

Minutes of the Audit Committee Meeting held on 13 June 2023 at 5.30pm by MS Teams

Present Amirun Nehar [Vice Chair of Audit Committee]
Sarah Horton-Walsh
Tony Worth [External Member]
Harrison Thompson
Rebecca Gater [Principal & Chief Executive]

In attendance Heather Evans [Deputy Principal]
Lee Jamieson [VP Quality and Curriculum]
Pete Haynes [VP HR & Student Services]
Sam Bromwich [Director of Corporate Governance, Risk & Compliance]

Bethany Wheatcroft [KPMG]
Karen Gentles [RSM]

1. Apologies for absence

Apologies were received from Lucy Lee [Chair of Audit Committee], Louise Tweedie [Partner, RSM] and Jon Brown [Partner, Audit-KPMG].

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 7 March 2023

The Minutes of the Audit Committee meeting held on 7 March 2023 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

The Vice Chair of Audit Committee asked if the examples from the sector regarding risk types had been sent through from KPMG. Director of Corporate Governance, Risk and Compliance advised not as yet and asked KPMG to follow this up. KPMG will chase for an update. **ACTION**

4. Risk Management and Board Assurance Covering report

Director of Corporate Governance, Risk and Compliance presented her report. There is currently only one individual risk register which relates to Stratford Campus redevelopment. One of the actions from the previous meeting was to put this into the new format and relate to the Strategic ambitions. She reported that at CMT on 9th June 2023 a review of all Area Risk Registers was launched and will be reviewed and also put into the same format.

Strategic Risk Register and BAF

The revised Strategic Risk Register framework has been implemented now, following feedback

from the last meeting. The Director of Corporate Governance, Risk and Compliance has now implemented the new colour coded system. Changes identified are in red, assurance highlighted in blue if it was over 2 years old but needed to remain. Those items no longer required will be marked with 'to be removed'. The direction of travel has also been added (just like with the Top Key Risks document).

Audit Committee noted that it looks more efficient and showing the movement of travel should be seen as a positive move. Also, that the document now links directly into the Internal Audit Plan and it is key that it is being used to guide where we need to improve understanding of a particular area or where a risk maybe moving out of appetite or where additional assurance should be sought. It should be a document used as a driver to what needs to be looked at.

Q: Vice Chair of Audit Committee asked if our continued discussions inform the next plan in terms of assurance?

A: Director of Corporate Governance, Risk and Compliance advised that the Strategic Risk Register would be recommended at the next Corporation for their approval and that would then be used for the next academic year. The Internal Audit Plan will also be recommended for approval at the next Corporation and the two documents will work alongside each other for the next academic year.

A: This is a more efficient way to look through the risk register.

The Vice Chair of Audit Committee thanked those involved.

Q: Regarding the removal of items, is there a risk that by removing the items we are actually at risk of losing sight of it or are we creating a creak in the gap that we won't see until too late. How will we manage that? Will there be a tracker of removed items?

A: Director of Corporate Governance, Risk and Compliance confirmed that we always have access to previous versions. When we review the document in the Autumn term, we'll double check before any removal takes place which will confirm that it is OK to do so.

Top Key Risks

Director of Corporate Governance, Risk and Compliance confirmed that these were reviewed at the last Corporation and advised about the alterations made. The next submission will be reviewed at the next EMT in readiness for Corporation in July. For information purposes, the confidential Top Key risks are people based and are available on request.

Vice Chair of Audit Committee asked how they are tracked and how does the rest of the committee get assurance that the risks aren't getting any bigger?

Director of Corporate Governance, Risk and Compliance confirmed that the Chair of Governors owns the confidential risks. She is sent her report at the same time as EMT Top Key Risks and it is added at the next Corporation agenda. Everyone will see those and it is monitored in the same way.

KPMG confirmed that Cyber is an addition to Top Risks being seen across most establishments and following the potential data breach at University of Manchester it is quite a topical item for discussion.

4 Board Assurance Presentations – Discussion items

Director of Corporate Governance, Risk and Compliance introduced the discussion relating to Board Assurance presentations following previous feedback from KPMG where the presentations

had been in a range of topics where the committee needed to see how the college was managing its assurance. She confirmed that the agreed areas have now been presented, but wanted to discuss how we move forward in terms of further presentations, in particular linking to the new Strategic Plan.

Statement: Cyber would be a good idea, but maybe overkill. It's always good to hear from IT about how they are defending the College.

The Deputy Principal advised that there was a presentation delivered at Corporation at Cyber and there was a JISC presentation. It may be worth sharing with Governors who did not attend, or we could look to do a similar exercise for Audit Committee later in the year or whether to invite Audit Committee members to that particular item at Corporation? The Vice Chair of Audit Committee confirmed that we don't wish to duplicate efforts, but it would definitely be worth inviting Audit Committee members as appropriate. **ACTION**

Director of Corporate Governance, Risk and Compliance confirmed that IT does need a constant review and it's good to show constant assurance in this area.

The Vice Chair of Audit Committee confirmed that one of the Governors was running a workshop on Information Security. Perhaps this can be opened up to the wider community?

Director of Corporate Governance, Risk and Compliance confirmed that he worked with the Director of IT for staff development fortnight and perhaps we can mirror something along those lines at Corporation/Governors **ACTION**

Q: Is there anything that didn't make the final list for Internal Audit? Perhaps Sustainability as this is a fairly new post?

A: The Deputy Principal confirmed that the Head of Sustainability will report to Corporation on a fairly regular basis throughout the year.

Q: What about Equality, Diversity and Inclusion?

A: Director of Corporate Governance, Risk and Compliance confirmed that this was a good idea as there has been lots of work in this area. Principal and Chief Executive suggested that this could be picked up once the EDI SiG has completed **ACTION**

The Vice Chair of Audit Committee asked about Data Protection in relation to Cyber related assurance items. Another Data Protection audit is good due to any changes in AI.

A: Director of Corporate Governance, Risk and Compliance confirmed that Sustainability, EDI and AI would be good areas that will add value and will look to pull together a plan for next year.

Q: The Vice Chair of Audit Committee asked if it goes to Corporation?

Director of Corporate Governance, Risk and Compliance confirmed that it could go to Joint Corporation/Audit Committee.

Q: The Vice Chair of Audit Committee asked if a plan could be circulated before it goes to discussion?

Director of Corporate Governance, Risk and Compliance confirmed that this could happen. **ACTION**

6. Internal Audit Plan for 2023/24

Internal Auditors presented the internal Audit Plan and the areas for focus in the future.

Q: The Vice Chair of Audit Committee commented that two audits were happening in January 2024 and asked if the same staff are involved as they are both in the Deputy Principals area.

A: The Deputy Principal confirmed that although they are both in her area, they are completely

different people and has no immediate concerns with the timing.

Q: Being mindful of Value for Money. How does this Plan compare to last year?

A: The auditor did not have this information to hand but could report back with more details.

ACTION

It was noted that it seems good value compared to elsewhere.

The Vice Chair of Audit Committee asked if there is ever an audit done that isn't in the original plan and whether it is fluid in terms of needing to add an additional audit or adjust the plan

A: The auditor confirmed that it was very flexible if a new area of risk comes up. The Director of Corporate Governance, Risk and Compliance confirmed that this happened last year.

The Internal Audit Plan was **recommended** by Audit Committee for Corporation to approve

7. Internal Audit

The auditor presented the audit reports confirming their findings and overall levels of assurance across all reports.

7.1 Key Financial Controls

The Vice Chair of Audit Committee asked if the outcome was along the lines of what is expected within the industry. Is there anything that we do that is significantly different or on par with peers?

A: The auditor advised not specifically. In terms of cash and banking, there has been a significant reduction in cash. The Deputy Principal advised that part of what we asked for was benchmarking compared to other Colleges in relation to cash and this is something that we are still waiting for as it required more audits to be done at other Colleges. This will be really helpful. The auditor confirmed that this will be looked into. **ACTION**

7.2 Framework for compliance with legal requirements: Prevent

Q: The Vice Chair of Audit Committee asked how this tie in with Ofsted expectation, in relation to Prevent. If Ofsted were to come in and review us on the same, would it tick the boxes?

A: The auditor confirmed that Ofsted check on more than just Prevent and look at the wider Safeguarding aspects, which is in the plan for next year. Nothing raised so far that would highlight any particular concern at the moment, but it's mindful that you need to keep on keeping on top of it. The Vice Principal HR& Student Services advised that prevent is getting more focus and the Prevent co-ordinator has raised that referrals are quite low in the West Midlands, especially Solihull. We are focusing on Prevent with a view about getting it right and doing the right things but there is a gov.uk external on-line Prevent refresher training. This is about 20 minutes long and our intention is to do the refresher if the online program hasn't been completed within 2 years as this will strengthen things again.

Q: The Vice Chair of Audit Committee asked if there is a requirement for external training?

A: The Vice Principal HR& Student Services advised that the refresher is a government program and that they advise staff should do it as a refresher. He will also ask all Governors to do so as well. **ACTION**

7.3 Follow Up

The Vice Chair of Audit Committee asked that in relation to the 2 ongoing items, do you put in a deadline or come back with an update?

The Auditor confirmed that Management put in a planned completion date, and it is then included in the Follow Up audit next year.

The Vice Chair of Audit Committee asked if there is a risk that following up an action in a year would cause a gap especially if something needs to be done quicker than that?

The Auditor said no, and it would be a different conversation if nothing had been done, but they have all progressed and we're satisfied is ongoing

Director of Corporate Governance, Risk and Compliance advised that the Data Protection item was approved at the last Corporation in May, but because the Follow Up audit had ended, we couldn't show it as completed. Audit Committee can always see overall progress across the year at each meeting in the Audit Recommendations update report.

7.4 Progress Report including new requirements for sub-contracting audit and Chair's Action

The auditor confirmed that the paper was for information but confirmed that the Governance audit was cancelled to avoid duplication with the External Board Review taking place.

The Vice Chair of Audit Committee asked if the Learner Number Systems report is expected in October?

Director of Corporate Governance, Risk and Compliance clarified that it is as it's a detailed review and the report is still being finalised.

8. Financial Statements Audit Plan 2022/23

The KPMG auditor highlighted areas that changed from last year.

Q: The Vice Chair of Audit Committee asked about a review on fraud, in terms of to assist and obtain sufficient and appropriate evidence to mitigate against fraud. Does this mean that the landscape/regulations have changed and there's more that the College needs in terms of evidencing or that we can carry on as we are as the College is already up to standard and you just need to collect more evidence. Is there anything more the College needs to do in terms of monitoring fraud risk.

A: We feel that the College has done well previously although this hasn't been assessed this year. In terms of additional documentation, it will probably be felt by Management in terms of additional requests for journal evidence and we will have to a deeper dive as journals we usually request are in terms of high-risk areas so we will really need to understand the reasons behind them and why they've been posted.

It was agreed to **Recommendation** to Corporation

9. Health and Safety Termly Update

The Deputy Principal briefly reported no particular areas of concerns. No significant accidents or events since the last report. Continue to monitor H+S training and this links better with HR records. Staff have to identify H+S training requirements when requesting a new post, so it can be tracked when in post and relevant links posted when they start.

The new H+S Manager is settling into the role and getting to know how we work.

Q: The Vice Chair of Audit Committee asked about the car incident and whether anything has been implemented/learned from that?

A: Deputy Principal confirmed that we haven't got to the bottom of how it happened (neither have the Police) so we just need to move on. Director of Corporate Governance, Risk and Compliance investigated the incident and held a debrief. There were some recommendations that came out from the exercise such as how we can improve our business responsiveness and communications. Nothing major was identified. Director of Corporate Governance, Risk and Compliance also confirmed that the Incident Management Action Plan is being reviewed. Definitely needs updating in terms of the impact of social media immediately in the event of an incident and immediate communication that needs to be put in place at the time of any major incident. It was confirmed that the incident was on social media very quickly.

Q: The Vice Chair of Audit Committee asked if the College has a Crisis Management plan (tells you who to contact in different scenarios).

A: Director of Corporate Governance, Risk and Compliance confirmed that it's all in the high-level Incident management plan and was reiterated to all Managers at the latest CMT on 9th June 2023 and Principal and Chief Executive confirmed that a member of SLT is Duty Manager every day.

Q: The Vice Chair of Audit Committee asked if we do scenario testing, so if it did happen what would you do?

A: Director of Corporate Governance, Risk and Compliance confirmed that we did that at CMT too providing a real-life incident that they had to go through and respond to. We also use our real incidents as part of training also.

Q: The Vice Chair of Audit Committee asked if it is possible to have a high-level update to this committee or Corporation? There's a lot of good work you're doing and would be good to note at this level.

A: It would be a good Board Assurance presentation. **ACTION**

Q: The Vice Chair of Audit Committee asked about the H+S report. Without knowing the type of incidents/accidents being reported and noted there's been a decline in numbers which is a good thing. Is this due to being generally fewer accidents or people just not reporting them?

A: Deputy Principal said there were fewer accidents on return after COVID due to fewer activities and less involvement required. H+S Committee also look at the data as well and we now split out First Aid from H+S. First Aid isn't really an accident. We have near misses, first aid and accidents.

Start of the year there would be a number of animal bites, but the staff have worked hard to ensure a reduction in this area and that the students handle them the right way, so things have improved. Slips, Trips and Falls have also reduced in the last couple of years, but this may be more down to less bad weather.

Q: The Vice Chair of Audit Committee asked how often is this reported to this committee?

A: Deputy Principal confirmed it comes every term and then goes to Corporation.

Q: The Vice Chair of Audit Committee asked if we get a thematic breakdown once a year?

A: Deputy Principal confirmed we do an annual report in the Autumn so it can go into that.

Q: The Vice Chair of Audit Committee said that would be helpful so we can get a flavour of where the accidents are occurring. **ACTION**

10. Financial Regulations (HE) (including Treasury Management policy, Procurement and changes for reclassification.

The Deputy Principal presented her report.

Treasury Management Policy has been reviewed and the role of Audit Committee is to be aware of what's happening. The FOG would recommend approval to Corporation and this will go there next week. She noted that Corporation had asked Audit Committee to look at individuals who could preserve funds and there needs to be two people. She said the risk is they may lose interest but could be a bigger risk, so she recommends it stays as it is.

The Vice Chair of Audit Committee appreciated the point raised at Corporation but confirmed it would be right to keep as is but can also be discussed further at FOG.

A: Deputy Principal confirmed yes and for you to be aware of them as an oversight of internal controls rather than recommendation of what we should do.
It was also noted that the key aspect there is that it is reported immediately to Corporation anyway.

NOTED

11. Review Terms of Reference

Director Corporate Governance, Risk and Compliance reviewed her report.

She recommended that the name of the committee be changed to Audit and Risk Committee to reflect the nature of the committee. This was also happening across the sector.
The Vice Chair of Audit Committee confirmed her agreement with the name alteration to Audit and Risk Committee and all members agree.

It's a **recommendation** that will go to July Corporation.

Q: In terms of delegated authority and you've said decisions can be made through Chairs actions. But can it specifically say that in the paragraph?

A: Director Corporate Governance, Risk and Compliance said yes, she will add this to actually specify that it will be done by a Chair's action to make it very clear. **ACTION**

The following items were deemed confidential and the Internal and External Auditors left the meeting.

12. Additional Audit Work – confidential

Any Other Business

There was no other business.

For information reports

13. Management Report on Implementation of Recommendations

The report presented for information was noted.

14. Date of next meeting – 17th October 2023 on Teams starting at 5pm

The meeting ended at 6.45 pm.



/Signed

| Dated: 17/10/2023