

## SOLIHULL COLLEGE

### MINUTES OF THE MEETING OF THE AUDIT/CORPORATION MEETING HELD ON MONDAY 30<sup>TH</sup> NOVEMBER 2015 AT THE BLOSSOMFIELD CAMPUS

**PRESENT:**                    Audit Committee members:  
Bill Wanley (Chair)  
Alex Palethorpe  
Tony Worth  
Corporation members:  
Chris Baranowski  
Scott Beasley (Student Governor)  
John Bolt  
John Callaghan (Principal)  
Joe Kelly  
Summiya Khan (Student Governor)  
Lucy Lee  
Nick Mapp  
Phil Mayhew

**IN ATTENDANCE:**    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)  
Gita Chauhan (Finance Manager)  
  
Karen Gentles (RSM – Internal Auditor)  
Mark Dawson (KPMG – FSA Auditor)

Welcome by the Chair to Gita Chauhan, Finance Manager.

## **2. Membership Matters**

### **2.1 Apologies for Absence**

Apologies were received from Stan Baldwin, Jane Coleman, Keith Marriott, Lena Stockford and Geraldine Swanton.

### **2.2 Declarations of Interest**

No new declarations of interest were received.

## **3. Minutes of the meeting held on 20<sup>th</sup> October 2015 and matters arising**

The minutes of the meeting held on 20<sup>th</sup> October 2015 were **agreed** as a correct record and signed by the Chair.

## **4. Audit Committee Year-End Matters**

### **4.1 Letter of Representation**

The FSA Auditor presented the Letter of Representation and explained the content, which is derived from auditing standards, with college-specific elements, as discussed. Once signed the letter would be sent to KPMG to confirm that the Corporation had fulfilled its responsibilities.

Q. What is classified as 'material'?

A. Just over £500k. Discussion took place regarding the impact that the Simon Digby value would have had on the accounts if the total had been above the materiality classification.

**RESOLVED** that the Audit Committee recommended the Letter of Representation and it was approved by the Corporation and it was confirmed that it be signed by the Chair of the Corporation.

#### **4.2 KPMG Management Letter**

The Management Letter was presented by Mark Dawson, KPMG. He confirmed the positive outcome of the audit. In the environment of cuts, which are affecting a lot of colleges, the auditor confirmed that the year end result ensured that the College was in a strong financial position for the future.

Q. Regarding the limited uptake of Free School Meals by students – is there any likelihood that the EFA will expect re-payment?

A. As there would be no reconciliation, it was not anticipated that the EFA would expect re-payment, however, it was likely that funding for subsequent years would be reduced.

Q. FRS102 – will this have an impact on the pension disclosure on page 15? Is it an accounting entry or will it affect the cash position?

A. It will not affect the cash position – it is an accounting transaction.

Q. Could the FRS102 amount affect the 1% surplus target identified by the Corporation?

A. It was noted that this could affect the surplus and further discussion took place.

**RESOLVED** to receive the KPMG Management Letter.

#### **4.3 Strategic Risk Register**

The Director of Risk, Control and Compliance presented the Risk Register and explained that it represented the updated version, which identifies 8 key risks. It was noted that the Audit Committee reviewed the Risk Register at every meeting.

**RESOLVED** that the Audit Committee recommended the Risk Register and it was approved by the Corporation.

#### **4.4 Board Assurance Report**

The Director of Risk, Control and Compliance presented the Board Assurance Report and confirmed that the process had been reviewed through 2 audits, which reviewed the process and content. The Board Assurance Framework would be monitored by the Audit Committee and used to inform additional assurance needs each year. It had been used for 2015/16 to inform the Internal Audit Plan needs. It was noted that the Framework was linked closely to the updated Strategic Risk Register.

Area 3 needed residual scores for impact and likelihood. **ACTION.**

#### **4.5 Annual Report of the Audit Committee, supported by the Principal, as Accounting Officer, for 2014/15 prepared for the Corporation**

The Chair of the Audit Committee presented the report.

The Principal, as Accounting Officer, confirmed the content of the report and confirmed that he would sign it.

The Audit Committee confirmed that the Chair should sign the Annual Report, on their behalf, to provide assurance to Corporation, as detailed in the Report.

**The Audit Committee members confirmed the opinion (based on the information presented and at meetings throughout the financial year) that the College's audit arrangements, framework of governance, risk management and control are adequate and effective. The processes for the effective and efficient use of resources, ensuring the solvency of the institution and safeguarding of its assets are in place and are effective.**

## **5. Members' Report and Financial Statements**

The Vice Principal Finance and the Governor with special interest for finance presented the year end position, as related in the Financial Statements presented.

Q. Is there a benchmark for contribution against which the College can be assessed?

A. It isn't possible to get sector benchmarks because colleges tend to measure contribution differently and in accordance with their own assessment. Contribution is measured between schools and faculties within the College to get some comparable information.

Q. Why is the adults' skills budget lower?

A. Due to government policy – less funding is available for adult skills.

**RESOLVED** to ratify the Members' Report and Financial Statements for 2014/15 and confirm that they be signed by the Chair of the Corporation and Principal.

## **6. Internal Audit Matters**

### **6.1 Internal Audit Plan for 2015/16**

The Internal Auditor presented the Plan for 2015/16 and explained that it had been reviewed and now included 38 audit days, with 5 contingency days for any in-year matters that needed to be addressed. She confirmed that the Plan had been informed by the Board Assurance Framework.

Q. One element that was relatively strong in Ofsted was safeguarding and assurance received about the processes in place. Would it be possible to review this area in terms of assurance requirements?

A. The PREVENT agenda is important and the Audit Committee needs to consider what assurance is required for safeguarding. This would be an agenda item for the next meeting of the Committee. **ACTION.**

The RAG rating used in the Internal Audit Strategy (Appendix 2) was discussed.

**RESOLVED** that the Audit Committee recommended the Internal Audit Plan for 2015/16 and it was approved by the Corporation

### **6.2 Progress Report**

The Internal Auditor presented the report and noted that it contained useful information on emerging issues. Discussion took place regarding which issues were a priority and although all

were important it was noted that the Area Review was most imminent for the local area.

Discussion took place regarding which issues were a priority and although all were important it was noted that the Area Review was of most significance.

**7. Risk Strategy for 2015/16**

The Director of Risk, Control and Compliance presented the Strategy for 2015/16.

**RESOLVED** that the Audit Committee recommended the Risk Strategy for 2015/16 and it was approved by the Corporation

**8. Value for Money**

The Vice Principal Finance presented the Value for Money Report and explained that no changes had been made to the Policy or procedure.

**RESOLVED** that the Audit Committee recommended the Value for Money Policy and Process and it was approved by the Corporation

**FOR INFORMATION**

**9. Risk Management Annual Report 2014/15**

The Risk Management Annual Report for 2014/15 was received for information.

**10. Management Report on Implementation of Audit Recommendations**

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

**11. Insurance Annual Report**

The contents of the Insurance Annual Report for 2014/15 were noted.

**12. On-going Board Assurance**

The contents of the On-going Board Assurance Report were noted.

**13. Date of the Next Meeting**

The next meeting of the Audit Committee would take place on Tuesday 1<sup>st</sup> March 2016 at 6pm.

*The Auditors were thanked for their work throughout the year and they left the meeting.*

Signed

J. Bat.

Date

1st March 2016.