

## SOLIHULL COLLEGE AND UNIVERSITY CENTRE

### MINUTES OF THE MEETING OF THE AUDIT COMMITTEE MEETING HELD ON 15<sup>th</sup> JUNE 2020 AT THE BLOSSOMFIELD CAMPUS, starting at 6pm

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

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)  
Theresa Lynch (Clerk)

Mark Dawson – KPMG  
Louise Tweedie – RSM  
Laura Goodwin – RSM

The Chair welcomed all and explained the arrangements for the online meeting.

#### 1. Membership

##### 1.1 Apologies for Absence

There were no apologies for absence.

##### 1.2 Declarations of Interest

There were no new declarations of interest.

#### 2. Minutes of the previous meetings and matters arising and confidential items

The minutes of the meeting held on 16<sup>th</sup> March 2020 were **agreed** as a correct record and signed by the Chair, subject to amendment of typo on page 2.

##### Matters Arising:

2.1 Data Retention Schedule – to be reviewed and presented alongside the Data Protection Policy in the Autumn Term 2020.

2.2 Fraud Presentation – was deferred to Autumn Term 2020.

#### 3. COVID-19 Update and Risk Register

The Director of Risk, Control and Compliance explained the process to date in addressing the COVID-19 crisis and presented the high-level COVID-19 Risk Register, due to the high level of strategic risk to the College. She explained that it reflected the Reset and Recovery Risk Assessment document that had been produced to consider all areas of the College in detail to ensure a thorough approach to managing the June re-opening of the College and preparation for September 2020. It was noted that each are of the College was reviewing their Risk Assessment documents to incorporate COVID-19 related issues and these were being validated by the Health and Safety Committee.

Q. Have the risks relating to IT been considered as part of this process?



A. Yes, IT has been addressed throughout the process including the issues relating to reliance on IT through remote working/studying, online safeguarding and cyber security.

Q. Under the 'action required' on the Risk Register shouldn't the key action be to keep abreast of the latest developments and advice from the Government and Public Health England and to ensure understanding of the implications for the College?

A. On the risk register, under Leadership and Management one of the key controls is to ensure that managers are constantly being updated and receiving advice to underpin all actions being taken. The assumption is that this is fundamental to underpin all actions and will be needed throughout the crisis.

Q. Given the numerous accommodations that will be required and the need to police and refine arrangements in real time does the College have sufficient suitably trained/qualified resource available from September?

A. There are 2 health and safety professionals, employed by the College, who are making sure all arrangements are appropriate and in place. The Health and Safety Committee approves all risk assessment. Hettle Andrews are also supporting in relation to reviewing risk assessments, to provide external assurance. They are working with a number of schools at the moment and are therefore obtaining useful information to inform our discussions.

The Chair noted that a lot of work had gone into producing the Risk Register and this was ongoing in reviewing and updating it. She congratulated the Team on the thorough and carefully considered process that had been established and oversight provided through the Risk Register.

#### **4. Risk Management and Board Assurance Reports**

The Director of Risk, Control and Compliance presented the Risk Management Report.

It was noted that the Area Risk Register Review that had been scheduled for March 2020 had been overtaken by the COVID-19 crisis management and closure of the College. It was suggested that due to the work currently being done by staff in each school and business area on their risk assessment and business continuity and recovery plans, the review of the area Risk Registers be re-scheduled for later in 2020/21.

##### **4.1 Strategic Risk Register and Board Assurance Plan**

The Director of Risk, Control and Compliance presented the Strategic Risk Register and Board Assurance Plan and explained that it is reviewed termly. It had been decided to take COVID-19 risks into account when reviewing the Strategic Risk Register and Board Assurance Plan, but to be aware that there is a specific-COVID-19 Risk Register in place to manage the on-going crisis. There would however need to be assurance obtained to ensure strategic risks were being mitigated in relation to the crisis and this was reflected in the updates therein.

Q. Has a lessons-learned review of business continuity been completed in light of the pandemic?

A. The College had a very good Business Continuity Plan in place, that had recently been reviewed in relation to having to close the College at short notice. All managers will now be asked to review the Plan again in light of lessons learned between the October 2019 review and the actual closure of the College in March 2020. This will ensure the College is prepared should there be a necessity to lockdown again.

The Internal Auditor confirmed that the Business Continuity Plan had been audited and the outcome had been positive, with some management actions that had been addressed. It was anticipated, therefore, that a further audit take place in 2021/22, as the Plan had been tested and the College was currently reviewing it to address further lessons learned.

It was noted that the Risk Register is very comprehensive but tends to make it difficult for Governors to be clear about how they can best support and challenge. It was noted that Governors engagement with the risk process was an element of the Compliance, Risk and Value



for Money Special Interest Group and that it would be useful to consider having reports highlighting changes and concerns clearly so that Governors could focus more easily on the key issues and monitoring the improvement actions.

Clarity was sought regarding the deadline for some of the COVID-19 elements that have a deadline of August 2020 for completion and whether this would be ready for September 2020 should a further lockdown occur in the meantime. It was noted that work would be underway shortly, but in light of the best guidance to ensure tasks are only done once to ensure fully compliance for September 2020.

Q. How was recruitment progressing for the role of Head of Estates?

A. Interviews would be taking place on 16<sup>th</sup> June 2020. There were 2 candidates and an update would be provided in due course.

#### **4.2 IoT Project Risk Register**

The Director of Risk, Control and Compliance presented the risk register for the IoT and confirmed that it had been reviewed following approval and noted therefore that the focus had now changed to implementation of the IoT and financial oversight.

#### **4.3 Stratford Campus Development Project Risk Register**

The Director of Risk, Control and Compliance presented the Stratford Campus Development Project Risk Register and noted that it had been reviewed and updated.

### **5. On-going Board Assurance 2019/20**

The Director of Risk, Control and Compliance presented the On-going Board Assurance report for 2019/20 and noted that there were 2 elements of board assurance relating to accommodation from the Novus External Project Manager for the Stratford Re-development and Woodlands IoT Hub and the Russell Jordan (HMI) presentation to governors in relation to preparation for Ofsted.

Q. Is this a sub paper of item 4?

A. These items were separated to be individual items because item 4 and 5 can be quite big items with a number of appendices, so to make them manageable we separated them (even though for this meeting item 5 is a short update report only).

Q. Is assurance provided in relation to benchmarking with HEIs and colleges to ensure the College is in line with what other organisations are currently doing?

A. The Principal is in regular contact with Principals from West Midlands colleges to consider current arrangements and management during the crisis, so this provides some external benchmarking opportunities, but the College also has links with other organisations who can provide assurance, for example, the College insurers who can also advise and support and also have knowledge from the sector and more broadly. Further, internal audits have a focus on providing sector comparisons with colleges and universities and RSM provide a benchmarking report to support this comparison further.

### **6. Internal Audit**

Q. How will implementation of actions be ensured alongside the high levels of work involved in managing the COVID-19 crisis?

A. In relation to the Learner Number audit, for example, the new Director of IS had welcomed the opportunity to engage with the area and saw it as complementary to expectations for his role.

The Director of Risk, Control and Compliance explained that the following 3 audits had been undertaken during lockdown. She noted that the work had been very thorough and in some ways the need to communicate and work remotely had ensured a deeper level of detail to ensure compliance and understanding. Queries had been dealt with as part of the audit process, rather



than post-audit, which had been helpful. The Auditor confirmed that this had worked well, even though there had been early concerns about not being on-site and being able to sense the culture of the College and be with staff to ask questions etc. She noted, however, that the auditors are already familiar with the College and the staff and this may be a different experience with a new client.

The Director of Risk, Control and Compliance confirmed that actions would be monitored through the normal process and presented to the Committee in the Management Report on Implementation of Audit Recommendations at each meeting.

### **6.1 Higher Education Framework**

The Internal Auditor presented the report and explained that it focussed on 3 areas, relating to academic governance, Competitions and Markets Authority requirements and the Access and Participation Plan. She confirmed substantial assurance, with only one area for action regarding consistent and clear publication of fees and additional costs on the College website.

### **6.2 Follow Up Report**

The Internal Auditor presented the report to review the management actions from the 2018/19 audits and noted that only 2 were yet to be implemented and that these would be reviewed again in the 2020/21 Follow Up audit.

### **6.3 Learner Number Systems**

The Internal Auditor presented the report and explained that this had been an advisory audit. There had been only one management action to ensure procedures were documented.

### **6.4 Progress Report – June 2020**

The Internal Auditor presented the Progress Report for June 2020 and confirmed that all audits had been delivered as planned, despite lockdown and reflected the good relationship with the College and their commitment to completing the audits.

Client Briefings:

- Fraud risks – constant need for vigilance and issues arising during the pandemic in particular and the impact of working remotely and an increase in phishing and smishing attacks.
- RSM Next Steps – there may be some processes that have to be audited on site and there is a process in place for RSM to take accountability for their staff in coming onto the College site, as appropriate. However, the majority of audit work can continue to be undertaken remotely for the current time.

## **7. Internal Audit Plan for 2020/21**

The Internal Auditor presented the Plan for 2020/21 and explained that the approach for 2020/21 to COVID-19 was to incorporate it into the areas being audited, rather than undertaking a specific audit. To inform the Plan the College's Strategic Risk Register had been reviewed, sector and environmental risks were considered and new legislative and regulatory requirements incorporated. It was noted that client briefings highlighted emerging areas of increased risk throughout the year. The Internal Auditor confirmed that the Plan for 2021/22 would be considered at the March Audit Committee in 2021.

Recommended areas to be audited were presented and the rationale for enquiry, as well as, explanation where the impact of College closures had changed working practices and how this was being monitored and risks mitigated.

Q. I thought we agreed that AC should be involved at an earlier stage.



A. This had been discussed previously, but no resolution had been arrived at. The current process included development by management with the Chair reviewing the final draft prior to it being considered by the Audit Committee. It was noted that the Plan was for approval and could be amended if the Committee agreed to do so. The Internal Auditor confirmed that the Plan for 2021/21 would be presented at the March 2021 Audit Committee meeting. **ACTION.**

Q. Do you (RSM) plan to use any specialist staff on the mental health and well-being review?

A. The Internal Auditor explained that the safeguarding and mental health review would be carried out by RSM staff that had undertaken similar reviews in other colleges and universities and had built knowledge and expertise in the area and could share best practice. Sector guidance from the AoC and university sector would be tested and clarity regarding practices for staff identifying learners at risk when working remotely.

Q. How has the changing risk profile of the College (in light of the pandemic) affected the proposed work programme for 2020/21?

A. The Internal Auditor explained that the impact of the pandemic had resulted in many College functions being done remotely and that this had been entwined throughout the work programme for 2020/21, for example, the IT audit would include strategies for remote working and the core financial controls audit would consider the impact of remote working on processes including division of duties, where it was acknowledged there had been increased fraudulent activity, as well as, cyber-crime issues that would be raised in the IT audit.

Q. The areas identified for audits in future years does not provide specificity with regard to each area – is this to allow flexibility?

A. The areas are indicative of the areas that would be anticipated as continuing to fall into the remit of annual audit, are elements in the College's Strategic Risk Register and areas identified the sector as risk areas. The lack of specificity allows flexibility for planning and for providing an opportunity to incorporate any emerging risk areas in the future. For example, it will be timely to audit health and safety following the issues that have arisen during the pandemic crisis and changes to accountability and requirements.

Q. The capital projects audit is covering within the audit plan and therefore covers Stratford re-development, but the IoT is not incorporated, but is a key strategic development for the College. Was this considered during the planning stage?

A. The IoT was considered as an area for audit and will be an area in future plans, however, at the current time it was felt that the pandemic and related issues were a higher priority at the moment. The Internal Auditor explained that she was involved in an audit at another IoT that was reviewing governance arrangements and reporting processes. This area would be kept under review.

**RESOLVED** to recommend approval of the Internal Audit plan for 2020/21 to the Corporation.

## 8. **KPMG Financial Statements Audit Plan and Strategy for 2019/20**

*The Internal Auditors left the meeting for consideration fees for KPMG*

The Financial Statements Auditor presented the KPMG Financial Statements Audit Plan and Strategy for 2019/20 and explained the scope of the audit and highlighted changes for 2019/20, including consideration of the impact of COVID-19. It was noted that the College had to comply with the ESFA Accounts Direction and the Audit Code of Practice, but for 2019/20 would also have to be in line with the OfS Accounts Direction. This would result in the College needing to include a note in the accounts with regard to grant and fee income, which would require an explicit assurance opinion. Further the College had to report on expenditure in relation to the Access and Participation Plan and the College needed a statement of recommended practice in relation to FRS102. The risk regarding 'going concern' had been increased for colleges, although



the College was in outstanding financial health at the moment, it was necessary to carry out a risk assessment with regard to the financial impact of the pandemic.

It is anticipated that the audit will be done largely remotely and there are no issues identified, but there may be an impact on timing.

Q. What assurances will be required in terms of the new ESFA financial return due for submission on 31<sup>st</sup> July 2020?

A. Corporation should have sight of the contents of the return to demonstrate working assumptions and financial priorities for the future and assessment of the College's solvency. Some colleges would not have Corporation meetings in the timescale, but it would be prudent to have Corporation approval.

**RESOLVED** to recommend approval KPMG Financial Statements Audit Plan and Strategy for 2019/20 to the Corporation.

## 9. Draft Annual Report of the Audit Committee

### 9.1 Draft Annual Report

The Clerk presented the Draft Annual Report of the Audit Committee and Principal and noted that due to the need to incorporate an assurance statement regarding College data the report had been drafted early for the Committee. It had been suggested that a Data Board Assurance presentation be provided for the Committee in the Autumn term to underpin the statement in the report. **ACTION.** Feedback and comments were requested.

Q. Is there a whistle-blowing log?

A. There isn't a log for whistle-blowing, but it is reported in the annual report each year and if a case was submitted the Chair of the Corporation and Chair of the Audit Committee would be informed and any investigation would be reported to the Audit Committee.

### 9.2 Terms of Reference

The contents of the terms of reference for the Audit Committee were noted.

### 9.3 Fraud Log

The contents of the Fraud Log were noted.

### 9.4 ESFA Financial Health and Control Letter May 2020

The contents of the Financial Health and Control letter from the ESFA for May 2020 were noted.

## 10. All Additional Audit Work

*The report for this item was deemed confidential and the internal and external auditors left the meeting.*

The Vice Principal Finance confirmed that reports had been made available relating to ESF and the DWP audit. The Chair's Action for the Annual Sub-contracting audit was ratified.

## 11. Value for Money Update Report

*The report for this item was deemed confidential and the internal and external auditors left the meeting.*



The Vice Principal Finance noted that value for money would be considered by the Compliance, Risk and Value for Money Special Interest Group, so the format and content will be reviewed and could change for 2020/21.

Q. Does the College undertake due diligence in relation to companies that tender and contract with the College?

A. All suppliers complete a due diligence questionnaire that cover a range of issues including financial elements and credit checks are always completed. In the current climate it is difficult as the financial status of many companies are under pressure and data tends to be historical. Further, the assessment is in relation to value for money, quality service and that they can meet our requirements, as well as, cost, but cost is not necessarily the only indicator.

## **12. Health and Safety Update Report**

The Vice Principal Finance presented the termly report and confirmed that it was cross-reference with the information regarding COVID-19. Due to college closure there were very no new accidents to report. Staff were continuing to undertake training online. Insurances were being made, but Hettle Andrews had confirmed that claims submitted by the College were below the sector average.

## **13. Management Report on Implementation of Audit Recommendations**

### **13.1 Status Report for internal and External Audit**

The contents of the Status Report for Internal and External Audit were received for information.

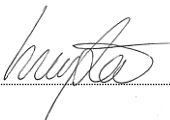
### **13.2 ESF Audit Report Tracker**

The contents of the ESF Audit Report Tracker were received for information.

## **14. Date of the next Audit Committee meeting**

The next meeting of the Audit Committee would take place on 20<sup>th</sup> October 2020, starting at 6pm.

The meeting ended at 7.40pm.

Signed:  Dated: 20 October 2020

*Chair of Audit Committee's e-signature applied with approval during Covid remote-meetings arrangements*



