

## SOLIHULL COLLEGE AND UNIVERSITY CENTRE

### MINUTES OF THE MEETING OF THE AUDIT COMMITTEE MEETING HELD ON 11<sup>TH</sup> NOVEMBER 2019 AT THE BLOSSOMFIELD CAMPUS, starting at 6pm

PRESENT: Lucy Lee (Chair)  
Badri Gargeshnari  
Paul Large  
Geraldine Swanton  
Tony Worth (External Member)

IN ATTENDANCE: John Callaghan (Principal)  
Lindsey Stewart (Deputy Principal and Stratford Chief Operating Officer)  
Heather Evans (Vice Principal – Finance)  
Sam Bromwich (Director of Risk, Control and Compliance)  
Sue McGregor (Dean of HE and Curriculum Innovation)

Louise Tweedie (RSM - Internal Auditor)

#### 1. Membership

##### 1.1 Apologies for Absence

Apologies for absence were received from Mark Dawson, KPMG and Pete Haynes Vice Principal HR and Student Services.

##### 1.2 Declarations of Interest

There were no new declarations of interest.

#### 2. Minutes of the meeting held on 17<sup>th</sup> June 2019

The minutes of the meeting held on 17<sup>th</sup> June 2019 were agreed as a correct and accurate record and signed by the Chair.

#### 3. Board Assurance Presentation – HE Presentation

The Dean of HE and Curriculum Innovation presented the report and explained that risk in HE was increasing and that the OfS was becoming more challenging in terms of scrutiny and accountability. Key risk areas include consumer and marketing legislation (CMA), OfS regulatory requirements, student numbers and degree awarding powers.

She explained that there was new guidance being released regarding the Student Protection Plan. It would provide a range of requirements to protect students should the College make decisions that were detrimental to their education and the College would need to incorporate these into all procedures.

The Dean of HE and Curriculum Innovation explained that organisations were seeking clarity regarding the meaning of 'Reportable Events'. The exact meaning was unclear, so she was hopeful that the OfS would provide further detail at a forthcoming HE briefing. It was noted that the impact of smaller institutions making a mistake often had a larger impact for student awards. Decisions would need to be carefully

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managed to limit detriment for students or potential students, for example course closure etc.

The Access and Participation Plan had been approved by the OfS and would be reviewed in in January 2020. It was now a legally-binding document and would be in place for 5 years.

Discussion took place regarding degree awarding powers and the risks associated with applying, but there were also potential risks if the College did not apply to award degrees, for example, decisions by partner universities to cease validation of programmes. Issues regarding procedures for programme development for internally awarded degrees and it was noted that this need to be managed carefully, as it could be time consuming and resource intensive.

Q. The College has identified the risks and ensured that mitigation is in place, but this is a sector-related challenge – is there any mitigation being developed by the sector?  
A. The Mixed Economy Group (MEG) is the only forum where HE managers meet. It is a good pressure group and has links with OfS and QAA. Key people in the sector often attend to discuss issues etc. There is no online forum – managers would be more likely to phone someone from the informal network.

Q. In terms of mitigation there is a real need for comprehensive written procedures about course closures and changes. It is how universities are responding.

A. It was confirmed that the College did have written procedures in place. This aids consistency and communication with lecturers and provides information about what to tell students at open days. It was noted that the Student Protection Plan would make this consistency and accuracy even more important. If any issues raised with the OfS then they can require a more detailed plan and more scrutiny will be applied.

*Thanks were expressed to the Dean of HE and Innovative Curriculum and she left the meeting.*

#### 4. Risk Management and Board Assurance Framework

##### 4.1 Risk Management Annual Report 2018/19

The Director of Risk, Control and Compliance presented the annual report for 2018/19.

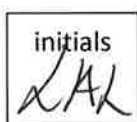
Q. What adverse events have happened in the year that were reflected in the Plan from last year and are there any events that were not in the plan?

A. The strategic risk register provides a rolling commentary throughout the year, so this type of reflection happens prior to each Audit Committee meeting. However, it would be useful to reflect on the year as a whole and report on the effectiveness of the Register and on any issues that were omitted. A report would be produced for the next full Audit Committee (March 2020). **ACTION.**

**RESOLVED** to recommend approval of the Risk Management Annual Report for 2018/19 to the Corporation.

##### 4.2 Risk Timetable 2019/20

The Director of Risk, Control and Compliance presented the risk timetable for 2019/20 which identifies planned activities for the year.



#### 4.3 Risk Management Strategy 2019/20

The Director of Risk, Control and Compliance presented the Risk Management Strategy 2019/20.

Discussion took place regarding the current process of reviewing the Risk Management Policy every 3 years and the Strategy annually and whether it might be possible to merge the 2 documents. It was noted that reviewing the Strategy annual provided an opportunity to review the matrix and tolerances, which was important on a regular basis. The Director of Risk, Control and Compliance would review the two documents and report back to the March 2020 Audit Committee to streamline the documents and decide whether an annual review would be required. **ACTION.**

**RESOLVED** to recommend approval of the Risk Management Timetable and Strategy for 2019/20 to the Corporation.

#### 4.4 Strategic Risk Register and Board Assurance Plan 2019/20

The Director of Risk, Control and Compliance presented the Strategic Risk Register and Board Assurance Plan for 2019/20.

Q. How comfortable are you that the risks and mitigations of HE are reflected in the risk register?

A. There is an area risk register for all areas and all staff are asked to reflect on HE within their register and when they are reviewing it. HE is embedded throughout the Strategic Risk Register. It was suggested that external re-assurance would be useful in areas like CMA during 2020/21. **ACTION.** Further it was suggested that where dates change – those changes are made clear and reasons given. **ACTION.**

Q. In terms of staff time - who is monitoring all the risks – how are they coping with it?

A. Risk is very well embedded in what we do and is part of the business planning process and all areas have a risk register. It was suggested that reporting on issues that area risk registers have included in 2018/19 and those that have not been included should also be done at area level this would feed into the report for the Audit Committee in March 2020 – this would provide a clear indication of how effective the risk management process is throughout the organization. **ACTION.**

**RESOLVED** to recommend approval of the Risk Register and Board Assurance Plan for 2019/20 to the Corporation.

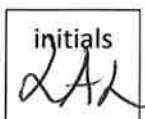
#### 4.5 Institute of Technology (IoT) Risk Registers

The Institute of Technology (IoT) Risk Registers were received for information.

Clarity was sought regarding the 2 different risk registers and it was noted that one was a DfE document that had to be produced, but that in future there would be one internal format for reporting IoT risks. **ACTION.**

#### 4.6 Stratford upon Avon Campus Development Risk Register

The Stratford upon Avon Campus Development Risk Register was received for information.



#### **4.7 No-Deal Brexit Risk Analysis**

The contents of the No-Deal Brexit Risk Analysis report were received for information. AOC guidance had been published and it was suggested that the report be updated to incorporate this guidance for the next meeting. **ACTION.**

#### **5. Internal Audit**

It was noted that with effect from 1<sup>st</sup> September 2019 Louise Tweedie had become a Partner with RSM – congratulations were expressed by the Committee and management team. She explained that she would start to work with more clients at a higher level and that Laura Goodwin would start to do more of the operational work. Louise would continue to try to attend as many Audit Committee meetings as possible.

#### **5.1 Annual Report 2018/19**

The Internal Auditor presented the annual report for 2018/19 and confirmed that the organization has an adequate and effective framework for risk, governance and internal controls.

Q. Clarity was sought regarding action 2.2, where an action reviewed in the Follow Up audit (06.18/18) had moved from being a high priority to a medium action – why was this the case?

A. It was noted that the action had been partially implemented and it had therefore reduced in priority rating. It related to the error rate regarding learner start date recording at Stratford upon Avon College and whilst there was further work to be done on improving this, it had been addressed by the College.

#### **5.2 Learner Number Systems**

The Internal Auditor presented the Learner Number Systems report relating to apprenticeships, study programmes and key controls over free meals. The College has always had learner number internal audits to enable the College to prepare for the ESFA external learner number audit that took place in September/October 2019 and the audits had proved to be a really useful preparation.

The Internal Auditor explained that the recommendation relating to Off the Job Training (1.6) had changed due to a change in ESFA requirements. It was noted that the Funding Methodology did change sometimes and interpretation of the funding methodology could be extremely difficult. The Principal explained that requirements relating to sub-contracting had become so detailed and stringent that the College was planning on reducing the levels of sub-contracting for 2019/20 because the impact of issues was high and with Ofsted on the horizon the additional burden was undesired.

Q. The action dates in the report are all August 2019 – have they been completed?

A. Yes, the action had been done prior to the external learner number audit, which took place in September 2019 which will confirm that the actions that have been done. The audit recommendations tracker will also reflect work towards the achievement of actions.

#### **5.3 Progress Report – October 2019**

The Internal Auditor presented the Progress Report – October 2019 report.



## 6. **PWC ESFA Student Numbers Audit**

The Deputy Principal explained that the audit had taken place and feedback had been positive. It was noted that audit had required extensive work by College staff at a key time of the year for data processes and this had had an impact on timeliness of ILR data for 2019/20, although staff were working hard to catch up. It was noted that the College was one of only 2 out of 20 that had a clear outcome – this was a good achievement. The audit had highlighted some areas that the College would like to follow up for internal audit in future.

The Committee expressed its thanks for the hard work of staff in relation to the audit and the aftermath in getting back on track with the ILR data and acknowledged the positive outcome, which was a great achievement for all.

## 7. **Data Protection and GDPR Update**

It was noted that the Data Retention Schedule would be updated in line with recent JISC guidance and presented to the meeting of the Committee in March 2020.

**ACTION.**

### **7.1 Data Protection Policy**

The Director of Risk, Control and Compliance presented the Data Protection Policy and explained the minor changes that had been made with regard to use of personal emails and use of IOC self-assessment tool. It was noted that Geraldine Swanton would speak to the Director of Risk, Control and Compliance regarding some further minor changes prior to approval at Corporation. It would also be useful to clarify who the DPO was and what the role included within the Policy. **ACTION.**

**RESOLVED** to recommend approval of the Data Protection Policy, subject to minor amendments, to the Corporation.

### **7.2 Data Archiving and Retention Policy**

The Director of Risk, Control and Compliance presented the Data Archiving and Retention Policy.

**RESOLVED** to recommend approval of the Data Archiving and Retention Policy to the Corporation.

### **7.3 Data Breach Report**

The Director of Risk, Control and Compliance presented the report and explained that there can be minor data breaches, for example, an email going to the wrong person and this is logged. This encourages staff to report all breaches on a regular basis in case more important breaches do occur.

Q. The breach was done by a third party – has it happened to other organisations too?

A. Yes, the company do work with other colleges, so it is likely that this has included others too.

Q. Is there a privacy element in tenders/contracts?



A. Yes, there is a privacy requirement in the tender/contracts process and it is likely that companies/organisations would have signed to confirm all privacy requirements were in place. The College could start to ask whether the company has had any complaints regarding privacy and data protection issues. There is no register to record where breaches or complaints have taken place but this could be asked as part of the tender process during due diligence.

Q. USB sticks – moving to 365 should help to avoid such breaches?

A. The reduction of the use of USB sticks is part of the IT strategy – The Director of IT is working on the roadmap to underpin the Strategy that will be reported to the Corporation, in due course. It was noted that this would be shared with Badri Gargeshnari once available. **ACTION.**

Q. Is there a standard breach reporting form?

A. Used the standard ICO template.

## 8. **Financial Oversight and Compliance**

The Clerk presented the report and discussion took place.

Q. Code of Good Governance for English Colleges – how do we demonstrate our compliance with the document?

A. The Clerk would produce a report for the Audit Committee for the March 2020 meeting. **ACTION.**

There was limited time for discussion, so it was suggested that a separate meeting take place to discuss the issues raised through the recent compliance communications from the AOC/FE Commissioner/ESFA etc and feedback from Governors to reflect on College processes. **ACTION.**

## 9 **Health and Safety Annual Report**

The Vice Principal Finance presented the Health and Safety Report and it was noted that this would be presented to Corporation for information.

## 10. **Insurance Annual report**

The Vice Principal Finance presented the report and explained that research had been carried out regarding cover for cyber attacks, but that it had been difficult to ascertain the exact amount of cover required.

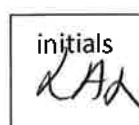
Q. What is covered within the cyber attack cover at a level of £1m?

A. The Vice Principal Finance confirmed that she would circulate the detail relating to what is covered at a £1m level of cover. **ACTION.**

It was agreed that once the content of cover had been shared and confirmed with Committee members the decision to proceed be delegated to the Vice Principal Finance. **ACTION.**

## 11. **Value for Money Report**

Discussion took place regarding reporting value for money and whether the College was achieving adequate level of value for money for the College and how this could be reported. It was noted that OfS guidelines had recently been published. It was



noted that value for money had been raised in the Financial Oversight and Compliance report and it would be included in the separate meeting to take place (see 8 above).

**12. Anti-fraud, Bribery and Corruption Policy, Procedure**

The Clerk presented the Anti-fraud, Bribery and Corruption Policy, Procedure and discussion took place.

Q. In terms of financial irregularity and whistle-blowing would a member of staff engage with these documents and know what to do about these issues?

A. The 2 policies are relatively formal and may be difficult for staff to engage with, although it was important to have clear policy documents.

It was agreed that the Policy, Procedure and Strategy be approved as the formal College approach, but that some work be undertaken to reflect and develop on information for staff to make it more user-friendly and engaging. It was noted that a flowchart could be useful and that other organisations, like banks, tended to produce user-friendly documents. It was suggested that both Governors and a staff governor be involved in producing the user-friendly versions. **ACTION.**

**RESOLVED** to recommend approval of the Anti-fraud, Bribery and Corruption Policy, Procedure to the Corporation.

**13. Report of the Audit Committee and Principal to Corporation**

The Clerk presented the Report of the Audit Committee and Principal to Corporation and noted that there was some additional information to be added once the final auditors' annual reports were available. This would be added and presented at the next meeting. **ACTION.** The report would be signed by the Principal and the Chair of the Audit Committee. **ACTION.**

**RESOLVED** to submit the Report of the Audit Committee and Principal to the Corporation, subject to the addition of final details.

**14. Regularity Self-Assessment Questionnaire**

The Clerk presented the Regularity Self-Assessment Questionnaire and explained that this had been highlighted by Julian Gravatt, AOC Deputy CEO in his publication of July 2019. It was noted that the Regularity Self-Assessment Questionnaire would be signed by the Chair of the Corporation and Principal and submitted to the Corporation to underpin the end of year process for 2019. **ACTION.**

**15. All Additional Audit Work**

The Vice Principal presented the All Additional Audit Work report and the contents were noted.

**16. Appointment of the Internal and External Auditors**

This item was deemed confidential from the auditors and the Internal Auditor left the meeting.

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**17. Management Report on Implementation of Audit Recommendations**

The Director of Risk, Control and Compliance presented the report for information.

The meeting ended at 8.20pm.

Signed:  \_\_\_\_\_

Date: 21<sup>st</sup> Nov 2019.