

SOLIHULL COLLEGE

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE ANNUAL MEETING HELD ON 29th NOVEMBER 2017 AT SOLIHULL COLLEGE, BLOSSOMFIELD CAMPUS, starting at 5.30pm

PRESENT: Lucy Lee (Chair)
Paul Large
Geraldine Swanton
Tony Worth

CORPORATION MEMBERS: Stan Baldwin
John Bolt
John Callaghan (Principal)
Mark Hayes
Barbara Hughes
Joe Kelly
Sukhy Nijjar
Sally Tomlinson

IN ATTENDANCE: John Callaghan (Principal)
Lindsey Stewart (Deputy Principal)
Heather Evans (Vice Principal – Finance)
Pete Haynes (Vice Principal – HR and Student Services)
Sam Bromwich (Director of Risk, Control and Compliance)
Theresa Lynch (Clerk to the Corporation)

Louise Tweedie – RSM
Mark Dawson – KPMG

2. Membership

2.1 Apologies for Absence

There were apologies for absence from Jane Coleman.

2.2 Declarations of Interest

There were no new declarations of interest.

3. Minutes of the previous meetings and matters arising

The minutes of the meeting held on 16th October 2017 were **agreed** as a correct record and signed by the Chair.

4. Year End Audit Matters

4.1 Letter of Representation

The FSA Auditor presented the Letter of Representation and explained the content. Once signed the letter would be sent to KPMG to confirm that the Corporation had fulfilled its responsibilities.

Q. What does 'Group' refer to?

A. The single subsidiary: Solihull Foundation Trust, which had almost ceased to trade. The Vice Principal Finance provided an explanation regarding why the Trust had been set up.

RESOLVED to approve the contents of the Letter of

Representation and agreed that it be signed by the Chair.

4.2 KPMG Management Letter

The Management Letter was presented by the FSA Auditor. He confirmed the positive outcome of the audit and explained that there were no recommendations. He noted the strong operating surplus and that there were no fraud issues or bank covenant concerns. The FSA Auditor confirmed that recommendations from prior years had been followed up and were found to be satisfactorily resolved.

Q. The LGPS figure is high – why is this the case?

A. The figure is consistent with other colleges and universities and relates to the re-valuation of July 2016 working through the system.

Q. Has the funding confirmation letter been received?

A. Yes it had been received and there were no changes or surprises.

Thanks were expressed to the Finance Team for working well with KPMG and in obtaining a good audit outcome.

RESOLVED to receive and approve the KPMG Management letter for 2016/17.

4.3 Audit Committee Annual Report and Statement of the Accounting Officer

The Clerk presented the Audit Committee Annual Report and Statement of the Accounting Officer for 2016/17 and explained that it provided a review of the Audit Committee in relation to monitoring and managing internal controls, risk and governance.

RESOLVED to approve the contents of Audit Committee Annual Report and Statement of the Accounting Officer for 2016/17 and for it to be signed by the Chair of the Audit Committee and Principal, as Accounting Officer.

4.4 Strategic Risk Register

The Strategic Risk Register was presented and it was noted that it had been considered at the Audit Committee meeting on 16th October 2017.

RESOLVED to receive and approve the Strategic Risk Register.

4.5 Risk Management Annual Report 2016/17

The Risk Management Annual Report for 2016/17 was presented and it was noted that it had been considered at the Audit Committee meeting on 16th October 2017.

RESOLVED to receive and approve the Risk Management Annual Report for 2016/17.

4.6 Internal Auditors Annual Report 2016/17

The Internal Auditors Annual Report for 2016/17 was presented and it was noted that additional information had been added regarding recommendations and management responses for audits during the year since the report had been considered at the Audit Committee meeting on 16th October 2017.

RESOLVED to receive and approve the Internal Auditors'

4.7 Financial Statements and Members' Report 2016/17

The Vice Principal Finance presented the Financial Statements and Members' Report for 2016/17 and explained that the surplus was larger than forecast position for the year end. She explained that this related to a range of points, including reduced income, voluntary severance payments that did not occur, careful management of the part time budget and TGH and the residences being written off, as well as, contingencies included in the original budget. The Solihull Foundation Trust had also made a donation to the College of £230k. It was noted that all KPIS had been met.

The Audit Committee recommended the Financial Statements and Members' Report for 2016/17 for approval.

The Corporation **RESOLVED** to approve the Financial Statements and Members' Report for 2016/17.

4.5 PMR July 2017

The July 2017 PMR was received in support of the year-end audit process.

5. Internal Audit Progress Report

The Internal Auditor presented that report and noted that there was a client briefing relating to cyber crime that may be useful to members.

Q. Clarity was sought regarding the Estates Management audit scheduled for January 2018?

A. The audit would review the planned and responsive management of the estates management team and how they respond and embed health and safety mechanisms in their role.

Q. How will the merger affect the Internal Audit Plan for 2017/18?

A. The Internal Auditor explained that where systems had been merged they would be incorporated into audits. However, where different systems were being audited it may be necessary to increase the number of days. The next Audit Committee would review the Plan in light of merger.

6. Data Protection/GDPR Progress Report

The Director of Risk, Control and Compliance presented the report and noted that the action plan had been undated and new actions added, as appropriate. Mandatory data protection online training had been launched for staff and 580 members of staff had undertaken the training to date. Reminders were being sent to the 200 staff that were still required to do it.

A data audit had taken place detailing data collection and maintenance arrangements throughout the College. The Director of Risk, Control and Compliance was working with managers to identify any potential risks in light of the new legislation. A report would be considered by EMT in due course.

It was noted that all policies would be reviewed prior to May 2018. A Data Protection Steering Group had been established to manage the process. A data protection audit would be carried out at Stratford upon Avon College once merger was complete and an action plan would be agreed, mirroring the process that has been taking place at Solihull College.

Q. There will be a big shift regarding data protection laws, even though we do not fully know what the law will require – how is the College placed to respond to this?

A. The College is well placed to respond to legal requirements when known, due to the audit and action plan. To date, the College is fully compliant and will continue to respond to the

requirements of the GDPR.

It was noted that the requirements relating to privacy statements and recording of breaches would need to be addressed fully. It was also noted that there would be an internal audit in March 2018 that would further inform the action plan.

7. Policy Updates

7.1 Financial Regulations

The Vice Principal Finance presented the Financial Regulations and explained that they had been compared against the Stratford upon Avon College's regulations and there were minor amendments. It was being recommended that the merged college adopt the Solihull College and University Centre's Financial Regulations.

The Corporation **RESOLVED** to approve the Financial Regulations.

7.2 Expenses and Benefits Policies and Procedures

The Vice Principal Finance presented the Expenses and Benefits Policies and Procedures and explained that there were different mileage rates identified in the Stratford upon Avon College's policy to the Solihull College Policy. It was, therefore, being recommended to approve both sets of Policies and Procedures upon merger and aim to harmonise them within the next 6 months.

The Corporation **RESOLVED** to approve both the Expenses and Benefits Policies and Procedures for Solihull College and University Centre and Stratford upon Avon College upon merger.

8. Management Report on the Implementation of Audit Recommendations

The contents of the Management Report on the Implementation of Audit Recommendations were noted for information.

9. Date of the Next Meeting

The date of the next meeting was scheduled for Monday 12th February 2018 at 6pm.

10. Performance Review of the Internal Auditors during 2016/17 including Protocols

This item was deemed as confidential and the internal and external auditors left the meeting.

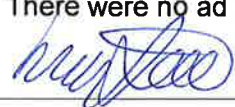
11. Additional Work by College Auditors

Discussion took place regarding the annual sub-contracting audit that was required by the ESFA by 31st January. It was noted that guidance had not yet been released, so the requirements of the audit were not known. Quotes to undertake the work had been requested, however, it was difficult to quote without an audit specification. It was noted that guidance had been late in 2017 too and the deadline for submission had been extended to 31st March. It was anticipated that this would be the case and that once guidance was published there was likely to be a 3 month window for submission. It was noted that there may be a need for a Chair's Action should guidance be released between Audit Committee meetings.

12. Ad Hoc Audit Reports

There were no ad hoc audits to report.

Signed



Date

12 March 2018.