

SOLIHULL COLLEGE AND UNIVERSITY CENTRE

MINUTES OF THE MEETING OF THE ANNUAL AUDIT COMMITTEE MEETING HELD ON 27TH NOVEMBER 2019 AT THE BLOSSOMFIELD CAMPUS, starting at 5.30pm

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

CORPORATION MEMBERS: Stan Baldwin
Dr Peter Bebbington
John Bolt
Barbara Hughes
Sukhy Nijjar
Sally Tomlinson
Mark Hayes (Staff)

IN ATTENDANCE: John Callaghan (Principal)
Lindsey Stewart (Deputy Principal and Stratford Chief Operating Officer)
Heather Evans (Vice Principal Finance)
Pete Haynes (Vice Principal HR and Student Services)
Sam Bromwich (Director of Risk, Control and Compliance)
Gita Chauhan (Head of Finance)
Theresa Lynch (Clerk)

Laura Goodwin – RSM
Mark Dawson – KPMG

Paul Large welcomed everyone and explained that he had agreed to Chair the meeting as Lucy Lee would join the meeting late due to work commitments.

2. Membership

2.1 Apologies for Absence

There were apologies for absence from Lucy Lee, Katie Higgins (Student), Paul Assinder, Tony Lucas and Matt Warburton (LOA).

2.2 Declarations of Interest

There were no new declarations of interest.

3. Minutes of the previous meetings and matters arising

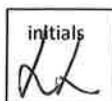
The minutes of the meeting held on 11th November 2019 were **agreed** as a correct record and signed by the Chair.

Q. Who is the Data Protection Officer?

A. Sam Bromwich, the Director of Risk, Control and Compliance.

4. College KPIs and Annual Priorities Outturn 2018/19

The Principal presented the report and explained that it was RAG rated.



This item was deemed confidential, due to commercial sensitivity.

5. Year End Audit Matters

The Vice Principal Finance presented the financial outturn position for 2018/19. Discussion took place regarding the cash position and impact of the payment of loans and payment for TGH.

5.1 Letter of Representation

The FSA Auditor presented the Letter of Representation.

RESOLVED to approve the contents of the Letter of Representation and agreed that it be signed by the Chair.

5.2 KPMG Management Letter

The KPMG Management Letter was presented by the FSA Auditor and described the 3 key risks for colleges, including the pension liability. He explained that KPMG were content with the assumptions regarding the pension calculation assumptions. The College is in a good financial position, particularly in relation to other colleges in the sector. Following accounting adjustments there is a strong and consistent surplus position and significant cash generation.

Q. Clarity was sought regarding the LGPS pension liability.

A. It was noted that the assumptions were outlined on page 24 of the Management Letter and that these had been confirmed by actuaries and had been tested by KPMG during the audit. KPMG confirmed that the assumptions were appropriate and consistent with previous years.

Q. Will LGPs ever reclaim the deficit?

A. In the short term the LGPS will not reclaim the deficit. There are regular re-calculations to inform contributions and the only event that would require repayment would be closure of the College. The Scheme is backed by the government, so those already retired are protected.

Q. What impact will OfS requirements have regarding regularity?

A. From 2020 there will be a requirement to comply with OfS requirements for the year-end accounts. The ESFA have taken these requirements into account with changes to the accounts process this year, for example, senior staff pay declarations.

Q. What will the College need to do with regard to expenditure on the Access and Participation Plan (APP)?

A. The Corporation will need to have regular reports regarding the APP, so it will also be necessary to report on expenditure against the Plan. There is also likely to be other spending that needs to be included. The College will review this in terms of reporting for the 2019/20 accounts, with support from KPMG. OfS will also require some changes regarding regularity and this will be confirmed for the sector in due course.

RESOLVED to receive and approve the KPMG Management Letter to the Audit Committee for 2018/19.

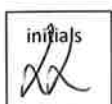
5.3 Regularity Audit

The Clerk presented the regularity audit and confirmed that KPMG had received and reviewed it.

RESOLVED to receive and approve the Regularity Audit and for it to be signed by the Chair of the Corporation and Principal, as Accounting Officer.

5.4 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 2018/198 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 2018/19 and for it to be signed by the Chair of the Audit Committee and Principal, as Accounting Officer.

5.5 Strategic Risk Register and Board Assurance Plan

The Strategic Risk Register and Board Assurance Plan was presented and it was noted that it had been considered at the Audit Committee meeting on 11th November 2019.

The Director of Risk, Control and Compliance explained that each area of the College had a risk register, which was regularly updated. The Committee had recently reviewed HE and apprenticeships as being key College risks. It was noted that the on-going board assurance report provided additional levels of assurance beyond internal audit.

RESOLVED to receive and approve the Strategic Risk Register.

5.6 Risk Management Annual Report 2018/19

The Risk Management Annual Report for 2018/19 was presented and it was noted that it had been considered at the Audit Committee meeting on 11th November 2019.

Q. How often is risk reviewed at Audit Committee?

A. Risk is reviewed at every meeting, either the Risk Register or through specific presentations regarding risk areas.

Q. What would be considered to the key risks for 2020?

A. Consumer Markets Authority (CMA) requirements for HE, no-deal Brexit risk, Institute of Technology (IOT) and the Stratford re-development project.

The CMA risk relates to the need to ensure information for HE students is accurate and that all provision is delivered in line with statements made in publicity material. It was noted that there was a potential for HE staff to go on strike and discussion took place as to whether this would have an impact on the service provided for HE students.

RESOLVED to receive and approve the Risk Management Annual Report for 2018/19.

5.7 Internal Auditors Annual Report 2018/19

The Internal Auditor presented the Annual Report for 2018/19 and confirmed that the College had an adequate and effective framework for risk management, governance and internal control. She explained that all internal reports had been completed and all had substantial assurance, except learner number, that had been an advisory audit.

RESOLVED to receive and approve the Internal Auditors' Annual Report for 2018/19.

5.8 PWC ESFA Student Numbers Audit Report

The Deputy Principal presented the external audit of student number report, that had been recently received. There were no actual funding errors identified and there would be no clawback. The only recommendation related to the College reviewing PDSAT reports throughout the year to ensure that issues are dealt with on a timely basis. This had already been identified as part of the internal audit process.

Congratulations were expressed to the College team who had worked hard to ensure a positive outcome, as only 2 out of 20 colleges had come out of the audit with no funding errors

Q. When did the College last have this audit?

A. The College had not had an external audit since the new audit regime had been put into place, which was about 15-20 years. The College had been working with the internal auditors on a regular basis to include student number audits in the annual internal audit process.

The Principal explained that this was an important assurance tool for other organisations in terms of being able to trust the College's data and was a real achievement. Some colleges have had their data removed from the national records, so this was a good outcome.

It was noted that the IS Manager would be retiring in December 2019. Discussion took place whether this would have an impact on when the auditors would return and other potential risk factors were noted.

Governors sent thanks to the Team for their hard work and effective data management.

5.9 Financial Statements and Members' Report 2018/19

The Vice Principal Finance presented the key areas from the Financial Statements and Members' Report 2018/19. She confirmed that the Finance and Resources Expert Group had reviewed the Financial Statements and Members' Report in detail. It was noted that some minor changes had been required and the balance sheet needed to be amended.

Thanks were expressed to the Vice Principal Finance and her team for all the hard work.

The Corporation **RESOLVED** to approve the Financial Statements and Members' Report for 2018/19.

5.10 PMR July 2019

The July 2019 PMR was received in support of the year-end audit process.

5.11 ESFA Financial Health letter and Finance Dashboard dated 23rd October 2019

The ESFA Financial Health letter and Finance Dashboard dated 23rd October 2019 was received.

6. Internal Audit

6.1 Performance Review of the Internal Auditors during 2018/19

This item was deemed confidential and the Auditors left the meeting.

6.2 Internal Audit Protocols

This item was deemed confidential and the Auditors left the meeting.


7. Additional Audit Work

This item was deemed confidential and the Auditors left the meeting.

8. Date of the next Audit Committee meeting

The next meeting of the Audit Committee would take place on 16th March 2020, starting at 6pm.

Signed



Date

16-03-2020