

**Minutes of the Audit Committee Meeting  
held on Friday 3<sup>rd</sup> December 2021 at 8.00am  
By Microsoft Teams**

**Birmingham Metropolitan College**

<b>Present</b>	<b>Apologies</b>
Helen Miles (HM)	Sir Dexter Hutt (DH)
Alaric Rae (AR)	
Iqbal Mohammed (IM)	
Pat Carvalho (PC)	
<b>In attendance</b>	
Stephen Belling (SB)	
Simon Eaton (SE)	
Fiona Yardley (FY)	
Alison Rowe (AR)	
Jonathan Lanes (JL) BDO	
Mark Dawson (MD) KPMG	

<b>1 (i)</b>	<b>Minutes of Audit Committee 25<sup>th</sup> June 2021</b>
	<p>The minutes of the meeting held on 25<sup>th</sup> June 2021 were accepted as a true and accurate record.</p> <p><b>IT WAS RESOLVED THAT:</b> <b>AC 21-22- 01</b> <b>The minutes of the meeting held on 25<sup>th</sup> June 2021 be approved.</b></p>
<b>1(ii)</b>	<b>Matters arising and Action Log</b>
	<p>It was noted that the two actions in the log had been completed.</p>
<b>2</b>	<b>Annual Insurance Report</b>
	<p>FY presented the Annual Insurance Report provided with the Committee Pack.</p> <p>The committee noted the contents of the report and</p> <p><b>IT WAS RESOLVED THAT:</b> <b>AC 21-22- 02</b></p> <p>The cover with FE Protect for the levels identified in Annex A of the Annual Insurance Report, at a cost of £165k for the year, be approved.</p>
<b>3</b>	<b>Annual Health and Safety Report</b>
	<p>AC presented the Health and Safety Report provided with the Committee Pack and emphasised the following:</p> <ul style="list-style-type: none"> <li>• Health and safety during the last academic year had been dominated by Corona virus and the college's response to it.</li> <li>• During the year a Return to College Group was meeting daily to advise and support the college. Under that group was a network of implementation groups. Two forms of Risks Assessment were</li> </ul>

undertaken- comprehensive assessments for the college as a whole and then, assessments for bespoke areas such as engineering.

- 250 Corona virus cases were logged during the year with no sign of infections originating from the college campus.
- The College's response to Corona was audited by BDO which was found to be positive with minor recommendations around signage and information giving.
- Implementation of the Health and Safety Policy was reviewed throughout the year.
- Testing the fire evacuation procedures had been challenging with the amount of home working and home learning but tests had taken place at the start of the new academic year.
- Inspections of sites by union representatives had to be postponed during lockdown but these have now been resumed.
- One major injury took place during the year but was not reportable because a sporting accident had been the cause.

#### **Governors questions and observations**

##### **1. *Is Covid guidance for staff being updated on a regular basis? (AR)***

AC advised that it was. Checks are made for new advice from Government on a daily basis and shared with the senior leadership team (SLT); All information is shared on the college Share Point site: The College Working Group continues to meet fortnightly. Information is cascaded through implementation groups. Notices around colleges are updated as needs. Risk assessments are reviewed on a monthly basis.

##### **2. *Is there an overlap between how the Health and Safety and Safeguarding Policies work in relation to harassment? (HM)***

AC advised that there is an overlap, the Health and Safety Officer works with the Safeguarding lead; and the Health and Safety Committee includes representatives from the Safeguarding team.

##### **3. *Do we work with the police to manage risks that take place on and off site? (HT)***

AC advised the Safeguarding teams work with Police Liaison.

PC advised:

- The College has good working relationships with police liaison across all 3 campuses. If incidents occur, the police come into speak with students. The College also runs themed weeks in collaboration with the police for example week commencing 22<sup>nd</sup> November 2021 focussed on "Staying Safe".
- There are heightened tensions in some Birmingham communities and we are working closely with both the Police and Council.
- Recently there have been 2 serious incidents at the James Watt campus which are being addressed with the police. A Knife Arch was installed on campus for a short while and consideration is being given to the acquisition of a Wand which would be monitored by the police. The police met with the student group associated with the incidents and work is being undertaken with an organisation to address issues in a positive and constructive way i.e.

	<p>through the lens of being entrepreneurial rather than the emphasis being on things that cannot be done.</p> <p><b>IT WAS RESOLVED THAT: AC 21-22- 03</b></p> <p>The 2020-2021 Annual Health and Safety Report be noted.</p>
<b>4</b>	<p><b>Risk Management Update</b></p> <p>SE presented the Risk Management Update provided with the Committee Pack and emphasised the focus on managing the risk associated with income levels and the take up of apprenticeships.</p> <p><b>Governors Observations and Questions</b></p> <p><b>1. <i>Is a particular income stream of concern and are there potential areas of diversification? (AR)</i></b></p> <p>SE advised that:</p> <ul style="list-style-type: none"> <li>• The Adult Education Budget (AEB) is an area of concern because of a lower than expected uptake of the college’s rail offer. To offset this, opportunities are being taken to use Flexibilities introduced by the West Midland Combined Authority and development of Sector Based Work Academy Programmes (SWAPS)</li> <li>• The uptake of our Higher Education offer (HE) is 25% less than budgeted. Some additional enrolments are expected in January, but it is difficult to increase uptake of the HE offer mid-year.</li> <li>• PC advised the college is also progressing opportunities arising out of the contract the College has with the Commonwealth Games, the associated Supply Chains and drive to ensure the Games have a lasting legacy in the region.</li> </ul> <p><b>2. <i>What are the threats arising from the increase in energy prices? (HM)</i></b></p> <p>SE advised that, at this point in time, the College is benefitting from advance purchasing of energy by the Consortium working on behalf of the College.</p> <p><b>IT WAS RESOLVED THAT: AC 21-22- 04</b></p> <p>The content of the Risk Register and actions taken to mitigate risk be noted.</p>
<b>5</b>	<p><b>Internal Audit Recommendation Tracker</b></p> <p>SE advised:</p> <ul style="list-style-type: none"> <li>• BDO were in the process of undertaking the Follow Up Review and as a result, the number of outstanding risk appears higher than the reality.</li> <li>• The current tracker and risk framework will remain in use until the planned Audit risk training has been completed.</li> </ul> <p><b>Governors’ Observations and Questions.</b></p> <p><b>1. <i>Can the “medium” status be reviewed to help sharpen the focus on points of concern? (AR)</i></b></p>

	<p>AR advised that the status relates to grading used in the audit process but that the headers could be amended to give an indication of the significance of the audit finding.</p> <p><b>IT WAS RESOLVED THAT:</b>  <b>AC 21-22- 05</b>  The content of the Audit Recommendation Tracker and actions taken to address recommendations be noted</p>
<b>6</b>	<b>Policy Reviews</b>
	<p>SB presented the Policy Review report covering the Fraud and Theft, Anti Bribery, Whistleblowing, Conflicts of Interest and Gifts and Hospitality policies contained in the Committee Pack and invited observations and questions.</p> <p><b>Governors’ Questions and Observations</b></p> <p>1. It is important to ensure that the Fraud and Theft policies work effectively to cover activity that is omitted as well as committed. (AR)</p> <p>JL advised that the staff code of conduct is the appropriate place to link issues arising out of issues covered by the Whistle Blowing and Anti- Fraud policies.</p> <p><b>IT WAS RESOLVED THAT:</b></p> <p><b>AC 21-22- 06</b>  <b>The Fraud and Theft Policy be approved.</b></p> <p><b>AC 21-22- 07</b>  <b>The Anti- Bribery Policy be approved.</b></p> <p><b>AC 21-22- 08</b>  <b>The Whistleblowing Policy be approved.</b></p> <p><b>AC 21-22- 09</b>  <b>The Conflicts of Interest Policy be approved.</b></p> <p><b>AC 21-22- 10</b>  <b>The Gifts and Hospitality Policy be approved.</b></p>
<b>7</b>	<b>Internal Audit Plan 2021- 2022 (Revised)</b>
	<p>JL advised that the plan reviewed in June had been amended; that MIS, Data quality, IT strategy had been taken out.</p> <p><b>Governors’ Questions and Observations.</b></p> <p><b>1. <i>When should consideration be given to Environmental, Social and Governance Goals (ESG)? (HT)</i></b></p> <p>JL advised that this is best done when an organisation thinks it has made sufficient progress toward its goals and the audit process would be of value.</p> <p>PC advised:</p> <ul style="list-style-type: none"> <li>• The Senior Leadership Team have been developing a strategy that takes account of the FE Sector Road Map.</li> </ul>

	<ul style="list-style-type: none"> <li>• A key issue is how the College can achieve net zero taking into account the status of our building stock and the limitations on capacity.</li> <li>• The college is reviewing what other activity that can be done.</li> <li>• The plan is to review development of the College’s strategy as part of the College’s long term strategic planning at the Governor’s Strategy Day in May.</li> </ul> <p>SE advised:</p> <ul style="list-style-type: none"> <li>• The College has done a lot that has not yet been promoted such as work with the Carbon Trust to inform applications for the Further Education Capital Transformation Fund.</li> <li>• The College is in a reasonable starting place and needs to identify what is being done; what can be done easily and how can the more challenging aspects of the agenda can be achieved in the longer term.</li> </ul> <p><b>IT WAS RESOLVED THAT: AC 21-22- 11 The internal Audit plan for 2021- 2022 be approved.</b></p>
<b>8</b>	<b>Subcontractors Controls Report</b>
	<p>JL presented the Subcontractors Controls report and advised that the report: -</p> <ul style="list-style-type: none"> <li>• was necessary to comply with Education and Skills Funding Agency (ESFA) funding requirements;</li> <li>• had to identify any deficiencies and confirm that an action plan is in place to address them;</li> <li>• was about a total contract value £1.6 million across four sets of funding rules;</li> <li>• identified four deficiencies which was a third of the number in historic reviews;</li> </ul> <p><b>Observations and Questions</b></p> <p><b>1. <i>Whilst an implied contract can be argued if a signed contract is not in place there is a risk of clawback? (IM)</i></b></p> <p><b>IT WAS RESOLVED THAT: AC 21-22- 12 The Subcontractors Control Report be noted.</b></p>
<b>9</b>	<b>Draft Management Letter and Letter of Representation and Statement of Governance.</b>
	<p>MD advised:</p> <ul style="list-style-type: none"> <li>• The annual audit had been completed.</li> <li>• Work is being done to address the possibility of there being a material uncertainty caused by a forecast breach of banking covenants in 2022.</li> <li>• All historic recommendations have either been addressed or are in progress.</li> </ul>

	<p><b>Governors Questions and Observations</b></p> <p><b>1. How do the options in the draft Management Letter work? (AR)</b></p> <p>MD advised that if waivers aren't agreed with the Banks or if there is insufficient progress toward reaching a clear agreement about what will happen if the covenants are breached, it would be necessary to disclose a material uncertainty.</p> <p><b>2. What is the current position of the Banks? (HM)</b></p> <p>SE advised that:</p> <ul style="list-style-type: none"> <li>Barclays are prepared to provide a written statement explaining their approach, and conversations are to take place with Lloyds and the ESFA.</li> </ul> <p><b>3. The issue concerns cash flow not insolvency (HM)</b></p> <p><b>IT WAS RESOLVED THAT:</b>  <b>AC 21-22- 12</b>  The draft Management Letter and Letter of Representation and Statement of Governance be commended to Corporation for approval.</p>
<b>10</b>	<b>Regulatory Audit Questionnaire</b>
	<p>The Regulatory Audit Questionnaire in the Committee pack was noted</p> <p><b>IT WAS RESOLVED THAT:</b>  <b>AC 21-22- 13</b>  The contents of the Regulatory Audit Questionnaire be noted and approved.</p>
<b>11</b>	<b>Risk Appetite Training</b>
	<p>JL provided an overview of the proposed training for the college in respect of determining risk appetite and reviewing the college's approach to risk management.</p> <p><b>IT WAS RESOLVED THAT</b>  <b>AC 21-22- 14</b>  <b>The college would undertake the risk appetite training proposed by BDO.</b></p>
<b>12</b>	<b>Any other Business</b>
	<p>HM requested that the Committee's thanks and appreciation for the contributions made by Michelle Larmour to the work of the Audit Committee be formally recorded and conveyed to Michelle.</p> <p>There being no other business, the meeting was concluded at 11.00 am</p>

*Helen Miles*

Signed: [Helen Miles \(May 4, 2022 08:08 GMT+1\)](#)

Chair: Helen Miles