeting, independent review of the following policies and plans had taken place, and assurance provided:

- Health & Safety Policy
- Cyber Business Continuity plans [assured by College's insurers, Hettle Andrews]
- Tuition Fee Policies [reviewed by Shakespeare Martineau]
- There is also the active support of the Deputy FE Commissioner, as requested by College due to the changes in its senior leadership and associated risks.

Suggested board assurance presentations have been added to the Audit Committee agenda for ongoing information, in response to members' requests to have presentations throughout the year, and comments welcomed on any other priority areas to be included. Specific area-risk-registers are compiled when it is considered that project-related areas have significant associated risks requiring separate reporting – as covered in Items 5.5, IoT Risk Register and Item 5.6, SUAC Redevelopment Risk Register.

Q How do emerging risks, such as 'cost-of-living' and current political instability, impact on the analysis that College has done? Might it be useful to assess any potential effect on student numbers, on finances or on specific projects?

A It was agreed that consideration of both will go to EMT for discussion, as per the process, to identify mitigations and decide whether this needs to a top-level risk. **Action.**

The Principal joined the meeting at this point, due to dealing with a Woodlands Campus issue with the Vice Principal HR & Student Services.

Q Would that analysis take place before either the next Corporation meeting or the next Audit Committee?

A The next Corporation is in only 15 days' time [including a week's half-term], but the Deputy Principal felt this to be of importance and agreed that EMT would discuss the matter so that it could be reported to Corporation on 09 November 2022. **Action**

Q In terms of managing the risk of fraud, when will the Anti-Fraud, Bribery and Corruption Policy be reviewed, as it appears to have last been approved in 2019?

A The Deputy Principal noted that this is on the main risk register, rather than being presented as one of the top three key risks, but agreed that the Director of Governance makes a check on the timing of its review to ensure that it will be up-to-date. **Action**

Q [a] Can you give an indication of whether some of the actions on the risk register, especially those in quarters one and two next year, are on track and that there are no obstacles to completing them? While the ‘actions required’ do show an update, some of the ‘progress’ lines do not.

Q [b] The Ofsted Safeguarding Action Plan: is it planned to bring this to the Audit Committee’s attention, and can you give any update on progress on the Plan and meeting some of the milestones?

A [a] This is monitored in detail with each ‘risk owner’ and the progress column completed if appropriate, but if the progress column is blank, it might indicate nothing particular to report. Once the actions are completed they move over to the assurance columns. It was agreed to look at risks where a long-date action is required to give some sort of progress update, as useful practice. **Action.**

A [b] Safeguarding is on the key risks to which there is a linked Ofsted Safeguarding Action Plan [that is uploaded to BoardEffect in the safeguarding subfolder within the Corporation ‘workroom’s library’ - and a link circulated recently to all Governors giving them access to the post-Ofsted Safeguarding Plan]. Oversight and discussion also takes place at the Ofsted SiG [Special Interest Group], which is meeting in the near future once dates have been agreed.

The Vice Principal HR & Student Services felt that board assurance was provided through the progress made-to-date in terms of key staff appointments and that further assurance would result from Ian Smith, former senior HMI, joining College as an external consultant, after the autumn half-term. The team is confident in having addressed Ofsted’s concerns about record-keeping and the quality of those records, through greater and more consistent use of “MyConcern”.

5.1 Strategic Risk Register and BAF

The Director of Governance introduced the item noting that the Strategic Risk Register and Board Assurance Framework had been reviewed in detail and updated by College’s Risk Management Group, covering the top key risks.

It was recommended to Corporation to **approve** the Strategic Risk Register and BAF.

The Director of Governance also presented six appendices covering the following:

5.2 Top Risks – the top risks were received.

5.3 Top Risks [confidential from EMT] - were received without discussion to the Committee.

5.4 Risk Management Annual Report

The report seeks to give assurance of all risk activities that have taken place in the academic year 2021-22, demonstrating good systems of internal control, and the work undertaken on risk appetite and scenarios.

It was recommended to Corporation to **approve** the Risk Management Annual Report 2021-2022.

5.5 IoT Risk Register – was received by the Committee

5.6 SUAC Redevelopment Risk Register – was received by the Committee.

6. Internal Audit

6.1 Internal Audit Report : Advisory Walkthrough of Student Journey

The Internal Auditor presented the report and explained that it looked at the format and structure of the forms and documents used to record different aspects of the RMF student journey [for two learners] and how, if used correctly, they would fulfil WMCA rules, as RMF's funder. Despite WMCA not publishing its funding audit methodology, the Internal Auditors had interpreted their rules and found two medium and one low priority actions as detailed in the report.

Q What is the impact on Corporation of your findings? - and the second one in particular, giving a list of items required?

A The lead Internal Auditor reported that these are theoretical risks and findings in relation to the WMCA contract and outline potential worst-case scenarios [albeit extremely unlikely ones]. In terms of the other risk, RMF could note that they were never told of the requirement to keep records. Sample testing would be the only way to determine the existence or not, of those risks.

Q Accepting that that these risks are theoretical and unlikely, were they to materialise, what would be the impact on College?

A In theory, WMCA could select College for a funding audit and find that there is no evidence of eligibility if RMF hadn't kept the records. This would result in a scenario whereby College was unable to claw any funding back from RMF as they hadn't been mandated in the contract, to keep records.

6.2 Internal Audit Report : Progress Report

The Internal Auditor noted that this report is a factual summary of the current year 2022-2023 in which none of the actual audits have yet taken place, although the scoping meeting has been held for the first audit in November. Audit Committee should start receiving the 2022-23 internal audit reports from its March 2023 meeting. A Higher Education briefing paper has also been appended for members' information, summarising OfS analysis on the financial health of the HE sector.

The lead Internal Auditor was thanked for her reports and for the additional briefing paper.

7. Insurance Update Report

The Deputy Principal reported some increases to premiums as a result of College's check on ensuring correct building values for its estate, offset by some discounts on premiums due to its low-claim history. There were no questions on the report or summary table, and the Deputy Principal was thanked for both updates.

8. Health and Safety Annual Report and Policy Approval

Although the annual report retained its traditional format and scope, a review of the Health & Safety Policy had taken place, responding to some of the helpful comments provided by the College's insurer, Hettle Andrews. College now has in place one Health & Safety Manager [with effect from 31 October 2022] to cover the three sites, reporting to the Interim Director of Estates, a director-level post providing some independence from the operational-level Estates team.

Q Is there any reason behind the increase in 'struck-by-vehicle' incidents during the past year?

A There is no particular reason for this, and the number of incidents is still a low one, and that possibly, not all incidents occurred on the same site. Further information can be obtained for this, if necessary, while noting that all incidents are investigated thoroughly and mitigations put in place, so that overall, there is no especial concern.

It was recommended to Corporation to **approve** the Health & Safety Policy, as set out.

9. Draft Annual Report of the Audit Committee and Principal

The Director of Corporate Governance presented the draft report which is the Audit Committee's responsibility in advising Corporation on the effectiveness of internal control and College's audit arrangements. It can only be finalised once the annual report from both the internal, and the external auditors have been received.

The lead Internal Auditor reported that although the Audit Code of Practice was reissued a month ago in September 2022, it applied retrospectively to the previous academic year, so some tweaks will be required. It was agreed to review the Annual Report and ensure that it meets the Code and also to allow the Chair of Audit to feedback or provide any further comments before she signs the Report at the end of November. **Action.**

10. Draft Regularity Self-Assessment Questionnaire 2021-22

It was noted that the detailed questionnaire [SAQ] formed part of the annual Regularity Audit, and required the uploading of much support evidence, as detailed in the appendix to the report. It will go forward to Corporation once completed.

Q Is there a submission deadline for the self-assessment questionnaire? And is College okay for time on this?

A The Deputy Principal explained that it is part of the external audit, currently taking place and will go to the annual Audit Committee / Corporation meeting at the end of November each year [this year on 29 November 2022] for sign-off by the Chair of Governors and the Principal. The deadline for filing the accounts is the end of December, so this is both on-track and within the timescales.

11. Additional Audit Work

The Deputy Principal's report details any work that College's auditors have done, or any work for which reports are issued, in order to give Committee members ongoing assurance. These include the ongoing assurance for the following, which have been attached as appendices to the report:

- ESF Business Elevator
- Subcontracting Audit
- DfE funding claims – one audit has taken place with another pending. DfE has built this requirement into its grant process
- ESFA funding audit – for information: College understands that it hasn't been selected for audit this year.

Q Will this feed into the audit budget and accounted for at some point?

A There are separate budgets. The ESF one is funded by the project's partners; Subcontracting is an annual one, which is not part of the internal audit plan, but built into College budgets for audit; the two project ones are funded by the colleges involved.

Q It is noted that Francis Webb has been recommended to undertake an audit in the Higher Technical Growth Fund – does that mean Francis Webb will audit the College?

A Yes. DfE has channelled through College the Higher Technical Growth Fund which was actually an IoT bid, to be distributed to the IT partners. It was more difficult for College to find an audit firm with the right level of knowledge in this area, so appointed Francis Webb through recommendation from BCU [Birmingham City University]. It was confirmed that the criteria for selecting a firm was based on relative expertise in the sector, the prohibitive costs quoted by other firms and on direct recommendation from a university.

The main discussion of this item was deemed confidential and the lead Internal Auditor left the meeting.

12.1 Management Report on Implementation of Recommendations

The Management Report on Implementation of Recommendations was received for information.

12.1 Fraud Log - the Fraud Log was received for information.

13. Any other Business

13.1 Board Assurance and risk area presentations

Members were invited to suggest other topics on which presentations could be made to Audit Committee and whether such presentations were still felt to be valuable. A new area on the risk register is the ONS review, potentially the next presentation, although more information is currently needed.

The lead Internal Auditor reported that RSM has been increasingly asked to give presentations on ESG, Environmental, Social and Governance – especially by university clients. She suggested that one of RSM's specialists could present to the Committee on the key themes of the growing area of ESG and a suggested framework. The Acting Chair had also been thinking of ESG along with climate risk – as well as a focus on information governance. Maintaining a focus on the ever-evolving aspects of cybersecurity was suggested by another member, as well as the need to keep up-to-date on fraud. A focus on information governance could incorporate the issue of cyber security and fraud as related elements. In response to the Acting Chair's suggestion of a diversity and inclusion focus, The Principal reported that a significant part of Corporation's agenda for the 09 November 2022 meeting is devoted to an EDI strategy and initiatives, so hopefully assurance will follow as a result of that discussion.

13.2 Internal Audit Annual Report *[italicised on the agenda under Item 6.3 with a note indicating deferral to November meeting]*

The Director of Governance explained that the final revised version of the report had been made available immediately prior to the start of the meeting, but not in time for uploading to BoardEffect or for inclusion under the main agenda item 6, so was being considered under any-other-business.

The Lead Internal Auditor reported the four colour-coded 'opinions' used, noting that College has again achieved 'green' for 2021-2022 [in line with the same opinion last year], reflecting adequate and effective governance, risk and control environment. This annual Audit Report is sent by College annually to the ESFA along with its financial statements. It was agreed to send the Report by email to all Committee members and upload it to BoardEffect post-meeting. **Action**

The Acting Chair thanked Members and Staff for their attendance and contributions to the meeting.

Signed



Date **29 November 2022**

The meeting ended at 7.10 pm

Confidential Minutes of the Audit Committee meeting held on 18 October 2022
online by Teams starting at 6.00 pm

Present Amirun Nehar [Acting Chair]
Sarah Horton-Walsh
Tony Worth [External Member]
Harrison Thompson

In Attendance Sam Bromwich [Director of Corporate Governance, Risk & Compliance]
Louise Tweedie (RSM)

3 Minutes of the Audit Committee Meeting held on 18 October 2022 [Confidential from EMT]

The confidential Minutes were received by members without discussion.

5.3 Top Risks [confidential from EMT]

The confidential Top Risks were received by members without discussion.