

**Minutes of the Audit Committee Meeting
held on Friday 26 February 2020 at 8.00am
By Microsoft Teams**

Birmingham Metropolitan College

Present	Apologies
Sir Dexter Hutt (DH) (Observer)	
Cliff Hall (CH)	
Simon Thompson (ST)	
Alaric Rae (AR)	
Helen Miles (HM)	
Michele Larmour (ML)	
In attendance	
Stephen Belling (SB)	
Louise Jones (LJ)	
Fiona Yardley (FY)	
Alison Rowe (ARO) BDO	
Mark Dawson (MD) KPMG (until 9.00 am)	
Jonathan Lanes (JL) KPMG	
Hilary Barber (Clerk)	

Reference	Agenda item
	Apologies
	No apologies were received.
	Declarations of Interest
	No other declarations were received in addition to those contained in the College's Register of Interests.
1 (i)	Minutes of meetings held on 26 June 2020 and 04 December 2020
	<p>Minutes of the meeting 04 December 2020: ML clarified that she was travelling abroad and not able to submit apologies for this meeting.</p> <p>Subject to the note above:</p> <p>IT WAS RESOLVED THAT:</p> <p>AUC 21:01</p> <p>The minutes of the meetings detailed above be approved.</p>
1 (ii)	Matters Arising and Action Log
	<p>ML asked if there was any progress in ascertaining whether a claim under the Business Interruption insurance policy would be successful. FY agreed to follow this up and report back to the committee.</p> <p>All other actions are completed.</p>

	<p>SB reported that the Financial Statements have been approved by governor's subject to comments relating to Project Carthage being added by members of the Finance Committee.</p> <p>SB noted that work is being carried out to reach agreement on whether the judgement Material Uncertainty arising from breaches of bank covenants can be removed. This has been in the accounts for several years. During the last week conversations have been taking place with KPMG to discuss what could be put in place to remove this given how close the college is to having the loan covenants reset. The challenge is that the accounts should be submitted by the end of February; consequently, an extension has been sought and informally agreed. The ESFA has agreed that the figures should be sent in the coming week with a full set of accounts (to include all the financial statements) submitted once discussions with the auditors are concluded. SB noted that the removal of this qualification, which has been in place for the last 4/5 years, would be a major step going forward.</p> <p>MD reported on a fruitful meeting with the banks yesterday. Auditors are seeking clear communication of intent from the banks who have agreed to supply informal "letters of comfort" to indicate progress. Auditors will check the most recent information to confirm that their concluding statements in the accounts support the college's position.</p> <p>Governors' questions and observations:</p> <p><i>"Thank you for the update which is very reassuring to hear." (ML)</i></p> <p>CH added that a positive meeting took place on Monday with the ESFA who are keen to see the banks move forward on the loans covenant as a step towards lifting the Financial Notice to Improve.</p>
2	<p>Health and Safety Report</p>
	<p>LJ presented the Health and Safety report for the Autumn term 2020 highlighting the following:</p> <ul style="list-style-type: none"> ▪ The ongoing impact of Covid 19. The report details the numbers of staff and students who have tested positive and those who are self-isolating. In line with government guidelines the college is due to re-open on 08 March 2021. Students will be tested three times on their return and thereafter will test at home. Staff will conduct home tests. Testing facilities will remain on site across each college as a contingency. Some return to college will be phased. <p>Governors' questions and observations:</p> <p><i>"Are staff being prioritised for vaccination as front-line workers? Are staff or unions expressing concern about this?" (AR)</i></p> <p>LJ confirmed this is not the case although some staff have received vaccinations as part of an identified group. Only the government can prioritise staff. It was noted however, that the staff and unions have been included in planning and implementation of the Covid response and have been extremely supportive.</p> <p><i>"Will staff be given time to attend their vaccination appointments or accompany family members to theirs?" (HM)</i></p> <p>LJ agreed this was the case and acknowledged that staff will not be able to select a time for this. However, some teaching is online as part of blended learning and it is not anticipated that much disruption will be caused. Most vulnerable groups requiring the support of a family member have been vaccinated.</p> <p>LJ noted that the report details incidents around First Aid and Fire Safety. Evacuation drills are planned once students return to college in March. Of the four issues included in the Internal Audit tracker, two are complete and the remaining two have a completion date of July 2021.</p> <p>Governors' questions and observations:</p> <p><i>"Note that there are fewer incidents compared to the same period last year. Presumably, this is partly due to less students being in college? It is, however, also a testament to the quality of the work done by the Health and Safety team." (ST)</i></p> <p>IT WAS RESOLVED THAT:</p> <p>AUC21: 02</p>

	That the Health and Safety report be noted.
3	Internal Audit Actions Tracker
	<p>FY updated the committee on the tracker which was last reviewed on 25 January 2021. Currently there are 17 live actions, 11 from 2019/20, 3 from 2020/21 and 3 yet to be implemented from 2017/18.</p> <p>Governors' questions and observations:</p> <p><i>"Are the actions relating to 2017/18 still relevant?" (ML)</i></p> <p>FY confirmed that these actions remain under review. A draft Disaster Recovery Plan is written and is awaiting agreement from BDO.</p> <p><i>"Note that these actions relate largely to IT. It would be helpful to have a clearer understanding of the issues and consequent delays." (ST)</i></p> <p>LJ responded that in previous years it had been difficult to access funding to install new servers. The funding is now available but there are delays with BT Open Reach delivering the service. There is a pro-active plan in place with work being carried out across sites during the holiday periods.</p> <p><i>"Whilst understanding the difficulties with BT, it would be helpful to have a target date for delivery." (HM)</i></p> <p><i>"Does the college have a roadmap to address the maintenance and replacement, when necessary, of core infrastructure IT? This is critical." (AR)</i></p> <p>LJ agreed and explained that there is a detailed plan in place which is monitored regularly and covers the next three years but noted the impact of financial constraints in being able to deliver until this year.</p> <p>CH added that the need for an agile and efficient IT infrastructure is a high priority for the incoming Principal.</p> <p>ARO suggested that auditors will reflect progress on these issues as part of a forthcoming follow up review of completed actions. ST agreed.</p> <p>IT WAS RESOLVED THAT:</p> <p>AUC21:03</p> <p>That the report and tracker be noted.</p>
4	Contracts Action Plan
	<p>LJ presented the updated Contracts Action Plan which has been reviewed by SLT and the WMCA and is line with actions identified in the PWC review. The WMCA are pleased with the progress made.</p> <p>Most actions arising are complete with two outstanding contracts with Oxford Brookes and Siemens being ready for signing. Work is ongoing with managers around risk management to ensure that processes are not only in place but are robust.</p> <p>Only one of the actions identified in the PWC plan is outstanding but will be completed with Redstone when rail provision commences.</p> <p>Contract compliance is monitored on a monthly basis and January's update show that of the 7 actions identified, 3 are partially complete and 4 fully complete.</p> <p>LJ highlighted that some students whose provision is off site have not fully understood that they are BMet students and although digital handbooks were distributed at the point of induction, students need reminding of the policies therein. Department managers are addressing this.</p> <p>A review of the SCR identified one estates contract not included. This however proved to be a timing issue; the information had been provided but was not added to the record due to the Christmas break.</p>

	<p>Governors' questions and observations:</p> <p><i>"It is good to see the progress made and the reset of the approach to contract management."</i> (ML)</p> <p>LJ noted that BDO will be conducting a follow up audit in March to provide further assurance.</p> <p>IT WAS RESOLVED THAT:</p> <p>AUC21: 04 The Contracts Action Plan report be noted.</p>
5	<p>Risk Management and Assurance Mapping Update</p> <p>Risk Management Policy</p>
	<p>Risk Management and Assurance Mapping Update:</p> <p>SB reported that until a new CFO is in post, he is undertaking responsibility for Risk Management. The tracker currently identifies 17 headline risks categorised by Active/Recurring/Covid and is due to be updated next week. Risks relating to SPA will be removed once the Gross risk has reduced to a green rating.</p> <p>As discussed earlier in the meeting, it is hoped that the ESFA will remove the Financial Notice to Improve by the end of April. A FE Commissioners visit will follow, and it is also hoped that the college will be out of measures by the end of June.</p> <p>Recommendations around governor succession will be presented to the Board by the Education Training Foundation in March to inform future planning.</p> <p>Regular discussions are taking place with the WMCA, Chamber of Commerce and the college's VP for External Development to identify and respond to issues arising from Brexit and the role the college has in dealing with post-Covid unemployment.</p> <p>Governors' questions and observations:</p> <p><i>"Thanked SB for the useful update and acknowledged the large amount of work involved in mitigating the high number of risks identified. Would it be possible to streamline these?"</i> (ML)</p> <p>SB agreed that it is important to achieve a balance of being mindful of risks whilst having manageable mitigations in place.</p> <p><i>"It is important that the register is a "live" document with details of the efficacy of actions being taken."</i> (HM)</p> <p>IT WAS RESOLVED THAT:</p> <p>AUC21: 05</p> <p>The Risk Management and Assurance Mapping update be noted.</p> <p>Risk Management Policy:</p> <p>SB explained that the only changes to the policy are updates to correct names of current staff and organisational titles.</p> <p>Governors' questions and observations:</p> <p><i>"Point 4.7 refers to the Executive, SLT and Corporation being responsible for 'regular' reviews of the risk management plan. Should this be more precise?"</i> (ML)</p> <p><i>"Reverting back to the Risk Register and the risk highlighted around Finance, are further actions required? Does the comment reflect progress made?"</i> (AR)</p> <p>SB noted that this risk is likely to be recalibrated to reflect current mitigations related to Covid. This will be reported to the Finance Committee next month noting that the Audit Committee has highlighted the need for further work to be carried out around this risk.</p>

	<p><i>“Agree that this is a fundamental financial risk the college faces and therefore the red rating is correct and needs to be addressed as a priority.” (ST)</i></p> <p>JL stressed the register should reflect the Board’s expectations and appetite for an acceptable level of risk. The target scores will inform this discussions and subsequent actions.</p> <p>CH noted that overall risk is currently very high for all FE colleges. Some aspects, for example, apprenticeships, are performing well but there is a need for further investigation. CH agreed to manage this task.</p> <p>SB noted that the presentation to the Board by the Education Training Foundation would allow time for strategic discussion which should include the Board’s appetite for risk.</p> <p>JL agreed it was the Board’s responsibility to agree acceptable levels of risk and control which in turn will inform decisions around setting strategic objectives.</p> <p>IT WAS RESOLVED:</p> <p>AUC21: 06</p> <p>That subject to adding a precise monitoring framework (see 4.7) the policy be approved.</p>
6 (i)	Progress on delivering the Internal Audit Plan for 2020/21 and Internal Audit Reports
	ARO updated the committee on the specific audits as shown below:
6 (ii)	Adapting the Curriculum Offer
	<p>ARO reported that the audit was planned in October and undertaken in early November 2020 resulting in a “Moderate” judgement for Design and “Substantial” for Operational Effectiveness. The review looked at how the college had changed and adapted its provision and delivery methods in view of the changes in the local economy. Page 5 reflects good practice identified. One medium significance judgement was made relating to contingency plans for curriculum areas. Whilst content and intent were noted, there was some inconsistency identified in relation to staffing. ARO noted that BMet’s plans were significantly more detailed than other FE Colleges studied. A low significant finding was made around ensuring staff have the appropriate digital skills to deliver learning online. Plans were in place and training began in December.</p> <p>JL reiterated that the review was very positive compared to some other colleges.</p> <p>ST thanked ARO and JL for their observations and expressed reassurance at the favourable comparisons drawn.</p>
6 (iii)	Apprenticeships
	<p>ARO explained that this audit was carried out in early October and resulted in “Substantial” assurance for Design and “Moderate” assurance for Operational Effect. The audit looked at arrangements in place for planning, provision and delivery of apprenticeships and what revisions had taken place in relation to expectations to ensure student and employer engagement. A number of good practices were identified. The review noted that the college is keeping abreast of government updates relating to the local economy and employment.</p> <p>Two “moderate” findings were identified:</p> <ul style="list-style-type: none"> (i) Progress reviews: these should take place every 8 weeks, but some gaps were apparent. The timing of reviews needs to be monitored. (ii) Smart Assessor software: whilst used effectively overall, it is important that access by apprentices is rescinded once their course is completed. This is additionally important given the proposed access for employers. <p>Governors’ questions and observations:</p> <p><i>“What steps are being taken to address this issue?” (HM)</i></p> <p>CH explained that currently, use of Smart Assessor is somewhat patchy and a need for further staff training around its use has been identified. Meetings are held every three weeks with managers who are now actively aware of the need for the 8- week reviews. CH further noted that at SLT on</p>

	<p>Monday a proposal was brought to migrate to a new system in the summer, Pro-Monitor, which is already used across the college.</p> <p><i>“Emphasised that employers’ access to the system provides a “shop window” to BMet for them and also potentially Ofsted, and it is therefore crucial that it is used effectively.” (HM)</i></p> <p><i>“Is the proposed new system browser or app based? Has consideration been given to an app-based system?” (ST)</i></p> <p>CH confirmed it is browser based and LJ noted that it is embedded into college systems which do not have the facility to support an app approach.</p> <p>IT WAS RESOLVED THAT:</p> <p>AUC21: 07</p> <p>That the Internal Audit Reports be noted.</p>
7	Any Other Business
	There was no other business.
8	Matters to refer to Corporation
	Add specific timeframes to the Risk Register Policy for review by the Exec, SLT and Corporation.
9	Governors and Auditors
	<p>ST concluded the meeting by noting the very pleasing progress in the efficiency of financial controls. This represents a hugely positive change over the last four years. ST expressed his thanks both to the Executive, the Board and all those staff who had contributed to the work, and the auditors for their support in monitoring and tracking this progress.</p> <p>There being no other business, executive staff left the meeting and further discussion is detailed in the confidential minutes.</p>