

**Solihull College and University Centre  
Minutes of the Audit Committee meeting held on 14<sup>th</sup> June 2021  
online by Teams starting at 6.30 pm**

**Present**

Lucy Lee (Chair)  
Badri Gargeshnari  
Sarah Horton-Walsh  
Geraldine Swanton  
Amirun Nehar  
Tony Worth

**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)

Louise Tweedie (Partner – RSM)  
Mark Dawson (KPMG)

*The meeting was recorded.*

**1. Apologies for Absence**

There were no apologies for absence.

The Chair welcomed Amirun Nehar and Sarah Harvey-Walsh to their first Audit Committee and introductions were made, as appropriate.

**2. Declarations of Interest in relation to this agenda**

No new declarations of interest were received.

**3. Minutes of the Audit/Corporation Meeting held on 16<sup>th</sup> March 2021**

The minutes of the meeting held on 16<sup>th</sup> March 2021 were agreed as a true and accurate record and signed with the Chair's e-signature.

**3.1 Matters Arising**

There were no matters arising.

**3.2 Actions**

The contents of the Actions list was noted.

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

**4.1 Current Top Strategic Risks**

The Director of Risk, Control and Compliance presented the top risks.

## 4.2 Strategic Risk Register and Board Assurance Framework

The Director of Risk, Control and Compliance gave an overall update on the risk management and board assurance reports. She explained that the top strategic risks had been reviewed and, as requested, an indication of direction of travel had been added. The current top 3 risks related to:

- Impact of maintaining good financial health due to a decline in HE and apprenticeships income;
- Ensuring a good Ofsted rating in all curriculum areas;
- Potential of a cyber attack.

The Director of Risk, Control and Compliance noted that she had had a meeting with the 2 new Committee members to explain risk and board assurance processes. She confirmed that the Reset and Recovery Plan had been reviewed and updated in line with government guidance, particularly in relation to the change in guidance regarding wearing masks.

The only element of independent board assurance related to a HSE Spot Check phone call that had taken place. There had been 2 calls. The first call comprised of a list of set questions that the Director of Risk, Control and Compliance and Vice Principal HR and Student Services were asked. A second, follow-up call took place to explore some areas in more detail. The feedback was positive and no further action was required. There would not be a written report, but the positive feedback was useful, particularly in relation to the HSE questions about COVID-19 arrangements.

Q. How was tracking going in relation to the IT/cyber crime risk?

A. The Director of Risk, Control and Compliance confirmed that following presentation of the IT audit and action plan at the last meeting, the college was working towards fully implementing Cyber Essentials Plus and had had information from South and City College (reported to Corporation on 27<sup>th</sup> May 2021) that was also been addressed in relation to college systems and processes. Cyber impact plans were being developed by all managers to ensure the college was prepared in the event of a cyber attack. The Vice Principal Finance confirmed that the termly IT update report would be presented to the Corporation meeting on 6<sup>th</sup> July 2021 and the Director of IT would be in attendance to respond to any questions.

The Principal confirmed that arrangements in relation to COVID-19 continued to go well, due to the good planning undertaken by College management. He noted that the focus was now on planning for 2021/22, although staff were still very vigilant given that infection rates were rising in Birmingham and Solihull.

## 4.3 Reset and Recovery COVID-19 Risk Assessment

The Director of Risk, Control and Compliance presented the Reset and Recovery COVID-19 Risk Assessment.

## 5. Insurance Update Report

The Vice Principal Finance presented the Insurance Update report and noted that the College had been working with Hettle Andrews for 3 years. In the original tender it had been agreed to contract for 3 years, with the option to extend to 5 years, subject to performance.

Hettle Andrews had provided a report reviewing the college's current insurance arrangements. Whilst they confirmed that insurance arrangements and levels were appropriate, some recommendations had been made. It was suggested that it was timely to update the professional reinstatement valuation report of the college's sites, as the current insurance levels were based on a previous version produced by UMAL.

Discussion took place regarding the insurance levels, good performance of Hettle Andrews over the last 3 years and the increase of their fee, which would be fixed for 2 years.

**Resolved** to recommend approval of the appointment of Hettle Andrews as insurance brokers for 2021/22 and 2022/23.

## 6. Internal Audit Plan for 2021/22

The Internal Auditor presented the internal audit plan and explained the process for developing the areas for inclusion in the Plan. She explained the areas identified for audit for 2021/22:

- IT controls, to indicate whether there is further action required, following the earlier IT audit in Spring 2021;
- Safeguarding, with an emphasis on harassment and sexual misconduct. This reflected Ofsted and OfS guidance for colleges and universities;
- Learner number systems – content will be based on changes to the FSA audit process;
- Data Protection – due for audit as GDPR has been in place for 3 years; and
- Payroll – standard cyclical audit.

The Chair noted that the Committee previously requested more involvement in production of the Plan and asked the Committee to confirm that they were satisfied with the areas covered and their involvement in development of the Plan. The Committee confirmed the overall Plan but asked for clarity regarding the scope of both the Safeguarding and IT audits when available. **ACTION.** The sensitivities and challenges surrounding the harassment and sexual misconduct procedures and processes were noted.

Q. What other services do RSM provide for the College and what steps are taken to avoid conflicts of interest?

A. The Internal Auditor noted that RSM provided audits for ESF funding, which were conducted by the external audit team and the RSM compliance team review any potential conflicts of interest to ensure all audits are completely independent. She confirmed that RSM, in turn, are audited by their regulators on these issues to ensure complete independence.

**Resolved** to recommend approval of the Internal Audit Plan for 2021/22 to the Corporation.

## 7. Internal Audits

### 7.1 Follow Up

The Internal Auditor presented the Follow Up report.

### 7.2 Learner Number Systems

The Internal Auditor presented the Learner Number Systems audit and noted that this had had a very positive outcome with only 3 low level recommendations. This was the lowest level of recommendations for a review of apprenticeship and study programme funding and had been double-checked by RSM's funding expert, who confirmed the outcome.

### 7.3 Framework for Aspects of Student Safeguarding and Mental Health and Well-being

The Internal Auditor presented the audit for the Framework for Aspects of Student Safeguarding and Mental Health and Well-being.

Q. Regarding mandatory mental health training for staff, what is the pattern in terms of organisations making this training mandatory for staff?

A. There is currently about a 50:50 split between those that have made it mandatory and those that have not. As mental health issues are becoming more high profile, the numbers are increasing that have made it mandatory. Discussion took place regarding the need for the college to consider whether mental health training should be mandatory and it was noted that there are vulnerabilities for employers around staff being aware of potential disability discrimination in relation to mental ill health and appropriate adjustments.

### 7.4 Progress Report

The Internal Auditor presented the progress report and confirmed that they were on track with the Internal Audit Plan for 2020/21. She highlighted the client briefing reports.

The Chair asked for clarification regarding the formatting of the internal audit reports and whether they would be more consistent in future. The Internal Auditor confirmed that she would be liaising with the Director of Risk, Control and Compliance over the summer to agree an overall consistent format, although for some reports it would remain necessary to change the format slightly to address compliance or other required elements.

## **8. Financial Statements Audit Plan 2020/21**

The FSA Auditor presented the FSA Plan for 2020/21 and noted that there were no new accounting standards, but noted the changes as presented in Item 9, that would be incorporated in the audit. He noted that there were some minor changes to the Accounts Direction and 2 new audit standards that would be included regarding going concern and the audit of estimates.

The FSA Auditor provided a summary of the 4 significant risks identified, including the valuation of pension liabilities and the change in the Audit Code of Practice of not continuing to receive funding assurance from the ESFA.

**Resolved** to recommend approval of the FSA Audit Plan for 2020/21 to the Corporation.

## **9. Accounts Direction and Post-16 Audit Code of Practice Update 2021**

The FS auditor provided a presentation regarding changes to the Accounts Direction and the Audit Code of Practice for 2021. He noted that generally the College was already compliant or had plans in place to address the changes.

It was noted that the Code of Practice contained information relating to the role and responsibilities of the Audit Committee, but that this was more a change of emphasis rather than changes to the Committee's actual role. There is a requirement for the Financial Statements Auditor to report the outcome of the annual audit directly to the Corporation, rather than the Audit Committee, but this had been the practice at Solihull College and University Centre for some time anyway. It was suggested that it may be useful for the Committee to have a development session to consider the change in emphasis and potential impact for their processes and annual business considerations.

The FS Auditor explained that a key change was in terms of assurance arrangements in relation to funding from the ESFA. In previous years the ESFA had provided assurance to the auditor and the College in relation to funding to confirm the information reported through the ILR. The ESFA has now indicated in the Code of Practice that they were no longer in a position to be able to provide that assurance because they no longer carry out a funding audit at all colleges each year. The impact of this is that the external and internal auditors will no longer be able to rely on the ESFA assurance statement and will, therefore, require some further elements to the audit processes operated by the College. The full impact was still being considered by auditors, the ESFA and others. The outcome of these discussions would be communicated to the College in due course to inform the external audit for 2020/21.

The Principal noted that increasing audit burden was being placed on colleges at a particularly difficult time, with the ESFA shifting the onus onto colleges to provide assurance in relation to the use of ESFA funds. The FS Auditor agreed and noted that it was particularly difficult for colleges that this was being introduced towards the end of the financial year.

It was noted that there is a Code of Practice that statutory regulators have to comply with and one of the prevailing principles is proportionate regulation that does not unnecessarily interfere with a colleges objectives. It may be useful for colleges to raise this with the ESFA. The Principal explained that the AOC was lobbying the ESFA on colleges behalf and raising the increasing and often unreasonable bureaucratic burden.

The Chair noted that it would be useful to have a development session for the Committee to consider the changes to the Code of Accounts Direction and Post-16 Audit Code of Practice.  
**Action.**

#### **10. Health and Safety Termly Report**

The Vice Principal Finance presented the report and noted that there had been a very low number of accidents, as the college had been closed for period of the year and there had been lower numbers of students on site.

At the time of writing the report there had been no RIDDOR accidents, however, there had been an accident in the Motor Vehicle Workshop that had now been reported.

#### **11. Review of Performance of Internal and External Auditors**

*This item was deemed confidential.*

#### **12. All Additional Audit Work**

*This item was deemed confidential.*

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

The Director of Risk, Control and Compliance presented the report for information and confirmed that all actions were on track as anticipated.

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

Dates of meetings for 2021/22 were as follows:

Monday 18<sup>th</sup> October 2021 at 6pm

Tuesday 30<sup>th</sup> November 2021 (Annual Audit/Corporation) at 5pm


Monday 14<sup>th</sup> March 2022 at 6pm

Tuesday 14<sup>th</sup> June 2022 at 6pm

It was noted that a date for the Audit Committee development session would be arranged and comments were invited from members.

The meeting ended at 7.40pm.

Signed



Date **18 October 2021**

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*The meeting was recorded.*

*The auditors left the meeting.*

**11. Review of Performance of Internal and External Auditors**

**12. All Additional Audit Work**