

**Solihull College and University Centre
Minutes of the Audit Committee/Corporation Annual meeting held on 30th November 2021
at Blossomfield Campus starting at 5.00 pm**

Present

Audit Committee Members -
Lucy Lee (Chair)
Sarah Horton-Walsh
Tony Worth (External)

Corporation Members –
Paul Assinder
Stan Baldwin
Tasleem Chaudary
Barbara Hughes
Tony Lucas
Lindsey Stewart (Acting Principal)
Harrison Thompson

In Attendance

Heather Evans (Vice Principal Finance)
Pete Haynes (Vice Principal HR and Student Services)
Rebecca Gater (Vice Principal Curriculum and Quality)
Sam Bromwich (Director of Risk, Control and Compliance)
Gita Chauhan (Head of Finance)
Theresa Lynch (Clerk)

Mark Dawson – KPMG
Louise Tweedie – RSM

1. Pre-meeting – Governors and Auditors only

This item was deemed confidential.

2. Membership Matters

2.1 Apologies for Absence

Apologies for absence were received from Neil Ladwa, Geraldine Swanton and Sally Tomlinson. Scott Beasley was on a leave of absence for the Autumn term 2021.

2.2 Declarations of Interest in relation to this agenda

No new declarations of interest were received.

3. Minutes of the Audit/Corporation Meeting held on 18th October 2021

The minutes of the meeting held on 18th October 2021 were **agreed** as a correct record and signed by the Chair.

3.1 Matters Arising

There were no matters arising.

3.2 Actions

The contents of the Actions list were noted.

4. College KPIs and Annual Priorities Outturn 2020/21

The Acting Principal presented the report and she confirmed that the majority of annual priorities had been achieved. She explained that student attendance continued to be an issue for colleges. A lot of strategies were being implemented to manage attendance. There were still some areas of concern, so work was underway to address this.

The Committee thanked the Team for their hard work in achieving the priorities during a particularly difficult year.

5. Year End Audit Matters

5.1 Letter of Representation

The FSA Auditor presented the letter of representation. He explained that this was a standard request for confirmation from the Corporation that all the explanations provided are accurate and appropriate.

5.2 KPMG Management Letter

The FSA Auditor presented the management letter and confirmed that the audit was substantially completed, and a positive opinion would be provided. An opinion for regularity would also be provided. There had been no changes to the work from the planning stage, except confirmation on the approach to the ESFA and WMCA income. He outlined outstanding elements and confirmed that these were on track for completion. The Auditor described the four significant risks that had been robustly tested and found to be satisfactorily managed.

5.3 Internal Auditors Annual Report 2020/21

The Internal Auditors Annual Report for 2020/21 was received, having been considered at the last Audit Committee meeting. It provided a green assurance rate: 'The organisation has an adequate and effective framework for risk, governance and internal control.'

5.4 Strategic Risk Register and Board Assurance Plan

The Strategic Risk Register and Board Assurance Plan was recommended by the Audit Committee. The Strategic Risk Register and Board Assurance Plan was **approved**.

The Director of Risk, Control and Compliance explained that it highlighted in detail the risks faced by the college and that it underpins the top risks included with the agenda. The top risks had been reviewed and following had been included: COVID impact and Principal appointment.

The Director of Risk, Control and Compliance explained that there was robust process for reviewing the risk register and top risks. The top risks were reviewed prior to each meeting of the Corporation and helped to underpin the agenda.

The Vice Principal Finance confirmed that following the action from the previous meeting to review the inherent risk scores, that they had been reduced and the financial risk had therefore moved to an amber rating. Discussion took place as to whether the financial risk should therefore be removed from the top risks list, but it was felt that finance was a key, on-going issue for the college and should remain on the list, so that it remained visible as a key risk.

5.5 Risk Management Annual Report 2020/21

The Audit Committee recommended approval of the Risk Management Annual Report for 2020/21. The Risk Management Annual Report for 2020/21 was **approved**.

The Director of Risk, Control and Compliance explained that risk had been managed robustly during the pandemic and a number of elements of the risk register had been tested. The Annual Report provided a commentary on this.

Q. Is the latest risk assessment plan on dashboard?

A. The Reset and Recovery Risk Plan had been archived and replaced by the Outbreak Management Plan, which should be on the Governors' dashboard. The Director of Risk, Control and Compliance confirmed that she would check that the latest version of Strategic Risk Register was on the Governors' Dashboard. **Action**.

Q. Is there risk management training for staff and particularly for people working remotely during COVID-19?

A. Training for staff has continued during COVID-19. All staff receive information about risk during induction and risk is referred to at managers' meetings. It was noted that the majority of staff had been back on site since March 2021. And so training has continued as normal. The Director of Risk, Control and Compliance provides risk training sessions for CMT on a regular basis. Area risk registers had been updated via a Teams briefing sessions and staff had gone into breakout rooms to discuss updating risk information. The management of risk is very well embedded in all aspects of the college.

5.6 Annual Report of the Audit Committee and the Principal

The final annual report of the Audit Committee and Principal was **approved**.

5.7 Regularity Audit Questionnaire

The final regularity audit questionnaire was **approved**.

5.8 Financial Statements and Members' Report 2020/21

The Vice Principal Finance presented the report and explained the various adjustments relating to TGH overage payment and the DfE laptops. It was noted that the Financial Statements and Members' Report had been reviewed in detail at the Financial Oversight Group for review and there had been a good opportunity for scrutiny.

Resolved to **approve** the Financial Statements and Members' Report

5.9 2020/21 Financial and Going Concern Report

The Vice Principal Finance presented the financial position for 2021/22 to demonstrate going concern. She noted that 16-18 learners were above the ESFA target, but below internal targets.

Q. What is the % of student withdrawals this year compared to last year?

A. The Acting Principal explained that there were about 2% more than in 2020. She confirmed that she would provide further information at the December 2021 Corporation meeting. **Action**. It was noted that there were a slightly different cohort of students due to the grade inflation due to TAGs (Tutor Assessed Grades). There was also an increase in mental health issues and initially some behavioural issues that had now settled down.

AEB/Apprenticeships – it was noted that it was likely that there would be a clawback of about £200k. There had been a reduction in adult learner loans, and HE was going through a declining trend and the focus was on ensuring viable group sizes.

HE - The Acting Principal confirmed that she would check HE recruitment data on the Governors' Dashboard to ensure it was up-to-date. **Action**.

The Vice Principal Finance explained that the forecast had been based on an assumption of a 2% pay award backdated to 1st Aug and additional NI costs from April 2022. Although it was hoped that targets would be met, it was anticipated that there would be more funding per student, which would mitigate the decrease the numbers. It was noted that EBITDA targets were anticipated to be achieved for 2021/22 and 2022/23 and an anticipated underlying surplus in both years too.

The presentation confirmed Going Concern for the next 2 years.

Q. The underlying surplus gives significant resilience and represents a strong financial position. Has the model been stress-tested the model with a different mix of learners or exposure to significant changes to energy costs, for example?

A. The Vice Principal Finance confirmed that income streams had been modelled based on current year end position. A slightly different student model was incorporated compared to previous expectations and contingencies were built into the expenditure lines (eg energy) to respond to unplanned increased costs.

Q. Apprenticeship income appears to be a risk – is this correct?

A. Yes apprenticeships are a risk, but less so than this time last year (2020). Recruitment has been solid this year and the target is cautious.

Q. What has been the total income for TGH?

A. Income to dates had been about £3m and there is a further £1m to come.

Resolved to **approve** the Going Concern position, as outlined in the report.

5.10 Notes of the Financial Oversight Group meeting held on 15th November 2021

The notes of the Financial Oversight Group meeting held on 15th November 2021 were received for information.

6. Financial Regulations Review

The Vice Principal Finance presented the Financial Regulations and explained that the review and changes were set out in the summary page. RSM and KPMG had also reviewed them.

Resolved to **approve** the Financial Regulations.

7. Risk Management – Strategy and Policy

The Director of Risk, Control and Compliance presented the Risk Management Strategy and Policy. She noted that it had been decided to merge these into one document with a schedule review period of every three years.

It was noted that the Strategy and Policy was not on BoardEffect. The Clerk confirmed that she would circulate on BoardEffect to obtain approval. **Action.**

Resolved to **approve** the Risk Management Strategy and Policy (agreed by BoardEffect Poll).

8. Risk Appetite and Tolerance Discussion

The Chair explained that this was an opportunity to discuss risk appetite and tolerance and consider on-going development. The Director of Risk, Control and Compliance explained that following discussions with a range of contributors, including auditors and governors, that a model matrix for consideration. It was noted that governors always considered risk in relation to all projects and consideration of risk informed all decisions, however, a clearly defined risk appetite and tolerance matrix would provide a framework for decision-making.

The Internal Auditor explained the context for the increasing prominence of risk appetite and tolerance, including the issues raised in the Nye Review which had reviewed decision making, by Corporation, particularly in relation to commercial activity.

The Chair noted that there would be a session on the Governors' Development Day in February 2022 to further consider the matrix and to apply it to a range of scenarios. **Action.**

9. Additional Audit Work and Fees

This item was deemed confidential. The auditors left during consideration of this item.

10. Internal Audit – Performance Review of Internal Auditors during 2020/21

This item was deemed confidential. The auditors left during consideration of this item.

11. Internal Audit Progress Report

The Internal Audit Progress Report was received for information.

12. Health and Safety Termly Update

The Health and Safety Termly Update was received for information.

13. Date of the next meeting

Date of the next meeting: Monday 14th March 2022 at 6pm.

The meeting ended at 6.20pm.

Signed

A handwritten signature in black ink, appearing to read 'Musta', is written over a light grey rectangular background.

Date 14 March 2022