

**Solihull College and University Centre
Minutes of the Audit Committee meeting held on 18th October 2021
online by Teams starting at 6.00 pm**

Present	Lucy Lee (Chair) Sarah Horton-Walsh Amirun Nehar (External) Geraldine Swanton Tony Worth (External)
In Attendance	Lindsey Stewart (Interim Principal) 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) Theresa Lynch (Clerk) Mark Dawson – KPMG Louise Tweedie – RSM

The meeting was recorded.

1. Apologies for Absence

There were no apologies for absence.

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 14th June 2021

The minutes of the meeting held on 14th June 2021 were **agreed** as a correct record and signed by the Chair.

3.1 Matters Arising: KPMG Student Numbers – Additional Audit Work

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

3.1 Actions

The contents of the Actions list was noted.

4. Risk Management and Board Assurance Reports

4.1 Strategic Risk Register and Board Assurance Framework, including review of top risks

The Director of Risk, Control and Compliance presented the report and noted the top key risks had been reviewed by the Risk Management Group and were reviewed prior to each Corporation meeting. She explained that the risks including reduced funding from HE and apprenticeships due to COVID-19, on-going threat of cyber-attacks and curriculum areas rated 3 not moving to good in time for Ofsted remained on the list with updates relating mitigation in place. An additional risk had been added relating to the potential on-going impact of COVID-19 on the quality of teaching and learning that was being managed through the outbreak management plan, which replaced the reset and recovery COVID-19 risk register.

The new elements of independent board assurance were noted, including the award of World Skills Centre of Excellence and receiving Chartered status of the Institute of Further Education, both providing recognition of the College's strong track record for delivering skills and high level of teaching and learning. Clarity was sought regarding the nature of these awards as had been discussed at the Corporation meeting on 29th September 2021.

4.2 Risk Management Annual Report 2020/21

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

It was recommended to Corporation to **approve** the Risk Management Annual Report for 2020/21.

4.3 Risk Management Policy and Strategy

The Director of Risk, Control and Compliance etc presented the report and noted that the policy and strategy had been merged in 2020. She recommended that the document now be reviewed every 3 years (subject to any required changes before that time). The risk timetable had been presented to the Risk Management Group.

Q. Is the 3 year review cycle in line with sector norm in terms of reviewing the Risk Policy and Strategy?

A. The Internal Auditor confirmed that this was very much in line with the sector, with the caveat, as set out that this could be sooner if any large changes occurred.

It was recommended to Corporation to **approve** the Risk Management Policy and Strategy and to confirm review every 3 years.

The Chair noted that from the evidence presented the Corporation could be assured that risk was being managed well.

4.4 Board Assurance Report: Data

The Interim Principal presented the report, which provided assurance in relation to data. She noted that student number data was audited through a number of processes, which provided substantial assurance. The External Auditor confirmed that the student number audit as part of the annual audit was currently taking place.

4.5 Risk Appetite and Tolerance Briefing

The Internal Auditor presented information on risk appetite and risk tolerance, the difference between the 2 and how they can be implemented.

She noted that the Nye Review (July 2020) had indicated the need for the role of the Audit Committee to be strengthened to ensure they play a robust role in good stewardship and risk management and articulating risk appetite. She noted that the Nye report had been particularly focussed on colleges where decisions about commercial activities, where risks had not been adequately assessed and managed.

- Risk Tolerance – how the college reacts to risks they cannot avoid and assessing the level of tolerance the College is willing to accept.
- Risk Appetite – pursuing something that may present risk, but also presents opportunities and assess what level of risk is acceptable to the College.

She noted that setting risk tolerance and risk appetite provided a positive framework for assessing risk when considering new opportunities.

The Internal Auditor suggested that one approach was for the Risk Management Group to consider strategic risk themes and boundaries in relation to risk tolerance and appetite and to present to the Audit Committee and Corporation to allow them to undertake an overall assessment. Discussion took place and it was agreed that Committee members would reflect on the presentation and submit any questions or suggestions in relation to the strategic risks to inform the discussions of the Risk Management Group by 3rd November 2021 and that draft proposals would be discussed at the Audit Committee/Corporation meeting on 30th November 2021. **Action.**

5. Internal Audit Annual Report and Chair's Action

The Internal Auditor presented the Annual Report for 2020/21, setting out all the assignments completed during the year and providing the annual opinion confirming that the college has an adequate and effective framework for risk management, governance and internal control. She noted that overall the assignment outcomes had been positive, with an in-year follow up visit to confirm that good progress had been made regarding the advisory IT recommendations identified.

Q. One action not completed on page 4 – on track?

A. Yes, as part of follow up and will be included in the 2021/22 follow up report.

6. Internal Audit Plan for 2021/22

The Internal Auditor presented the revised plan which now incorporated 2 changes:

- Change of focus for the learner number audit to test compliance with HE rules of data in the ILR, rather than FE rules as had been the case in previous years. This would provide external assurance in relation to OfS requirements.
- Additional audit - advisory walk through for RMF student documentation to ensure that the data accords with the conditions of the contract.

It was recommended to Corporation to **approve** the changes to the Internal Audit Plan for 2021/22 and the chair's action was ratified.

It was confirmed that the scoping documents for both the IT Controls audit and Safeguarding would be shared with the Committee to commencement of the work. **Action.**

The external auditor noted that neither the year end audit work on learner numbers systems or the ESFA audit that KPMG were undertaking would review the controls in place for learner number processes, as they were substantive audits. He anticipated that more controls work would take place in future years, the requirements for the Financial Statements would inevitably not be in as much detail as an internal audit would provide. He noted that there would be no assurance opinion on FE learner number systems from KPMG as part of their work.

Q. The Chair asked for clarification of the level of assurance obtained by the external auditors of the internal audit work that has taken place throughout the year.

A. The external auditor explained that they did not take substantial assurance from the internal audit work, rather using it to risk-assess areas of concern and to identify where risk may be in terms of data or record-keeping.

7. Internal Audit Reports

7.1 Follow Up of Higher-Level Advisory Review of IT Arrangements

The Internal Auditor presented the report and confirmed that the recommendations in the previous report had been reviewed and all had been completed and good progress had been made.

7.2 Progress Report October 2021

The progress report for 2021/22 audit work was presented for information.

8. Insurance Update Report

The Vice Principal Finance presented the insurance report and noted that a report identifying premiums and cover at the last meeting in more detail.

She advised that the college was informing the insurance company of any complaints that it was felt could lead to a tribunal/civil claim. This was in response to a specific claim relating to discrimination that the insurers would not cover.

Q. The premium for employment practices liability had increased by 21.5% - what was driving this increase?

A. The Vice Principal Finance explained that this reflected the insurance market at the moment and increased claims in that area. Hettle Andrews had indicated that the increase would result in movement in the premium.

Q. What was the reason for the insurers not covering the recent discrimination claim?

A. The Vice Principal HR and Student Services explained that Hettle Andrews, the College's brokers, had supported the college in arguing the case that the claim should be covered by our insurers. They had been unsuccessful, however, as the phrase 'discrimination' had been used in the initial complaint which was dealt with internally through the complaints process. The insurers claimed therefore that as they had not been informed from the beginning of the process they were not liable. Subsequently the college had changed their processes and were informing the insurers of any issues that arise from the beginning. The current claim was being contested by the college.

9. Health and Safety Annual Report and Policy Update

The Vice Principal Finance presented that annual report for 2020/21 and noted that there were no substantial change proposed for the policy. A flowchart had been removed as it had become so complicated that it was not felt to be useful.

It was recommended to Corporation to **approve** the Health and Safety Policy, as set out.

10. Data Protection Policies

The Director of Risk, Control and Compliance presented the data protection policies and explained that there was the main Data Protection Policy, with underpinning policies also. Minimal changes were recommended. It was noted that there would be an internal audit in November 2021 to review processes since the introduction and embedding of GDPR. It was suggested that it may be useful to internally review processes in relation to the recent Subject Access Request. It was noted that the process has been robust, particularly given the size and complexity of the SAR.

It was recommended to Corporation to **approve** the following policies:

- Data Protection Policy
- Data Retention Schedule
- Data Archiving and Retention Policy
- Privacy Statement – Governors
- Privacy Statement – College Staff
- Privacy Statement – College Students
- General Privacy Statement

11. Additional Audit Work

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

12. Risk Discussion

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

13. Draft Annual Report of the Audit Committee and Principal

The Draft Annual Report of the Audit Committee and Principal was presented for information.

14. Draft Regularity Audit

The Draft Regularity Audit questionnaire was presented for information.

15. Management Report on the Implementation of Recommendations

The Management Report on the Implementation of Recommendations was presented for information.

16. Date of the next meeting

Date of the next meeting: Tuesday 30th November 2021 (Annual Audit/Corporation) at 5pm

The Chair noted that it was the first Audit Committee without John Callaghan and that his illness and passing had been very sad for all. She noted the resilience of EMT to continue to work hard together to move the College forward, as part of his legacy and in honour of him.

The meeting ended at 7.40pm.

Signed

A handwritten signature in blue ink, appearing to read 'Mupta', is written over a faint, illegible printed name.

Date 30 November 2021

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Amirun Nehar (External)
Geraldine Swanton
Tony Worth (External)

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