

Minutes of the Audit Committee Meeting held on 07 March 2023 at 5.30 pm by MS Teams

Present	Lucy Lee [Chair of Audit Committee] Amirun Nehar Sarah Horton-Walsh Tony Worth [External Member] Harrison Thompson Rebecca Gater [Principal & Chief Executive]
In attendance	Heather Evans [Deputy Principal] Lee Jamieson [Vice Principal Quality and Curriculum] Neil Brayshaw [Interim Vice Principal Skills, Curriculum Innovation & Partnerships] Sam Bromwich [Director of Corporate Governance, Risk & Compliance] Louise Tweedie [Partner, RSM] Jon Brown [Partner, Audit - KPMG] Tony Felthouse [Senior Manager - KPMG] Heather Cross [External Board Review Assessor – for AoC]

The Chair welcomed Heather Cross, an External Board Review assessor, as an observer of the meeting – and also Jonathan Brown, the new FSA lead auditor, from KPMG.

1. Apologies for absence

Apologies were received from Pete Haynes, Vice Principal HR & Student Services.

2. Declarations of Interest in relation to this agenda – there were no new declarations of interest.

3. Minutes of the annual Audit / Corporation Meeting held on 29 November 2022

The Minutes of the annual Audit [Corporation] meeting held on 29 November 2022 were **agreed** as a true record and were signed by the Chair [application of e-signature].

3.1 Matters Arising - there were no matters arising.

3.2 Actions – there was no discussion of the Actions.

4. Risk Management and Board Assurance

The item was introduced with reference to the new Strategic Plan 2022-2025, so was felt to be a timely review and an ideal opportunity for a discussion by the Committee.

4.1. Review of the Strategic Risk Register and BAF 2022-2023 [including Independent Board Assurance] linked to new Strategic Plan

4.3 Strategic Ambitions and Operational Pillars

The Director of Corporate Governance Risk and Compliance explained in detail each change to the Risk Register which has now been linked to the five overarching Strategic Ambitions, underpinned by five Operational Pillars [all detailed in the Strategic Plan 2022-2025, “SP22-25”]. She noted that it is an active and rigorous process, reviewed termly with top risks assessed before each Corporation meeting.

Each strategic risk area has one risk owner – but within each risk there can be a number of different control owners, and also instances where risk areas overlap.

While noting that the Risk Register's format and purpose functioned well internally, the Chair invited members' views on whether it 'worked' for the Committee, whether it provided the necessary information for understanding and for enabling challenge to the risks identified and planned mitigations. It was felt that the Risk Register did usefully signpost gaps to which more attention could be paid and assurance provided and it was noted that it had always been useful and helps identify gaps and where external assurance is needed. The explicit links to the Strategic Plan were widely welcomed but comments also made about the amount and of information provided, so more succinct presentation of the salient points and highlighting updates was suggested. **Action**

The external auditors said it had everything they would expect and mentioned that target risks scores and understanding required actions could be summarized in a table format. The new lead auditor for KPMG offered to send to the Director of Corporate Governance, Risk and Compliance a sample from the sector. There was also a discussion that some of the assurances were quite old and could these be colour-coded to signify the need to review and update if necessary. **Action**

There was also a request to highlight the direction of travel as in the Top Risks format. **Action**

The Chair welcomed the useful comments provided and the sharing of good practice from the sector – and she invited any further thoughts from members present. It was **agreed** to work on improving the visual presentation of some of the detail in the Register as well as the criteria for assessing the ongoing relevance of assurances by-date. **Action**.

Other than the assurances already provided by College's internal and external auditors, new independent ones were highlighted:

- **External Consultant, Ian Smith** – providing additional support, as with the recent Governors' Development morning on 11 February 2023.
- **Consultancy days on funding requirements** have been **agreed** with KPMG – to assist the Director of Funding & Information Services. The Director of Corporate Governance would reword the paper to remove any reference to audit days. **Action**
- **External Board Review** – another external source of assurance [EBRs being a new requirement covering FE, for boards to have an external governance review every three years].

4.2. Review of Top Key Risks

It was reported that separate 'registers' of the top key risks are maintained – one being confidential as it covers 'personnel' and the other being uploaded to BoardEffect for members to access. The top key risks are especially current, being reviewed before [and helping to form the agenda for] each Corporation meeting. In response to a query about the risk level shown for cyber activity, members welcomed College's recent mitigation of the threat, putting in place a managed threat response, 24/7-monitoring of its systems, but felt that the risk itself remained high and the direction of travel should stay level rather than going down which was **agreed**. **Action**

For the Senior Management top risk, the Principal felt the risk shown should remain until the successful recruitment of a full, permanent, team – as currently a number of interim posts were in place, however the direction of travel is going down. This was **agreed** as it acknowledged the 'embedding' taking place.

4.4 Project Area Risk Registers

Specific projects with their own frequently-updated risk registers currently include:

- **The Stratford Redevelopment project**

- **The GBSIoT [Greater Birmingham & Solihull Institute of Technology].** As the IoT is now up-and-running, and its initial launch phase completed, the associated risk-level of that phase has reduced as a result. The proposal to incorporate the risks of IoT's ongoing operation and development into College's Strategic Risk Register was **agreed** – so that IoT, as a multi-partner entity, would retain its own risk register, but that College would no longer maintain a separate one. **Action**

Q Why is the Stratford Redevelopment project risk register's format and layout different to the main Strategic Risk Register?

- A This will be reviewed and the new "operational pillar" column added as in the Strategic Risk Register. **Action**

The Chair thanked the Director of Corporate Governance for the amount of behind-the-scenes work needed to compile such registers and for summarising the complex detail.

5 Internal Audit

The Chair noted that the internal audit plan for 2023-2024 could cover risks either identified as existing gaps or areas where Governors felt that further mitigations or assurances could be put in place.

5.1 Internal Audit Plan 2023-2024 – initial discussion

In a change to previous years, when the lead internal auditor would present a draft internal audit plan for the year ahead, the Chair invited thoughts and discussion from members in a Committee-led planning approach for 2023-2024.

One member put forward a brief list for consideration, top of which was:

- Cybersecurity
- Business continuity – also linked to cybersecurity.
- Fraud – and the noted increase in the business sector of both internal and external fraud, possibly linked to the cost-of-living crisis, with individuals and suppliers attempting to break through the existing controls in place within an organisation.
- Health and Safety
- Property and premises security / fit for purpose
- Data Protection
- Governance – whether a more CSR / ESG approach be taken [Corporate Social Responsibility / Environmental Climate Change / Social and Governance]
- Projects – whether the focus be on individual ones, or the general framework used to manage them.

The chair welcomed the level of discussion that followed, and the further suggestions that included:

- Safeguarding
- The 'risk culture' within College – as a way of looking at risk management generally and to ensure that all levels within the organisation have awareness and understanding of documented risks and the benefits of following the various policies that underpin them.
- The change of status for colleges to the public sector – through the 2022 ONS Reclassification [Office for National Statistics].
- General 'horizon-scanning' to include a couple of reviews of changes in regulations and to policies as well as areas not often covered by internal audit.

The consistently high levels of assurance reflected in the past three years of internal audit were questioned by the lead external auditor. In response it was noted that College chose carefully the areas to be audited – aiming for any audit to assist ongoing internal development, and not just as a tick-box exercise. The Director of Corporate Governance stated that internal audit reports, such as the HE Framework one under item 5.2, were the end-product of an extensive meeting process, with considerable reviewing and redrafting. The lead internal auditor felt that

a strong control culture existed within College compared to others in the sector so that the high-level of green assurances was fully justified. She highlighted the amber one shown in the current year's plan as unusual but denoting that a rigorous approach was employed. She also felt that College was exemplary in having a senior level post that incorporated 'compliance' and felt it to be at the forefront when implementing new initiatives, changes and policies, citing its good practice to other colleges. RSM also has in place an independent second Partner review process to further ensure scrutiny and a robust approach. The Chair welcomed the 'challenge' to the high-levels of green assurances, noting that the Committee was always keen to check the merit of such opinions through such discussion.

The Director of Corporate Governance outlined 'next-steps' – with the useful discussion from today's meeting feeding into those between RSM and EMT, following which a draft Internal Audit Plan for 2023-2024 would be presented to the June 2023 meeting of the Audit Committee for approval. **Action.** Further input or support from Governors was also welcomed and thanks expressed to Tony Worth for his offer of help with the planning process for the 2023-2024 internal audit.

Sector updates – the lead internal auditor briefly introduced the following updates, some of which had already been mentioned in earlier discussion:

- **ONS Reclassification:** no specific audits were anticipated but it was noted that the impact of reclassification would be seen in other audits where controls could be picked up.
- **AoC's new Code of Good Governance** – although the latest updated Code had been sent to colleges, it had not been uploaded to AoC's website, possibly related to the ONS Reclassification decision, so is something that could be considered for next year in terms of the governance framework.

Heather Cross clarified that DfE had issued a governance guide – and announced recent consultation on a new code of governance aimed at replacing the AoC Code of Good Governance.

5.2 HE Framework – as background to the audit, the lead internal auditor reiterated the importance of access to, and participation in, higher education and its regulation by OfS [Office for Students]. The audit's medium priority focus and findings were on:

- The delivery plan, the setting of targets and the need to retain source documentation to evidence the basis for target setting.
- Reporting – where an access and participation expenditure a figure had been reported in the wrong place, highlighting the need for spot checking.
- The establishment of an oversight framework for access and participation

5.3 Progress Report – it was **agreed** that including the governance review in next year's Plan [2023-2204] was the more appropriate opportunity than including it in the current one. This would enable the many recent changes within College and in the sector to be considered.

The Chair thanked the lead internal auditor for her reports, sector updates and contributions to the discussion.

6. HE Data Assurance Report

The Interim Vice Principal Skills, Curriculum Innovation & Partnerships outlined the purpose of the report in giving assurances to the Audit Committee on the quality of data provided to a number of agencies for any HE-related provision, including ESFA [Education & Skills Funding Agency], HESA [Higher Education Statistics Agency, OfS [Office for Students] and to ESF [European Social Fund]. Appendix one of the report detailed College's data cleansing processes and overview of the data it provides.

The Interim Vice Principal Skills, Curriculum Innovation & Partnerships was thanked for his reports which were noted to be self-explanatory and were received without further discussion or questions.

7. Health and Safety Termly Update

The Deputy Principal briefly reported that:

A positive 'impact' of the new Health & Safety Manager's appointment was expected over the next couple of years, with her growing familiarity with the College Estate.

No particular trends have been seen in the accident rate, despite the anticipated return to pre-Covid levels.

The serious accident in February 2023 at the Sports Centre involving a car had been investigated internally and the opportunity taken to reflect on College's response and management of any such serious incident. Highly positive feedback from the emergency services had commended College's management of the situation, concluding that the well-organised efficiency of staff had eased their own operations at the scene.

Q Are there any learnings from the incident – or anything that needs to be done differently?

A The Director of Corporate Governance submitted her investigation report to EMT that includes a couple of immediate actions / suggestions, such as adding more physical barriers. The Police concluded that the incident was accidental and not deliberate – but the very fact of it happening could always seed an intention to deliberately commit something similar, so account has been taken of that possibility, as has mitigating the role of social media. The incident-management training for CMT [College Management Team] might usefully be repeated to include many of the new managers appointed since it took place. In 2022 there was also the cross-College "active-shooter" simulation for staff at each campus [students not on site]. A high-level debrief always takes place after any such serious incident, looking at how it was managed, the learning and what actions could be implemented. The Director of Corporate Governance, Risk & Compliance also chairs the Incident Management Steering Group, a sub-group of the termly Risk Management Group, so further consideration will be given to repeating training / simulations during the staff development weeks in the summer. **Action**

The following items [Items 8 & 9] were deemed confidential and the Internal and External Auditors left the meeting.

8. Additional Audit Work – confidential

9. Performance of External Auditor – confidential

For information reports

10. Management Report on Implementation of Recommendations – the report presented for information was noted.

11. Any other Business

Chair's Action – due to the short timescales involved, it was **agreed** to implement a Chair's Action to approve quotes for the annual subcontracting audit [required because more than £100k of subcontracting is undertaken by College], so that work can commence in June 2023. **Action.**

12. Date of next meeting – Tuesday 13 June 2023 **onsite** in the Damson Suite at the Blossomfield campus, starting at 6.00 pm

The meeting ended at 6.45 pm.

Signed



Date 13 June 2023

Solihull College and University Centre

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