

[Confidential in respect of Minutes 18/35, 18/37, 18/38-40, 18/44]

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE ON 13 NOVEMBER 2018

Present

Alison Colley	Independent Governor
Harry Mears	Co-opted Member
Lena Samuels (Chair)	Independent Governor
John Simpson	Independent Governor

In attendance

Dr Caroline Carpenter	University Secretary
Kerrie Clark	Financial Controller
Andy Riggs	Chief Finance Officer
Bridget Woolven	Clerk to the Governors
Emma Butler	Director, PwC
David I'Anson	Audit Partner, BDO
Sophie Venton	Audit Manager, BDO
Stuart Kemp	Director, Kingston City Group (KCG)

18/33 Welcome & Apologies

Apologies: from Captain Emma Tiller and Professor Graham Baldwin.
 Welcomes: Dr Caroline Carpenter, University Secretary.
 The Committee was quorate.

18/34 Conflict of Interests - None declared.

18/35 Minutes of the previous meeting on 3 July 2018 - Agreed.

18/36 Matters arising from the previous meeting - None.

18/37 Confidential Pre-Meetings

**Oral Report
Confidential**

Lena Samuels, Committee Chair reported that the committee had met privately with each of the following:

- i. Stuart Kemp - Kingston City Group;
- ii. Emma Butler, PwC; and
- iii. David I'Anson and Sophie Venton, BDO.

There were no significant areas of concern.

18/38 'Uncertain External Environment'

**Presentation
Confidential**

This minute is confidential.

18/39 Internal Audit Progress Report
Presented by Stuart Kemp, KCG

Paper 18/AC/17(i)
Confidential

This minute is confidential.

18/40 Internal Audit Annual Report
Presented by Stuart Kemp, Kingston City Group

Paper 18/AC/17(ii)
Confidential

This minute is confidential.

(Stuart Kemp left the meeting at this point.)

18/41 Report of Risk Management Group (RMG)
Presented by Andy Riggs

Paper 18/AC/14

The Committee reviewed the Vice Chancellor's Group (VCG) assessment of key University risks and associated action plan.

In discussion the following points were made:

- i. The process and format of the risk register had been revised and two new columns of category, and strategic goal would enable dashboard reporting of risks by category and goal, both at the university level and at the school/service level;
- ii. The new format would be rolled out to schools and they would be asked to update their register based on their operational plans for 18/19 and in March 2019 they would be updated again based upon 19/20 plans;
- iii. Changes to the risk register since the last Audit Committee meeting:
 - The specific risk 'WMA relocation' had been removed - the move to the Austen Building at City College and refurbishment of the RM tower block were both complete and the new Marine Simulator Suite would be open in March 2019;
 - Risk 4 'failure to manage a significant number of large projects' had been broadened to include the Lower site developments;
 - Risk 5 had been broadened from a specific focus on international student recruitment, to now include key income streams;
 - Risk 3 had moved from a score of 20 to 15, as the extension of the Lloyds loans for a further 5 years had been signed, and a new Revolving Credit Facility (RCF) had been discussed by Resources on 7 November 2018. The target for this risk has been set at 12 with the anticipation of the implementation of the Barclays loan.

The Committee noted the report and supported the new format of register which would be attached to the Audit Committee minutes for the Board of Governors in November.

18/42 VfM Annual Report/Annual Efficiency Return
Presented by Andy Riggs

Paper 18/AC/15

The annual Value for Money (VfM) report, which included the Annual Efficient Return 2017/18, outlined details of savings both cash and non cash.

The Committee approved the report.

18/43 Information & Data Governance Annual Report

Paper 18/AC/16

The Committee noted the report and noted the terms of reference for the Information & Data Governance Board (IDGB) which had been reformed in November 2017 from the Data Quality Group.

**18/44 Internal Audit Progress Report
Presented by Emma Butler, PwC**

**Paper 18/AC/18
Confidential**

This minute is confidential.

18/45 Non-audit services commissioned in 2017/18

Paper 18/AC/19

The Committee noted:

- i. the non-audit services commissioned from BDO LLP which were due diligence work were £87,118 for due diligence work relating to Southampton City College and an estimated £5,610 for corporation tax services for Solent University Limited;
- ii. that no non-audit services had been commissioned from Kingston City Group.

**18/46 Draft Annual Financial Statements 2017/18
Presented by Kerrie Clark, Financial Controller**

Paper 18/RC/20

In discussion the following points were made:

- i. in accordance with its Terms of Reference, the Committee was being asked to review the audit and assurance aspects of the draft Financial Statements, which included: the external audit opinion; the statements of Board members' responsibilities; the statement of internal control (via the Internal Audit report); and any issues raised in the External Auditors' Report;
- ii. the revenue surplus was £8.3m which was higher than the budgeted surplus and forecast reported to Resources Committee on 7 November.

The Committee recommended the approval of the consolidated financial statements to the Board of Governors.

**18/47 External Auditors' Report 2017/18
Presented by**

Paper 18/AC/21

Members observed that:

- i. BDO anticipated issuing an unmodified audit opinion;
- ii. the significant audit risks had been identified as: revenue recognition, management override, going concern, major capital expenditure/campus development and pensions;
- iii. new financial and demographic assumptions that had been applied to Solent's membership in the LGP Scheme earlier in the year had been discussed with the appropriateness of the changes with scheme actuary and BDO at that time.

The Committee:

- iv. confirmed that since the Audit Committee meeting on 20 June 2018, it was not aware of any known, suspected or alleged frauds;
- v. noted the report which would be presented to the Board of Governors on 28 November 2018;
- vi. commended the University for its effective management despite current pressures.

**18/48 Annual Report of Audit Committee to OfS
Presented by Bridget Woolven**

Paper 18/RC/22

The recent outcome of the Data Quality audit as 'substantial assurance' would be added to paragraph 21 of the report.

With that amendment, the Committee agreed to recommend the report to the Board of Governors.

18/49 OfS Accounts Direction 2018/19

Paper 18/AC/23

The Committee noted:

- i. OfS Regulatory Advice No 9 and the focus on the disclosure of higher paid staff including the Vice-Chancellor;
- ii. That accounts direction for 18/19 will be published in the spring of 2019.

**18/50 Bribery Act - Annual Report 2017/18
Presented by Andy Riggs**

Paper 18/AC/24

The Committee noted the report for 2017/18 which confirmed there had been no reported incidences of bribery.

**18/51 Modern Slavery Act
Presented by Kerrie Clark**

Paper 18/AC/25

The Committee recommended the approval of the University's statement regarding slavery and human trafficking to the Board of Governors.

Once approved, the statement would be published on the University's website by the deadline of 31 January 2019.

18/52 No complaints had been received under the Public Information Disclosure Act and the University's Fraud Policy and:

- i. No complaints have been received either by the Clerk to the Governors or Chairman of the Board under the Public Information Disclosure Act;
- ii. No cases of fraud had been reported.

18/53 The Committee noted that, since the last meeting, no "serious incident", or suspicion or allegation thereof, as defined as reportable to OfS by the Charity Commission and outlined in the University's Financial Regulations, has been reported to the Chief Finance Officer or the Clerk to the Governors.

18/54 Meeting Dates for 2018/19

Wednesday 16 January 2019

Wednesday 20 March 2019

Wednesday 19 June 2019

Meetings will commence at 17:30hrs and be preceded by a members' pre-meeting at 17:00 hrs.