

**SOLIHULL COLLEGE**

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE MEETING HELD ON 20<sup>TH</sup> OCTOBER  
2015 AT SOLIHULL COLLEGE, BLOSSOMFIELD CAMPUS**

**PRESENT:** Bill Wanley (Chair)  
Keith Marriott  
Tony Worth

**IN ATTENDANCE:** John Callaghan (Principal)  
Lindsey Stewart (Deputy Principal)  
Heather Evans (Vice Principal – Finance)  
Pete Haynes (Vice Principal – HR and Student Services)  
Sam Bromwich (Director of Risk, Control and Compliance)  
Theresa Lynch (Clerk to the Corporation)

Louise Tweedie – Baker Tilly

The Chair welcomed Tony Worth to his first meeting of the Audit Committee.  
The Clerk noted that Paul Johnson had resigned as an External Member of the Audit Committee.  
The Chair noted that John Bolt had been appointed as Chair for the Committee from January 2015.

**1. Membership**

**1.1 Apologies for Absence**

Apologies for absence were received from Alex Palethorpe.

**1.2 Declarations of Interest**

There were no new declarations of interest.

**2. Minutes of the previous meetings and matters arising**

The minutes of the meeting held on 16<sup>th</sup> June 2015 were **agreed** as a correct record and signed by the Chair.

Midland HR – The Vice Principal Finance explained that work was on-going embedding the new finance system in. The October payroll had been undertaken successfully, however, functionality was being closely monitored. Negotiations were on-going with Midland HR about potential compensations for the issues that had been experienced during the implementation of the new system.

There were no further matters arising.

**3. Internal Audit Matters 2014/15**

**3.1 Follow Up of Previous Internal Audit Recommendations**

The Internal Auditor presented the report and explained that good progress had been made in relation to the implementation of previous internal audit recommendations. She noted that there were 1 low priority and 2 advisory recommendations.

**3.2 International Activities and Students**

The Internal Auditor presented the report and explained that a green opinion had been given for the audit.

Q. What sample was used with regard to the number of agent invoices?

A. The sample was small, with only 3 invoices checked. It would probably be useful for the college to follow this up to review a greater sample.

Q. How many international students pay in advance?

A. Many do pay in advance and if they do not they pay 50% in advance and then have instalments for the remaining fee.

### **3.3 Learner Number Systems**

The Internal Auditor presented the report and explained that the audit had been carried out by the funding audit team at Baker Tilly.

Q. Why is there no audit opinion?

A. Application of the funding audit methodology is used, rather than a control audit. This approach is more useful for the college, but does not provide the evidence for an audit opinion to be applied. The Deputy Principal confirmed that this type of funding audit was very useful for the college, in preparation for an external funding audit and to ensure the college was compliant with the new conditions of funding implemented in 2014/15.

It was noted that the audit had been carried out on in-year data and that the errors found provided a good basis for the college to work towards submission of the final ILR to address and eradicate any further errors. A funding audit would normally be conducted on the final ILR data and evidence and would expect to find a lower number of errors. Data and evidence is continually being reviewed and corrected throughout the year until submission of the final ILR in the autumn term.

### **3.4 Board Assurance Framework – Part 2**

The Internal Auditor presented the report and explained that this followed on from the board assurance report earlier in the year. She confirmed that a green opinion had been given for the audit and explained that there had been 5 low priority recommendations. The Director of Risk, Control and Compliance confirmed that the recommendations had been addressed and were included in producing the board assurance plan at item 4 below.

Q. How do the top 8 risks identified compare to other colleges in the sector?

A. These were consistent with key areas in most colleges

### **3.5 Annual Internal Audit Report for 2014/15**

The Internal Auditor presented the report and confirmed that the Internal Audit opinion for 2014/15 was that:

- Adequate and effective governance arrangements were in place;
- Adequate and effective risk management arrangements were in place; and
- Adequate and effective internal control arrangements were in place.

## **4. Board Assurance Report**

The Director of Risk, Control and Compliance presented the report and confirmed that the recommendations made by the internal audit (see 3.4 above) had been implemented and the plan presented included changes and had been peer reviewed by EMT. The plan was thorough and through the process assurance needs for 2015/16 had been identified, which would be presented in more detail through the Internal Audit Plan for the year.

It was noted that substantial progress had been made in producing and refining the Board

Assurance Plan.

The Chair noted that the Plan was quite detailed and that in future it may be useful for Committee members to set aside more time to review the detail alongside the risk register to understand, confirm and suggest assurance needs, as appropriate.

## 5. Risk Management Report

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

The Principal thanked the Director of Risk, Control and Compliance and EMT for the amount of work that had been put into producing the new Risk Register and Board Assurance Framework. The work had enabled management to focus on the key risks.

Q. How will the new risk register format and content now filter down throughout the organisation?

A. Each area has a risk register and the next stage of the process will be to launch the new format for areas to review their risks against the new format.

Discussion took place regarding the importance of the process being both top-down and bottom-up to ensure comprehensive coverage and response to potential risks.

**RESOLVED** to recommend approval of the Risk Management Strategy and the Risk Register for 2015/16 to the Corporation.

## 6. Internal Audit Plan 2015/16

*The first part of this discussion was deemed confidential and the Internal Auditor left the meeting.*

The Internal Auditor presented the Plan and explained that it was based on a three year plan, that was underpinned by the findings of the Board Assurance plan and Risk Register. She explained that the 3 key areas for providing an assurance opinion were:

- Governance;
- Risk; and
- Key Financial Controls.

Audits for these areas had been identified and confirmed.

The Internal Auditor explained that other audits were suggested for funding, IT and student records and that other areas that could be covered included safeguarding and PREVENT.

Q. Could you give an example of how you have arrived at the areas listed?

A. The areas identified are based on the board assurance exercise, where new systems may have been installed or where there have been a lot of changes.

Q. Is it necessary to have 4 days for follow up audit, particularly as the outcome is always positive, due to the close monitoring through the Management Report on the Implementation of Audit Recommendations report reviewed by EMT monthly and received by the Committee at each meeting?

A. The audit provides an external opinion. If the follow-up audit takes less than 4 days, then this would be reflected in the invoicing and the total number of days would be reduced.

Discussion took place regarding the proposed funding audit and the student records audit to understand whether these could be merged to some extent.

Q. Are there a minimum number of days required for an annual assurance to be provided?

A. There is not a specific number of days, however, number of days and areas of coverage do correlate.

Detailed discussion took place regarding the required number of days for internal audit and it was **agreed** that further investigation take place to aim at no more than 38 days, but to ensure that an annual assurance can be provided by Baker Tilly. The final plan would be presented at the next meeting, although key audits already identified could proceed.

## **7. Health and Safety Annual Report**

Due to time constraints it was agreed that the main part of the presentation would be held over to the next meeting of the Corporation, but that consideration would be given to what information was required for the Corporation Health and Safety Report that would be considered at each meeting.

The Vice Principal Finance explained the current reporting process:

- Monthly report to CMT
- Termly report to Audit Committee
- Annual report (presentation) to Corporation.

It was **agreed** to recommend to Corporation that the regular Corporation update would include the following:

- Accident statistics/RIDDOR
- Insurance claims
- Security incidents
- Safeguarding
- Initiatives
- Whistle-blowing issues.

## **8. Financial Regulations Review**

The Vice Principal Finance presented the report and explained that an expert group had taken place to consider the suggested changes. It was noted that comments from the internal auditors had been received and only one area required discussion. This related to 10.1.2 regarding the definition of 'substantial' when considering joint ventures. It was suggested, that as the number of joint ventures is very low, that all be included in this section, not just those considered to be 'substantial'.

**RESOLVED:** to recommend approval of the Financial Regulations to Corporation.

## **9. Additional Audit Work**

The Chair's Action regarding advice regarding the Student Union Constitution was ratified.

*It was noted that the report remain confidential, but that this minute no longer needed to be confidential.*

## **10. Audit Committee Annual Report**

The contents of the advice note about the format of the Audit Committee's Annual Report were noted.

## **11. Management Report on the Implementation of Audit Recommendations**

The contents of the Management Report on the Implementation of Audit Recommendations were noted.

## **12. Regularity Audit**

The contents of the Regularity Audit were noted.

**13. Date of the Next Meeting**

The date of the next meeting was scheduled for Monday 30<sup>th</sup> November 2015 at 6pm.

Signed

*W. J. Warkley*

Date

30 Nov. 15.