

Hereward College

Minutes of: AUDIT COMMITTEE

Date: 30th September 2024

Time: 5:55 p.m.

Place: via Microsoft Teams

Present: Mr S Brand (Chair)
Mr S Crick
Ms H Hillyard

In attendance: Mrs P Powditch (Interim Vice Principal Finance and Resources)

Mr N Clark (Wbg)
Mr G Gillespie (Wbg)
Mr M Benson (Murray Smith)

Mrs Y Doherty (Director of Governance)



The Chair noted the late start to the meeting and following discussion it was **RESOLVED THAT** the start time for future meetings be amended to 6.00pm

24/01 APOLOGIES

There were no apologies for absence.

24/02 MEETING WITH THE AUDITORS

Members of the Committee met with the Auditors without College management.

Mr Benson confirmed that the TPS return had been signed off, that the planning and prelim work for the audit of the financial statements had been completed and that the field work had commenced on site week commencing 30th September 2024.

Mr Gillespie confirmed that there were no issues with the process for developing the proposed Internal Audit Plan (to be considered later in the meeting) having run smoothly and had included a site visit and meeting with the Vice Principal Finance and Resources and the Deputy Principal.

The College Management joined the meeting.

24/03 DECLARATIONS OF INTEREST

On the basis of the business to be considered there were no declarations of interest

FOR DECISION

24/04 MINUTES OF THE LAST MEETING

The minutes of the previous meeting on 10th June 2024 (circulated, document Sept 24/1) were considered.

It was **RESOLVED THAT** the minutes of the meeting held on 10th June 2024 be approved.

24/05 ACTIONS FROM THE PREVIOUS MEETINGS (circulated, document Sept 24/2)**23/53** *Matters Arising / Actions*

The Chair highlighted the following from the most recent AoC Chief Executive updates:

- Pre-election discussion webinars – was anyone joining?

It was confirmed that this would be followed up

- AoC seeking to identify employers who might publicly advocate for an increase in FE funding from any future government – had this been raised with Whitbread?

It was commented that this was best taken up with the Principal

Response:

Due to the formula allocation, this will have little effect on the funding for Hereward College. Senior management have therefore concentrated their efforts on discussions with the local authorities

COMPLETE**23/58** *Progress against the Audit Recommendations*

It was noted that in regard to Learner Attendance, Retention, and Intervention, it was documented that this would be monitored. It was requested that detail be provided on what is being done.

Response:

In discussion with the Deputy Principal, this action is now shown as complete. The methodology was reviewed as part of the Ofsted inspection and attendance was a contributory factor in the outstanding judgement for behaviour and attitudes.

COMPLETE

It was agreed that the agenda for the next meeting – September 2024 – include an item on 'Embedding Change' in relation to Risk Management.

Response:

Due to the absence of the VP Finance and Resources this will be carried forward.

[ACTION]**YD****23/59** *Risk Management:*

It was noted that some areas of the SRR were outdated. The process of review would be discussed with the Director of Governance.

Response:

The risks have been reviewed by the Risk Review Group and the register updated. A full review of mitigating actions would most appropriately be scheduled after the return of both VPs.

[ACTION]**RB****23/65** *Performance Review of the Internal Auditors:*

The Director of Governance would collate responses discussed and provide the completed document to the Chair of the Committee. The Chair of the Committee would provide the feedback to ICCA.

Response:

The collated document had been provided
Committee Chair still to provide feedback to ICCA.

COMPLETE**[ACTION]****SB**

It was **RESOLVED THAT** the update against the actions from the previous meetings be noted and received.

24/06 MATTERS ARISING

The Chair welcomed Mrs Powditch to the meeting confirming her recent engagement as Interim Vice Principal Finance and Resources. It was noted that Mrs Powditch had previously fulfilled the role of Interim Vice Principal Finance and Resources for the 2022/23 academic year.

- **Interim VP roles**

It was reported that there were currently two Interim Vice Principals in position to cover for sickness absence. An update was provided confirming that initially the expected process for recruitment had not been followed with the rationale having been the Principal / CEO seeking to expedite appointments. Subsequent action had ensured that there had been appropriate Governor engagement in the processes via the Search & Governance Committee and reported to the Board.

- **Governor Recruitment**

Work was continuing regarding recruiting to current vacancies. The Chair requested that members advocate for the College through their professional and personal networks.

24/07

RISK MANAGEMENT

7.1 Annual Risk Management Report 2023/24

The Interim Vice Principal Finance and Resources presented the Annual Risk Management Report 2022/23 (circulated, document Sept 24/3).

Highlights included:

- Senior leaders have driven a risk-based approach across all College operations.
- Regular updates to the Board and Committee.
- Analysis of the categorisation of residual risks for 2023/24 was given with a comparison of the position in the previous three years.

Discussion points:

It was questioned if the College was still completing PEN testing.

It was reported that this would need to be confirmed.

Subsequent to the meeting it was confirmed that PEN testing is completed one a year as part of the Cyber Essentials + accreditation.

It was confirmed that there were no other comments / questions on the report.

It was **RESOLVED THAT** the Risk Management Annual Report 2023/24 be approved.

7.2 Risk Management Policy

The Interim Vice Principal Finance and Resources presented the Risk Management Policy (circulated, document Sept 24/4).

It was reported the policy was last reviewed in September 2023. No further amendments were required at this time.

There was discussion of the last time the scoring methodology was reviewed. Subsequent to the meeting review of documentation confirmed that this had been completed at the beginning of the 2020/21 academic year.

Nothing further was raised

It was **RESOLVED THAT** the Risk Management Policy be recommended for approval by the Corporation.

7.3 Risk Management Update and Strategic Risk Register 2024/25

The Interim Vice Principal Finance and Resources reported on Risk Management and the Strategic Risk Register 2023/24 (circulated, document Sept 24/5).

Following review by the Risk Management Group no changes had been deemed necessary to residual risk levels since the last review in June 2024.

- The strategic risk register reflected current controls and residual risk.
- The actions list had been updated to include progress, as well as any revised target dates and new actions that had been identified.
- An update on Health and Safety has been provided.

Regular updates on the strategic and operational risks facing the College are also provided in the finance paper submitted to each Corporation meeting.

Two risks had increased and two reduced. In addition, a new risk had been added to the register as identified in the report.

SR3-4

There was discussion of the inclusion of a risk relating to HTS and the assessment of 'housekeeping'. This assessment was understood but it was considered that this needed to remain under review.

SR1-3

The risk associated with recruitment and retention was noted. It was advocated that consideration be given to the inclusion of succession planning given the recent circumstances. It was suggested that this be raised at the next meeting of the Search & Governance Committee scheduled in October 2024.

It was confirmed that although student numbers had fallen slightly from what had been included in the budget the level of complexity had increased resulting in work to recruit a significant number of ILS staff.

General comments included:

- that the report provided clarity regarding revisions
- the SRR had been considered as part of the development of the proposed Internal Audit Plan

It was **RESOLVED THAT**

- i. the update report on Risk Management be noted and received.
- ii. the Strategic Risk Register 2024/25 be recommended for approval by the Corporation.

24/08 Regularity Self-Assessment Questionnaire 2023/24

The Interim Vice Principal Finance and Resources presented the Regularity Self-Assessment Questionnaire 2023/24 (circulated, document Sept 24/6).

It was confirmed that this was the annual update. Amends and additions to responses / evidence were shown in green text. Revisions and additional questions for 2023/24 were shown in red text.

It was **RESOLVED THAT** the Regularity Self-Assessment Questionnaire 2023/24 be recommended for Corporation approval and signature by the Chair of the Corporation and Principal.

24/09 DEEP DIVES

The Committee considered the report on Deep Dives (circulated, document Sept 24/7).

The points made at the previous meeting (June 24) were acknowledged:

- a flexible approach be adopted
- there was a need to be sure of the purpose and benefit of deep dives
- deep dives were a tool that the Audit Committee could use to seek assurance, and it was useful to have a 'watch list'
- there was no requirement a deep dive be undertaken every term.
- Suggested 'watch list' for extra / deeper assurance:
 - Student Numbers and impact on income
 - Income diversification
 - Policies – refine meaning / benefit.
 - Whitbread / HTS – recognising Board reports and Principal updates.
 - MIS - Management Information Systems – greater assurance on how to enable more effective management of resources and enable governors to discharge their responsibilities whilst recognising that this could require investment
 - Workforce strategy

It was proposed that being mindful of pressures on the Senior Leadership Team including interim VP positions, the Committee continue with the position of a 'watching brief'. It was suggested that unless an issue was of a high priority for the College and/or governors, that the Committee should not engage with deep dives at this time.

This was agreed. Discussion points included:

- that any high priority issues should be picked up by reporting to the Board
- Board minutes to be loaded to the library in the portal for Ms Hillyard to access **[ACTION]**
- It might be helpful to consider developments relating to HTS but recognising the previous point of Board reports and Principal updates

YD

It was suggested that there should be a gradual growth of the project (HTS etc.) and that this would be observed and assessed as necessary.

It was proposed and agreed that consideration of Deep Dives would remain a standing agenda item.

It was **RESOLVED THAT**

- i. the report on Deep Dives and associated discussion points be noted and received
- ii. the 'watch list' of areas to be subject to a Deep Dive continue
- iii. consideration of future deep dives be a standing agenda item.

24/10 COMMITTEE SELF-ASSESSMENT and TERMS OF REFERENCE**10.1 Committee Self-Assessment**

The Committee considered the report on Self-Assessment Report (circulated, document Sept 24/8).

- Governors were requested to evaluate the performance of the Committee against a range of questions.
- Responses were provided using a scale of Strongly Agree, Agree, Disagree and Strongly Disagree.
- 1 Governor (33%) of the current Committee membership responded.
- In considering the responses the survey suggested areas for potential/immediate development were:
 - balance of expertise to include non-financial input via the recruitment of non-finance members to the Committee
 - triangulation via external sources (reference the recommendation in the External Governance Review report)

Discussion points included:

The external auditors raised the time commitment required and the volume of reports to be considered for each meeting. This could impact the ability of members to identify what was important. It was suggested that communication could be simpler to support focus and decision making.

It was advocated that a split agenda – for decision / information and the Chair providing a lead on the points that required Committee focus went some way to addressing these points.

It queried how members were to decide what was needed given the volume of papers?

It was stated that there was an expectation that members would read all of the reports provided, that was reasonable when taking into account the knowledge and expertise of members, whilst acknowledging that the priority was the decisions being requested.

It was also commented that this approach was supported by the fact that where reports came in a standard format it was easier to identify any changes and what was required. It was emphasised that members could not and should not rely on others to have prepared for meetings.

It was highlighted that this was also acknowledged in the External Governance Review report and that all members should feel able and welcome to contribute.

It was questioned if the suggestion was that there should be less detail? It was suggested that senior people in an organisation were able to assess how much to read.

The internal auditors commented that there was a need for balance – to provide enough information without overkill. Examples of differing volumes of reports were provided.

It was suggested that it was about time management. The upcoming meetings were provided as calendar entries. It was recognised that a lot of the reports supported and enabled decisions but any ad-hoc issues could be difficult to manage. It was suggested that time management may be assisted with prior notice of what to expect.

It was confirmed that the Committee business cycle and indicative list of business to be considered at each meeting were presented to the Board meetings at the end of each academic year, for the upcoming AY. It was suggested that the indicative list of business for the next meeting could be included in the reports that were issued.

[ACTION]

YD

It was **RESOLVED THAT** the Committee Self-Assessment Report 2023/24 be noted and received.

10.2 Committee Terms of Reference 2023/24 & 2024/25

10.2.1 Compliance against the Committee Terms of Reference 2023/24

The Committee considered compliance against the Terms of Reference for 2023/24 (circulated, document Sept 24/9).

One Governor responded; the report showed the responses.

The report indicated overall satisfaction that the ToR for 2023/24 were complied with, although the poor response rate did not provide a comprehensive or true representation of the opinion of the Committee as a whole. The Chair reiterated to the members the benefits to the Committee, College and Learners of sharing their expertise and experience.

It was **RESOLVED THAT** assessment of performance against the Terms of Reference for 2023/24 confirmed that they been met.

10.2.2 Terms of Reference 2024/25

The Committee reviewed the Terms of Reference for 2023/24 to determine applicability for 2024/25 (circulated, document Sept 24/9).

It was noted that feedback had been received from one member and amendments suggested to

- ToR 10
 - any requirement for specific reference to HTS?

It was commented that whilst the need for reporting and monitoring of HTS was recognised, this initiative was not part of the core business of the College and was not the biggest risk. It was queried why this would then be specifically included in the ToR or specific high-level attention drawn to it.

It was suggested that this was to support the oversight of the impact on BAU.

The external auditors commented that if the College created a subsidiary it would need to be decided if oversight fell within the remit of the Audit Committee.

The internal auditors agreed and supported the view that if it was not one of the highest risks there was no requirement to identify it separately as proposed. This was agreed.

- ToR 18, 26, and 27
 - suggested standing agenda items

It was advocated that this was not necessary as the ToR required that reporting be made where necessary.

It was **RESOLVED THAT** no amends were required and the that the proposed Terms of Reference for 2024/25 be presented for Corporation approval.

24/11 INTERNAL AUDIT

11.1 Wbg Audit Needs Assessment 2024/25 – 2026/27

Mr Gillespie presented the Audit Needs Assessment 2024/25 – 2026/27 including a plan of work for 2024/25 (circulated, document Sept 24/10)

It was noted that the proposed plan had been subject to discussion with the Committee Chair.

It was reported that development of the plan had included a desk top review of documentation, including the strategic risk register and previous internal audit work along with an onsite visit and meeting with the Vice Principal Finance and Resources and the Deputy Principal.

The proposed plan of work and high-level indicative summary of scope was provided (page 9).

This included

- Payroll – due to the engagement of a new provider
- Procurement – it was sometime since this had been reviewed, was something ESFA were keen on and the anticipation of new legislation
- HR – use of agency staff – primarily due to college circumstances, looking at processes, allocation and identification of internal resources, VFM and contractual agreements.
- Cyber Security – would be completed by an IT specialist
- Follow Up review

An indicative timetable / dates was provided, with the reporting arrangements and a three-year ANA.

It was reported that in discussion with the Chair the planned dates for the reviews had been considered against the usual practice of reviews being completed and reported to the Committee within an academic year.

It was reported that these dates had been determined followed discussion with the Vice Principal Finance and Resources. It was understood the planning of the payroll review was to allow for the length of time system would have been in operation. It was confirmed that Wbg could be flexible and reschedule the reviews to meet with reporting on all reviews by the June 2025 Audit Committee meeting. It was commented that it was unusual to complete fieldwork in July.

The Interim Vice Principal Finance and Resources confirmed although it would be committing other people to the process, she was comfortable with the Payroll and Follow Up reviews being completed at an earlier date. It was reported that the new payroll provider had been in operation since July 2024.

The Interim Vice Principal Finance and Resources queried that there was no data funding audit included.

It was confirmed that Vice Principal Finance and Resources had considered other reviews more of a priority, although it could be built into the plan if needed.

It was suggested that this should allow for previous discussions and reliance of the external auditors on the level of assurance provided.

The external auditors confirmed that there was no reliance on internal audit – this was considered too onerous.

The EA would select a substantive sample which was believed to provide sufficient assurance.

It was queried that if where 6 days of work was reported that this would be 5 days field work and 1 day review.

It was confirmed that this was an accurate approximation allowing for the inclusion of planning.

It was **RESOLVED THAT**, subject to the revised timetable for reviews to be completed and reported to the Committee by the June 2025 meeting, the Audit Needs Assessment 2024/25 – 2026/27 and plan of work for 2024/25 be recommended for Corporation approval.

FOR INFORMATION

11.2 ICCA Internal Audit Report

- **Follow Up 05.23/24**

The Committee considered the Follow Up Internal Audit Review completed by ICCA (circulated, document Sept 24/11).

The objective was to provide management and the Audit Committee with an independent assurance opinion that progress with implementing previously agreed recommendations is satisfactory in the context of ensuring that there is no significant risk to the College being able to meet its strategic aims

OVERALL ASSURANCE CONCLUSION:

Assurance Opinion: **SUBSTANTIAL**

The review looked at performance against the recommendations made in two of the reports for 2022/23:

Health & Safety	02.22/23
HR Performance Management	04.22/23

Explanation was provided for the remaining reviews that had not been followed up.

In total, 3 recommendations were followed-up during the review, confirming:

- **2 (67%)** of the previously agreed recommendations were found to have been fully implemented by management; and,
- **1 (33%)** of the previously agreed recommendations were found to have been partially implemented by management.

It was **RESOLVED THAT** the Follow Up report 05.2023/24 be noted and received.

11.3 ICCA Annual Internal Audit Report

The Committee considered the Annual Internal Audit Report provided by ICCA (circulated, document Sept 24/12).

The report concluded that the auditors were satisfied based on the work undertaken and the implementation of previous audit recommendations, that they were able to provide **reasonable** assurance that the College's systems of internal control, governance and risk management were operating adequately and effectively.

In their opinion, insufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of the College's governance arrangements.

In their opinion, the College has adequate and effective risk management and systems of internal control in place to manage the achievement of its objectives and securing economy, efficiency and effectiveness.

The internal audit opinion statement regarding College's governance arrangements was noted. It was advocated that this was not significant, as the statement was made on the basis of the length of time since the IAS had reviewed governance and not as a result of anything negative. It was further emphasised that the Committee was responsible for providing assurance to the Board and it decided what information to use as assurance on which to base its opinion including the most recent Ofsted and External Governance Review reports.

It was **RESOLVED THAT** the Internal Audit Service Annual Report 2023/24 be noted and received.

24/12 DRAFT AUDIT COMMITTEE ANNUAL REPORT 2023/24

The Committee considered the draft Audit Committee Annual Report 2023/24 (circulated, document Sept 24/13).

The Post- 16 Audit Code of Practice and the Terms of Reference of the Audit Committee require that an annual report on the work of the Committee be produced for the Corporation.

The report detailed

- Membership and attendance data, with average attendance of 91% for the 2023/24 year.
- Consideration of five internal audit/advisory reports, findings and recommendations
 - 7 recommendations (high, medium or low) compared to 10 in 2022/23.
- Updates on progress against audit recommendations.
- Risk Management - consideration and discussion of risk management.
- Internal Audit Service assurance opinion.

- Financial Statements and Regularity Auditors opinion.
- The Audit Committee's opinion on the adequacy and effectiveness of the College's arrangements, its framework of governance, risk management and control, and its processes for securing economy, efficiency and effectiveness.

It was confirmed that Ms Hillyard had not seen the External Governance Review report. It was agreed that the report be loaded to the library in the portal for Ms Hillyard to access **[ACTION]**

YD

It was noted that the final version of the report would be presented at the next meeting of the Committee in November 2024.

It was **RESOLVED THAT** the draft Annual Report of the Audit Committee 2023/24 be noted and received.

24/13 PROGRESS AGAINST THE AUDIT RECOMMENDATIONS

The Interim Vice Principal Finance and Resources presented a report which set out progress against audit recommendations (circulated, document Sept 24/14).

The report contained those recommendations arising and still outstanding from the audits completed since 2022/23.

The report confirmed that there were three actions outstanding with a fourth having been completed.

It was reported that the recommendation relating to Learner Attendance, Retention and Intervention was complete with no further action to be taken.

The recommendation relating to mandatory training was being progressed, this included utilisation of the Every HR system. However, there was a technical issue with the training module of the system that was currently subject to investigation.

It was **RESOLVED THAT** the Progress Against Audit Recommendations report be noted and received.

24/14 MONTHLY MANAGEMENT ACCOUNTS: Month 12

The Interim Vice Principal Finance and Resources presented the Monthly Management Accounts 2023/24: Month 12 (circulated, document Sept 24/15).

The financial position at the year-end was favourable to the both the forecast and the revised budget.

- Financial Health is Outstanding.
- Cash balance was confirmed.
- Banking covenants were met.
- The year-end surplus position prior to, and including, adjustments for FRS102 was confirmed and compared to the re-forecast and revised budget.
- Transfers from provisions and reserves.
- Capital spend.
- The indicator relating to the year-end retained surplus had reverted to green as the actual surplus was higher than anticipated at the March re-forecast. The financial health of the College continued to be forecast as outstanding.

Discussion/feedback points included:

It was noted that the increase in agency spend was attributable to ILS staffing.

There was discussion of the I&E Account and the possible need for revision.

It was **RESOLVED THAT** the Monthly Management Accounts: Month 12 be noted and received.

24/15 VALUE FOR MONEY

The Interim Vice Principal Finance and Resources presented a report (circulated, document Sept 24/16) which provided details of key activities that had been undertaken over the previous year with the aim of securing value for money.

The key objectives of the policy were confirmed.

It was **RESOLVED THAT** the Annual Report on Value for Money 2023/24 activities be noted and received.

24/16 GIFTS AND HOSPITALITY

The Disclosure of Gifts and Hospitality document was received (circulated, document Sept 24/17).

It was noted that the information on the requirement to declare the receipt of gifts or hospitality was contained within the Corporation Standing Orders, Financial Regulations and Staff Handbook.

It was reported that there had been no declarations of the receipt of gifts or hospitality.

It was **RESOLVED THAT** the Disclosure of Gifts and Hospitality update be noted and received.

23/17 ANY OTHER BUSINESS

The Committee received the letter confirming the closure of the ESFA as an executive agency with effect from 31.03.2025.

It was noted that the current position remained unchanged for now.

24/18 DATE OF NEXT MEETING

The date of the next meeting was confirmed as 18th November 2024.

There was discussion of this meeting being held in person, whilst acknowledging the commitments of members which would require consideration of a rescheduled date.

[ACTION] YD