

SANDWELL COLLEGE

Minutes of the Audit Committee meeting held on
Tuesday 7 March 2023, 8.00am

Present: T Sharma Independent Governor (Chair)
J Tew Independent Governor

In attendance: J Bailey Exec Director, Finance and Resources
(not agenda items 6-14)
D Holden Vice Principal, Curriculum
S McKay MacIntyre Hudson (not agenda items 12, 13 and 14)
E Scotford Clerk to the Corporation
L Tweedie RSM (not agenda items 12, 13 and 14)

Apologies: G Pennington Principal

		Action
U23.1	<u>Apologies</u>	
	Apologies were received from Graham Pennington.	
U23.2	<u>Declarations of Interest</u>	
	There were no declarations of interest.	
U23.3	<u>Minutes of previous meeting held on 22 November 2022</u>	
	RESOLVED THAT: Governors approved the minutes of the previous meeting held on 22 November 2022 for signing by the Chair.	
U23.4	<u>Matters Arising</u>	
23.4.1	Minute No. U22.38.1 – Governors asked if the value for money report could include more information about management of pay costs – the Exec Director, Finance & Resources, explained this would be difficult because any wider information would be more operational than strategic so fell outside the remit of Governors. However, for the next meeting, the College could, for Governors’ information, present the process which was used to manage pay costs including approval of new posts. The Exec Director, Finance & Resources, would also seek auditors’ suggestions for any additional information to include in future VFM reports to follow common/best practice.	DH ED, F&R
23.4.2	Minute No. U22.39.1 - Exec Director, Finance & Resources, to find out why the absence requirement for Covid was different for staff and students and report back to Governors – actioned, the College was following government guidance.	
23.4.3	Minute No. U22.39.2 - Exec Director, Finance & Resources, to follow up with the Health & Safety (H&S) Manager if the fire marshal training was necessary and was it acceptable for departments not to take up the training, and report back to Governors – actioned.	
23.4.4	Minute No. U22.40.3.2 - Exec Director, Finance & Resources, to extend the cashflow information prepared to December 2023 – actioned.	

23.4.5	Minute No. U22.40.8.5 – the Clerk would arrange for the Corporation Chair to meet with the Financial Statements Auditors (FSA) – actioned.	
23.4.6	Minute No. U22.41.2 - The Exec Director, Finance & Resources, to check the scores on page 263 of the Risk Register – actioned.	
23.4.7	Minute No. U22.43.1.1 – Clerk to circulate the ONS review paper – actioned.	
23.4.8	Minute No. U22.45.2 – Clerk to notify the timescale and process for appointing auditors – actioned, see agenda item 12.	
U23.5	<u>Internal Audit Reports 2022/23</u>	
23.5.1	Capital and Estate Management Arrangements	
5.1.1	The scope of the audit was explained. It had resulted in an Amber/Green Reasonable assurance with 2 Medium and 4 Low priority actions.	
5.1.2	<p>The 2 Medium priority actions related to: the Estates Strategy to be approved by the Board; SLA and electronic process to be established to run day to day processes for managing the estate, to include specific times for responding to repairs, given the cumulative cost implications of small works and tasks.</p> <p>Governors acknowledged the cost and timing of the introduction an electronic process would need to be considered and implemented in a timely fashion alongside other college system priorities.</p>	
5.1.3	<p>Governors asked why the report took 6 months to complete.</p> <p>The Internal Audit Service (IAS) explained this was because of operational difficulties at RSM which had been explained to the Exec Director, Finance & Resources.</p>	
5.1.4	<p>Governors asked how often the SLA for planned external maintenance was formally retendered.</p> <p>The Exec Director, Finance & Resources, agreed it was important and would be addressed in due course but there were some capacity issues in the team to address that, given the capital projects in train at present.</p>	
5.1.5	<p>Governors suggested it would be useful for them to receive staff and student feedback on college facilities.</p> <p>The College advised that it ran focus groups, as well as written feedback from surveys, which provided a balanced view of any facilities issues across the College. Example given of issues raised by the staff and student groups, i.e. variability of heating, which the College had addressed.</p>	
5.1.6	RESOLVED THAT: Governors received and noted the Capital and Estate Management Arrangements audit report.	
23.5.2	Health & Safety	
5.2.1	The scope of the audit was explained. This had resulted in an Amber/Green Reasonable assurance with 2 Medium and 3 Low priority actions.	

5.2.2	The 2 Medium priority actions related to: improvements to the FRA tracking spreadsheet layout; the method of signing off weekly fire alarm checks to be revisited to ensure they provided assurance that the tasks were being completed.	
5.2.3	Governors asked for confirmation that management action 3 had been actioned as it had a date of January 2023. DH to check with the H&S Manager.	DH
5.2.4	Governors asked if the H&S Manager should review all high risk assessments as a matter of policy. The College agreed they should and would ensure this happened but pointed out that all risk assessments were received by the College H&S Committee, which was chaired by the H&S Manager and comprised of various managers, staff and students.	DH
5.2.5	Governors noted that risk assessments were not annually reviewed during Covid, and suggested they should have been reviewed more, not less, frequently. The College explained that risks were very different during the Covid period so annual generic risk reviews had not always taken place and Covid specific risks took priority. There had been an intense focus on risk assessments across all areas, e.g. on ventilation, air quality and air source, and return to work/study arrangements. The IAS understood that Covid risks had to be given priority but pointed out that other risks, e.g. use of chemicals and scissors in Hair and Beauty, remained static so it was still important they were done.	
5.2.6	Governors asked who was accountable for fire safety from the College's viewpoint for those sites it did not own, e.g. Central St Michael's and City Centre. The College explained that it adopted the same approach to all buildings, e.g. fire drills took place at all campuses, health and safety risks around the building were reviewed regularly, but acknowledged there might be some variation in addressing risks where it did not own the building and needed to get funding from the building owners.	
5.2.7	RESOLVED THAT: Governors received and noted the Health & Safety internal audit.	
23.5.3	Progress Report	
5.3.1	Governors noted the overarching summary of the current year's audit plan which was on course to be delivered in the year as planned.	
5.3.2	RESOLVED THAT: Governors received and noted the Progress report.	
5.4	Benchmarking Report	
5.4.1	The IAS explained how the benchmarking report was compiled from the results of all colleges, with an analysis of the levels of assurance and priority attached to management actions. The College significantly outperformed the sector. Over 3 years there was a positive direction of travel with 80% in the Green Substantial assurance category. The Partial assurance IT audit last year was not a cause for concern because it was a	

	small plan which skewed the percentage. There had also been no High priority actions and a downward trend of Medium priority actions.	
5.4.2	The thematic overview of high actions in the sector related to: IT security (38%) because of constantly evolving risks; financial (31%) because of funding risks in the sector; student records (12%) because they attract the most revenue/expenditure; the remaining 19% related to safeguarding, procurement and other management actions.	
5.4.3	In line with 75% of FE colleges, the College had achieved an overall rating of Amber/Green.	
5.4.4	Governors asked if the College compared well to the sector on management's completion of actions. The IAS confirmed there was good and timely implementation of all agreed actions at the College. Across the rest of the sector a variety of Good, Reasonable, Little or No progress judgements were given so the College compared well.	
23.5.4.5	RESOLVED THAT: Governors noted and thanked the IAS for a useful and interesting report.	
U23.6	<u>ONS Reclassification</u>	
23.6.1	Governors received and discussed the ONS reclassification update in the Spring 2023 FE Digest. The full implications of the reclassification were still emerging as further guidance was gradually released but the Accounts Handbook would not be issued until 2024 by the ESFA.	
23.6.2	News on the pension guarantee was still awaited.	
23.6.3	Action points relating to recording of work in Estates and Finance were highlighted, e.g. recording all write-offs. It was likely that the vast majority of the required actions were already being carried out.	
23.6.4	Governors expressed concern at the potential erosion of their freedom and responsibilities under the reclassification, examples given. The FSA pointed out that the ESFA had had extreme powers previously which they had not necessarily exercised so there was no fundamental change to governance roles and responsibilities and some areas were now less onerous, e.g. the insolvency regime. Colleges were an established sector so it was less likely to experience the draconian approach which had been taken to the academy sector in its infancy.	
23.6.5	Governors noted that the AoC Code of Good Governance would be updated in line with changes arising from the reclassification.	
23.6.6	RESOLVED THAT: Governors noted the update on the ONS reclassification.	
U23.7	<u>Health & Safety Update</u>	
	RESOLVED THAT: Governors received and noted the health and safety update.	

U23.8	<u>Risk Register</u>	
23.8.1	Some risks had been reduced around Ofsted and quality, and Covid.	
23.8.2	Governors queried the reduction in the risk score of Risk 10 - Failure to deliver mandatory English and maths provision to learners aged 16 - 18 The College explained that the risk related to students who joined without a Grade 4 GCSE or above who had to be supported through Functional Skills or GCSE as a core condition of funding. The risk had reduced as the College had refined its approach.	
23.8.3	Governors noted that the introduction of T levels was the highest risk. The College explained that was because they were very difficult to deliver and the size of the 16-18 cohort was very large. The qualifications which would replace BTECs would be wholly unsuitable for some 16-18 year olds. The College was trying to re-engineer the curriculum with a higher focus on apprenticeships and more A level provision. T levels were a significant risk to the College and the sector. T levels are not currently seen as being as clear a route to university as BTECs.	
23.8.4	Governors recognised this could potentially lead to a sizeable reduction in learner numbers. The College agreed that without serious re-engineering of the curriculum there would be a reduction in the number of students attending college as many of their qualification routes and opportunities would be removed. This would increase NEETs across the country but particularly in Sandwell and Birmingham.	
23.8.5	In answer to a Governor's question, the College advised how defunding of BTECs would occur in a graduated way: starting from September 23 with the biggest change from September 2025. LQCC would monitor T levels and the College's approach in depth.	
23.8.6	RESOLVED THAT: Governors monitored the Risk Register and noted that there had been no significant changes since the last meeting.	
U23.9	<u>Insurance Cover Annual Report</u>	
23.9.1	As a result of the ONS reclassification, central government may take on some but not all insurance risks, e.g. the responsibility for IT cover could remain with colleges.	
23.9.2	Governors asked if the College was insured for the following types of fraud: purchase ledger fraud; employee fraud. The Exec Director, Finance & Resources, to be asked to confirm.	JB
23.9.3	RESOLVED THAT: Governors received and noted the Insurance Cover Annual Report.	
U23.10	<u>Policies</u>	
	Governors asked that changes to policies be highlighted in future for ease of reference.	ED, F&R

10.1	<u>Health & Safety Policy</u>	
10.1.1	There had been very little change to the previous version and any changes were immaterial.	
10.1.2	Governors asked who would have checked the policy before it was presented to the committee. The College advised that the H&S Manager chaired the H&S Committee and the policy would have reviewed by the committee first before being recommended for approval by Governors.	
10.1.3	Governors believed the policy and management arrangements included provided a good oversight of the management of health and safety and welfare across the College.	
10.1.4	Governors welcomed the suggestion for the H&S Manager to attend a future meeting to talk through health and safety in more depth and answer questions.	
10.1.5	RESOLVED THAT: Governors would recommend the H&S Policy to the Board for approval.	
10.2 NFP	Risk Management, Business Continuity, Disaster Recovery Plan	
U23.11	<u>Any Other Business</u>	
23.11.1	Governors expressed their thanks and appreciation for the excellent work of the Exec Director, Finance & Resources, and wished her well for the future.	
23.11.2	Governors discussed whether managers should be invited to future meetings to present their items to help Governors triangulate the information they received. This could be linked to internal audit reports on the agenda as well as areas of the Risk Register. It was a common approach across the sector and virtual meetings worked well for this. The auditors recommended that managers be well briefed on the structure of the Audit Committee to enable them to balance their presentations appropriately between strategic oversight and operational detail. The IT Manager would be asked to attend the next meeting for 15-20 minutes to present the final version of the disaster recovery plan.	ED, F&R
23.11.3	TS to speak individually to the IAS and FSA as part of his induction as Committee Chair.	TS
	The IAS and FSA left the meeting	
	CONFIDENTIAL SESSION	
U23.12 NFP		
U23.13	<u>Determination of Confidential Items</u>	
	Minute Nos. U23.10.2 and U23.12	

U23.14	<u>Date and Time of Next Meeting</u>	
	Tuesday 20 June 2023, 8.00am	

The meeting ended at 9.55am