Solihull College & University Centre

Annual Audit & Risk Committee Meeting

Minutes of the meeting held on Tuesday 15th October 2024
5.00pm – 7.00pm on TEAMS

Present	Amirun Nehar – Chair of A&R Committee
	Sarah Horton-Walsh
	Harrison Thompson
	Tony Worth – External Member and Vice Chair of A&R committee
	Michael Burnett - External Member
In Attendance	Heather Hunt – Deputy Principal and CFO
	Pete Haynes – Vice Principal HR & Student Services
	Lee Jamieson – Vice Principal Quality & Curriculum
	Sam Bromwich – Director of Corporate Governance, Risk & Compliance
	Louise Tweedie – Partner RSM
	Laura Gough – Associate Director RSM
Apologies	Rebecca Gater – Principal & CEO, Nancy Buckley - Vice Principal Business Growth, Skills & Partnerships, Craig Sullivan – Partner Bishop Fleming and Jane Grimshaw – Director Bishop Fleming

1. Welcome and Apologies

The Chair welcomed everyone to the meeting and noted that this was her first meeting as Chair of the committee.

Apologies were received and accepted from Rebecca Gater, Nancy Buckley and Bishop Fleming.

2. Declarations of Interest

There were no declarations of interest were declared.

3. Minutes of the Previous Meeting and Actions Report of 18th June 2024

The minutes of the A&R Committee meeting held on 18th June 2024 were **APPROVED.**

Following a governor question, the Director of Corporate Governance Risk & Compliance confirmed the update on Artificial Intelligence (AI) is in progress and is on the agenda to be presented at the joint A&R and Corporation meeting on 26th November.

A governor enquired about the discussion on the report regarding procurement and contract management, asking when it would be scheduled, as it was not listed in the actions report. The Deputy Principal and CFO explained it related to changes to the financial regulations and a copy can be shared for information. **ACTION**

RSM provided an update confirming their actions had been completed. It was noted that there were no changes to the key financials report, and these items could now be closed. A summary of the second item 7 was provided noting that both items were closed.

The actions report was updated and **NOTED.**

4. Chairs Action

4.1 RSM Additional work

The Chair confirmed a Chair's action approved by the previous Chair to the committee followed discussions at the last meeting in June and reported to the Corporation meeting on 8th October.

The Chairs action was **NOTED**.

5. Internal Audit

In a change to the agenda, RSM provided an update on their item.

The Partner from RSM explained that RSM UK is currently in merger discussions with RSM USA. While the process is ongoing, the merger has not yet taken place, and the vote with partners is scheduled for 2025. She gave an update on the process involved and noted that further updates will be provided once there is confirmation.

The Chair enquired whether any foreseeable changes are expected for the college and its relationship with RSM. If it is simply a matter of waiting, or whether no changes are anticipated. In response, the Partner from RSM confirmed that no changes are anticipated in this regard. The college will continue to be serviced by the UK-based team, who are specialists in the sector, due to regulatory compliance requirements.

5.1 Annual Report 2023/24

The Partner from RSM provided a detailed verbal update on the 2023/24 annual report, highlighting that it provides assurance and addresses the actions raised in the year-end process, as well as the overall Head of Internal Audit opinion. She confirmed that the report is still in draft form due to the RMF audit not being fully completed but does not anticipate that the RMF findings will affect the overall outcome, which is currently rated as amber-green.

It was concluded that the college has adequate and effective governance, risk management, and internal controls, with some enhancements needed. Benchmarking for the current year will be conducted once all the annual reports have gone through the governance cycle, and a final report will be presented at the next meeting in November. **ACTION**

5.2 Verbal progress update – RMF audit

The Partner from RSM confirmed that the internal audit plan from last year included collaboration with the college and RMF to prepare a draft report, which has now been issued. They are currently verifying the evidence for compliance with requirements. Once the query clearance is complete, the report will be finalised ahead of the next meeting in November, at which time the final report and the annual report will be presented. **ACTION**

The Director of RSM left the meeting.

5.3 Progress Report

The Associate Director from RSM presented the internal audit progress report noting they are on track for completion

Referring to the Higher Education paper, a governor enquired about the preference for group and federal structures and whether there is sector-wide pressure for colleges to seek mergers. A detailed explanation was provided, assuring governors that no such pressures have been observed.

A governor noted that the UK Procurement Act will replace the public sector contract regulations in February 2025, following the UK's implementation of EU directives. They enquired whether there are plans to produce a report or if one is deemed necessary to guide the college in adapting to the new procurement rules. The Partner from RSM advised that no report will be produced; however, briefing sessions have been conducted. Once the UK Procurement Act is in place, it will be up to the college to determine if procurement should be audited. It was noted that procurement is audited every three to five years, aligning with the new requirements.

6. Membership Update

The Chair confirmed that the vacancy for a full member who is financially qualified on the committee has been filled. The Director of Corporate Governance, Risk & Compliance confirmed the Corporation approved to appoint Dave Nanda to the A&R committee effective November. The Director of Corporate Governance, Risk & Compliance will discuss this with DN and report back at the next meeting.

7. Cyber Audit Progress Update

The Deputy Principal and CFO provided an update on the implementation of the recommendations from the Cyber Audit and outlined the key areas of the report. A copy of the audit report from January 2024 was shared for information to accompany the information provided within the report.

A governor enquired about the consistency of business continuity plans across departments, asking for an update on progress. The Deputy Principal and CFO confirmed that they are working with managers in a session to review their business continuity plans and test accessibility among each other. While there is no intention for all plans to be identical, a standardised structure is being developed to ensure ease of access and that each plan includes a minimum level of information.

Governors had discussions about business continuity plans and emphasised that they are never truly complete and must be regularly revisited to ensure ongoing effectiveness to reduce the risk of vulnerability. The prioritisation of the order of restoration is also crucial. The Deputy Principal and CFO provided an overview of the exercise conducted by the EMT regarding key college dates, highlighting the reliance on systems to ensure confidence in coping with a potential cyber-attack.

In discussing the departmental plans, it was acknowledged that while updates are ongoing and complacency should be avoided, there is a need for a central repository. A governor enquired whether there is a central department or individual responsible for maintaining all departmental reports.

Following a governor's question, the Deputy Principal and CFO confirmed that WhatsApp groups serve as a communication line in the event of a cyber-attack, which will be tested during the planned "switch-off" day, which will simulate a cyber attack. The Vice Principal for Quality and Curriculum noted that communication channels are tested on "snow days" to ensure effective information dissemination and confirm their reliability for use during a cyber-attack.

Staff have been advised the "switch off" date will be mid-November however a date has not been confirmed There was some debate regarding the timing of the event, considering the numerous activities that should not be disrupted, while recognising the importance of ensuring the test remains authentic.

Discussions focused on the number of "offline laptops" and the plans for keeping them updated, including the frequency of updates. The Deputy Principal and CFO agreed to investigate this matter and provide feedback through the governance team for further communication. **ACTION**

The Associate Director from RSM confirmed they will conduct follow-up work on the identified actions. A report will be prepared to provide assurance regarding the efforts made, with plans to present this report later in the year.

8. Risk Management & Board Assurance Report

The Director of Corporate Governance Risk & Compliance presented in detail the latest risk reports including the Strategic Risk Register and Board Assurance Framework 2024/25; Top Key Risks; Risk Management Annual Report 2023/4; the Board Assurance presentation proposal 24/25 and revised Risk Management and Board Assurance Strategy and Policy. The report also contains the insurance report update.

The Chair confirmed plans to meet with the Director of Corporate Governance, Risk & Compliance, and the Deputy Principal and CFO later in the year to discuss the risk register and explore more streamlined presentation methods. The Director of Corporate Governance Risk & Compliance provided context on previous discussions regarding a detailed audit of the college's risk culture and related actions. This process has begun with one of the quality managers, focusing on how to review the area risk registers which is an internal audit action. This process could become more aligned with the top risks process and be simplified and reviewed more frequently Consequently, the presentation of the risk register may change based on these discussions.

A governor emphasied the importance of including horizon scanning in the risk register and enquired about the recruitment targets for 2024/25. The Deputy Principal and CFO provided a detailed explanation, assuring governors that recruitment is a major focus. The governor also expressed reassurance regarding the Learner Journey item presented at the governors' development morning.

An explanation was provided regarding the board assurance presentations for the three key areas: AI, EDI, and Fraud, including when these will be presented to the Audit & Risk meetings. The committee discussed these areas and agreed that these areas were sensible.

A governor expressed concerns about the fraud audit being postponed to later in the year. The Director of Corporate Governance, Risk & Compliance explained that the fraud policy, strategy, and procedures are set for review. Discussions with RSM about their support for this process influenced the timing, as it is a detailed review that needs to be ready by March. Consequently, the timeline was proposed to be pushed back to June. It was agreed to

provide an update at the March meeting for reassurance. The Deputy Principal and CFO confirmed that the June audit will occur before the final corporation meeting, allowing for sharing of the minutes from the audit and risk meeting along with the presentation received by the audit committee.

The Chair sought clarification regarding risk awareness culture monitoring performance within the report and how we can proactively manage risk.

The revised Risk Management and Board Assurance Strategy and Policy was **RECOMMEND** to Corporation for approval.

With there being no further comments or questions, the reports were **NOTED.**

9. HE Data Assurance

The Deputy Principal and CFO summarised the report which provides assurance on the quality of data.

Following a question from the Chair the Deputy Principal and CFO explained about processes for spot checks on data and the college cross data requirements.

A governor raised concerns about data accuracy and its incorporation into the introduction of AI within the systems. The Deputy Principal and CFO assured governors that the Director of IT is collaborating with other colleges to create a matrix outlining the various ways AI is being utilised. They are also assessing the associated risks, which will be presented in November. **ACTION**.

The report was **NOTED**

10. Health & Safety Annual Report

The Deputy Principal and CFO provided a detailed update on the Annual Health and Safety report covering accident statistics, security incidents, activities that have taken place during the year to date and to outline how the College has carried out its duty of care regarding Health and Safety.

Following a question from the Chair regarding the policy tracker and the extended deadlines, the Deputy Principal and CFO provided an explanation to why there is a new deadline to offer assurance.

Concerns were raised regarding several incidents recorded this year under the categories of heat, fire, explosion, and ill health that had not been noted in previous years. It was suggested that increased attention might be necessary for the heat, fire, and explosion category. It was noted that health and safety management has revised the categories, and one of the recommendations was to standardise these classifications. Further information will be obtained to ensure there are no areas requiring additional attention. **ACTION**.

The report was **NOTED**

11. Draft Annual Report of the A&R Committee & Principal

The Director of Corporate Governance, Risk & Compliance presented the draft annual report, summarising the committee's work throughout the year. The final version is scheduled for

approval by the Corporation in November. It was noted that the report cannot be finalised until the accounts and the internal control within those accounts are signed off.

A governor enquired whether the value for money report will be presented at the next meeting, emphasising that it falls under the responsibilities of the Audit and Risk (A&R) committee. The Director of Corporate Governance, Risk & Compliance confirmed that she would need to verify this and take it as an action item. **ACTION**

The committee **RECOMMENDED** the draft annual Audit Committee Annual report to Audit and Risk Committee to then recommend to Corporation for approval and signature by the Chair and Principal

The Associate Director RSM left the meeting

12. Confidential

12.1 Additional Audit Work

The Deputy Principal and CFO presented an update on additional work completed by the College's internal and external auditors and any ad hoc audits that have taken place at the College.

The report was **NOTED**

13. Items for Information

The following items were shared for information:

- Draft Regularity Self-Assessment Questionnaire
- Summary Report & Fraud Log
- Implementation of Audit & Risk Recommendations

Following a question from the Chair, the Director of Corporate Governance, Risk & Compliance confirmed that the regulatory self-assessment questionnaire was a standard questionnaire which was updated this year and responds to any regulatory changes.

The layout of the regularity questionnaire was noted to be difficult to read. It was agreed to ask Bishop Fleming to adjust the format for next year to include a separate row for each question. **ACTION**

Additionally, the fraud log was reviewed, revealing that it was last signed in 2022 and there no indication that it has been reviewed since then. Concerns were also raised about the readability of the implementation of Audit & Risk recommendations, with a suggestion to include this information in the GRC tool. Discussions focused on how to make this more accessible and easier to read, potentially by implementing access rights or creating a dashboard from the tracker.

14. Policies

Discussed under item 8.

15. Any Other Business

The Director of Corporate Governance, Risk & Compliance discussed the internal audit planning process for 2025/26, emphasising the importance of involving the entire committee or individual members in the planning. Discussions will take place before the March meeting with EMT and RSM, leading to recommendations for the June committee.

She opened discussions regarding the audit plan planning process, questioning whether to conduct individual meetings again or hold an extra A&R committee meeting. It was agreed to hold an extra meeting of the audit & risk committee late January / early February to involve all members in the discussion.

She noted that while the internal audit's annual opinion is adequate and effective, the committee aims for a "green" rating, explaining that current ratings reflect the increased number of deep dive style audits and subsequent recommendations. Conversations with RSM addressed whether the number of recommendations automatically impacts the overall opinion, prompting the committee to consider future audit types and their implications.

The committee discussed the link between top-level audits and the need for deeper dives for greater assurance. It was agreed that deep dives provide detailed assurance and address critical issues. The committee recognised the necessity to support this approach to ensure that internal controls remain effective. **ACTION**

The A&R committee agreed to continue with the deep dive style audits, and the Chair suggested holding a face-to-face A&R committee meeting to review planning process, when possible, while remaining open to Teams meetings based on schedules. The Director of Corporate Governance, Risk & Compliance will review potential dates in January/February via a poll. **ACTION**

16. Future Dates

- Tuesday 26/11/2024 4.00pm Joint A&R and Corporation meeting Woodlands Campus

The meeting concluded at 6.30pm

Signed: _[signature]_   Dated: 15.10.2024

Amirun Nehar – Chair of Audit & Risk Committee