

Hereward College

Minutes of: AUDIT COMMITTEE

Date: 17th March 2025

Time: 6:00 p.m.

Place: via Microsoft Teams

Present: Mr B Angliss
Mr S Brand (Chair)
Mr S Crick

Mr A Bowly
Mr R Gregory
Ms H Hillyard

In attendance: Ms M Coles (Interim Vice Principal Finance and Resources)

Mr N Clark (Wbg)

Mrs Y Doherty (Director of Governance)



24/35 APOLOGIES

There were no apologies for absence.

24/36 MEETING WITH THE AUDITORS

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

Internal Audit Service

It was reported that there were no points to raise that were not included in the business for consideration on the meeting agenda.

The College Management joined the meeting.

Introductions were made.

24/37 DECLARATIONS OF INTEREST

There were no declarations of interest.

FOR DECISION

24/38 MINUTES OF THE LAST MEETING

The minutes of the previous meeting on 18th November 2024 (circulated, document March 25/1) were considered.

It was **RESOLVED THAT** the minutes of the meeting held on 18th November 2024 be approved.

24/39 ACTIONS/MATTERS ARISING (circulated, document March 25/2)

24/05 *Actions from the previous meeting (June 2024)*

23/58 *Progress against the Audit Recommendations*

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

30.09.24 Response:

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

18.11.2024 Response:

Due to the absence of the VP Finance and Resources this will be CARRIED FORWARD

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It was noted that some areas of the SRR were outdated.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.

30.09.24 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.

18.11.2024 Response:

Due to the absence of the VP Finance and Resources this will be CARRIED FORWARD.

17.03.2025 Response:

Please see the Risk Management Report presented to this meeting and note future developments in this area. **COMPLETE**

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.

30.09.24 Response:

Committee Chair still to provide feedback to ICCA.

18.11.2024 Response:

Still to be completed.

CARRY FORWARD

Mr Brand expressed his apologies for not having completed this action yet.

17.03.2025 Response:

It was confirmed that the feedback to ICCA had now been completed via email following attempts at a telephone call with ICCA. **COMPLETE**

24/24 Financial Statements year ended 31.07.24**24.1 Financial Statements 2023/24**

It was commented that there was nothing of substance – just some presentation issues.

e.g.: HTS – definition (ordering in the report)

duplicate entries

commentary on note referencing reduction in number of key management staff **COMPLETE**

The period covered by the narrative in the report, up to 31 July 24 or 31 Dec 24, and if this should influence what was included was queried

It was suggested that the narrative could include future plans, it was a decision for the College on what to include.

It was suggested that the date of incorporation of HTS (22.10.24) be included in the first instance.

This was agreed. **COMPLETE**

24/27 Risk Management

It was also reported that there had been two recent attempted phishing attacks on the college that had been unsuccessful.

It was queried how this would be reported, with discussion of reporting to the Board.

This was agreed. **COMPLETE**

24/33 Date of the next meeting

The date of the next meeting was confirmed as 17th March 2025.
The availability of members to attend on site to be confirmed.

17.03.2025 Response:

Insufficient members were able to attend on site to support an 'in-person' meeting.

It was confirmed that it was intended that the Committee should meet in person at least once per academic year, as this assisted the interaction and operation of the Committee. The Director of Governance would seek availability to do so ahead of each meeting. **[ACTION]**

YD

24/34 Performance Review of Auditors

Committee members noted the issue of the assessment documentation prior to the meeting (circulated, document Nov 24/15), and acknowledged that to a large degree the assessment could only be completed by the Vice Principal Finance and Resources. No responses had been received.

The Committee considered each of the assessment criteria and agreed the satisfaction rating.

The Chair and Director of Governance noted the responses. The Chair of the Committee would provide the feedback to Murray Smith.

17.03.2025 Response:

It was confirmed that the feedback to Murray Smith had now been completed to NT. **COMPLETE**

The Chair confirmed, for the newly appointed co-opted members of the Committee, that the college management accounts were regularly uploaded to the governance portal.

Points to note included:

- the College had a financial health rating of Outstanding
- there had been a reforecast in February
- the majority of the capital expenditure budget had been spent
- agency costs were compensated for by savings on vacancies

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

24/40 POLICIES

The Interim Vice Principal Finance and Resources provided an update report on the review of policies (circulated, document March 25/3).

40.1 Anti-Money Laundering Policy

This was a roll forward of the existing policy, noting there have been no changes to relevant legislation since the last review.

It was **RESOLVED THAT**, subject to the amendments discussed, the Anti-Money Laundering Policy be recommended for Corporation approval.

40.2 Anti-Tax Evasion Policy

This was a roll forward of the existing policy, noting there have been no changes to relevant legislation since the last review, with one minor grammatical amendment on page 2, highlighted for ease of reference.

It was queried if there was a list of blacklisted companies.

It was reported that this would need to be confirmed.

[ACTION]

MC

It was **RESOLVED THAT** the Anti-Tax Evasion Policy be recommended for Corporation approval.

FOR INFORMATION

24/41 INTERNAL AUDIT

41.1 Internal Audit Reports

41.1.1 Procurement

Mr Clark presented the report detailing the outcomes of the Procurement internal audit review, (circulated, document March 24/4).

The purpose of the review was to conduct a review of the procurement process in place, from identifying procurement needs, through to appraising options and contracting with suppliers.

OVERALL ASSURANCE CONCLUSION:	SUBSTANTIAL	
Recommendations:	1 x MEDIUM	1 x LOW
Benchmarking Data (average):	2 x medium	2 x low
Areas of Good Practice:	3	

The review included sample testing of 30 purchases based on procurement thresholds.

The testing of the procurement thresholds identified that the documented procurement procedure had not been followed for 7 of the 30 suppliers tested.

The College Financial Regulations, for suppliers where spend is £30,000 or above, state that a formal written contract must be entered into. A Contracts Register should be in place to ensure all contracts with suppliers are clearly recorded (medium recommendation)

The review confirmed that a contracts register is in place, however it was incomplete (low recommendation).

Discussion points included:

It was commented that this was a level of auditing that had not been witnessed in the school sector – this was queried.

It was reported that if a school was an academy, then the Academy Trust Handbook required that there be a plan of internal scrutiny that was either completed 'internally' or contracted out to a provider.

The type of contracts was queried i.e., what types of services were they?

It was reported that this would need to be confirmed.

[ACTION] MC

It was questioned if invoices had been signed off in accordance with delegated authorities.

It was confirmed that everything was properly authorised.

The management response to the recommendation was noted, particularly '*as the Financial Regulations as currently written expect a formal written contract in all instances when this may not be sufficiently nuanced given the different types of procurement activity*'

Approval was expressed for the date of implementation of the remedial action (end of spring term 2025).

The percentage of contracts for construction / supply was queried.

It was reported that they were all supply.

It was commented that there was a degree of mitigation given staff churn, which supported the need for policies and procedures.

The benchmarking data and observations in the report were welcomed.

It was **RESOLVED THAT** the Procurement report be noted and received.

41.1.2 HR – Use of Agency Staff

Mr Clark presented the report detailing the outcomes of the HR – Use of Agency Staff internal audit review, (circulated, document March 24/5).

The purpose of the review was to ensure that the employment and utilisation of temporary or contract staff aligned with the College's policies, and regulatory requirements. The review looked to provide assurance that agency staff were being utilised in a manner that supported the College's operational needs and objectives and that steps were being taken to ensure recruitment and retention of staff in substantive posts were maximised.

OVERALL ASSURANCE CONCLUSION:	STRONG
Recommendations:	1 x LOW
Benchmarking Data (average):	2 x low
Areas of Good Practice:	5

Discussion points included:

If there were any particular areas of concern.

It was confirmed that this was not considered to be the case. The bulk of agency use was for ILS (care/support) and three long term sickness absence (teaching)

It was commented that the use of agency staff was a continuing issue, and it was about the strategic response to this issue – it was suggested maybe this should be raised at Board.

It was queried how the issues were being addressed as it was not felt that the report made this clear.

It noted that the College utilised a spreadsheet to verify the attendance of scheduled agency staff and to monitor the agency staff spend – but what was being done to mitigate a large overspend?

It was reported that the position was difficult given that learner numbers for each academic year were not confirmed until later in the first term. The College had made some progress with the successful use of a temp to perm programme.

If query on the impact of the employment rights bill was raised.

It was confirmed that this had not been considered as part of the review.

It was reported that this would be followed up with the head of HR.

[ACTION]

MC

The comment about learner numbers was noted, however, what else could be done? Would there be a benefit in additional analysis?

It was reported that the budget had been based on assumptions, and a reforecast had just been completed. It was highlighted that the level of retention is a key driver to learner numbers.

It was stated that the reporting of any variance was important.

It was **RESOLVED THAT** the HR – Use of Agency Staff report be noted and received.

41.2 Progress against the Internal Audit Annual Plan 2024/25

Mr Clark presented an update on progress against the Internal Audit Plan 2024/25 (circulated, document March 25/6)

Two of five reviews had been completed so far, this academic year.

The remaining three were scheduled for April and May 2025.

It was **RESOLVED THAT** the progress report against the IAS Annual Plan 2024/25 be noted and received.

24/42 **RISK MANAGEMENT - Update Report**

The Interim Vice Principal Finance and Resources provided an update report on Risk Management (circulated, document March 25/7).

It was confirmed that:

- The Risk Management Group met in February and discussed the content of the Risk Register. No new risks were identified, but the narrative of risk SR2-3 was updated. The residual score of two risks, MV-02 and SR1-3, were increased.
- A Heat Map has been designed and is included here to provide a single page view of the risks currently identified, their inherent and residual risk scores and the direction of travel from the previous report.
- The Actions list has been updated to reflect activity undertaken since November.

Points highlighted included:

- A review of Risk Management was not included on the Internal Audit 3-year plan.
- The Heat Map was intended to provide clarity about the direction of travel.
- The Interim Vice Principal Finance and Resources had held discussion with the Chair of Audit and the SLT
- Further amendments would be introduced to the reporting along with the review of the Risk Management Policy in June 2025
- It was noted that the significant and contingent scores were not separated (as per the policy) and that this would be reviewed.
- There had been no RIDDOR incidents

Discussion points included:

- The Heat Map was welcomed.
- Elevating placement of risk management on meeting agendas
- It was suggested that consideration be given to diversity and inclusion (linked to the risk register) in regard to external drivers such as the impact of legislative changes, including the Worker Protection Act, reputational damage
- Stewardship of college funds (we had this a value in Barnardos)- ensuring individual accountability and ownership, and ensuring spend was based on necessity

It was suggested that an update on the last two points be provided as the next meeting. **[ACTION]**

MC

It was **RESOLVED THAT** the Risk Management Update report be noted and received.

24/43 **PROGRESS AGAINST THE AUDIT RECOMMENDATIONS**

The Interim Vice Principal Finance and Resources presented a report which set out progress against audit recommendations (circulated, document March 25/8).

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

Points highlighted included:

- Wbg would review those outstanding as part of the follow up review.
- Recommendation relating to training – use of the training the training module on the HR system had been introduced allowing notifications of required training completion and real-time reminders.

- Rationalisation of the number of credit cards in use was ongoing, an Amazon business account was being utilised for the majority of Amazon purchases, an excel version of the requisition form was in development.
- Enrolment processes – update was provided.
- Fixed assets – monthly review of fixed asset expenditure introduced.
- Declarations of Interest – the timing for this was under consideration.

Discussion points included:

Review of some of the dates – some timeframes for actions were quite lengthy, was there ‘scope creep’? It was suggested the audit points are specifically addressed then the audit point closed, and if further action points arise in the course of addressing an audit point, these should be noted and executed as a separate operational action point to the audit recommendations. This should be reviewed on a regular basis specifically to identify if there was anything new

It was questioned if there a departmental learning needs analysis was completed annually and underpinned a cost analysis projection for the training budget.

This would need to be confirmed.

[ACTION] MC

It was queried if there was a need to extend the report (spreadsheet) further

It was commented that the report was not as integrated as would be preferred, but that this would require an element of investment. However, the system tracked training requirements and the completion of courses. Weekly updates advised the SLT of when training is due, and the HR team followed this up with employees.

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

24/44

DEEP DIVES

Future Deep Dives

FOR DECISION

The Committee considered the report on Deep Dives (circulated, document March 25/9).

The Committee noted prior discussions when considering whether to schedule a deep dive:

- agreeing the need to be mindful of pressures on the Senior Leadership Team
- if an issue was of a high priority for the College and/or governors
- as far as possible, deep dives were to be considered with reference to the Strategic Risk Register 2024/25
- coordination with deep dives undertaken via other Committees

The agreed **Watch List** for possible Deep Dives 2024/25 (March 2025)

- 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

Discussion/feedback points included:

Procurement – were staff clear on the requirements or how to raise queries?

It was commented that this would be covered in the 2024/25 follow up review completed by Wbg.

It was queried if the finance team provided guidance.

It was reported that a training on the procurement act was planned for the start of term and that this would provide simple guidance.

It was **RESOLVED THAT**

- i. the update report on the schedule of deep dives be noted and received
- ii. the watch list be maintained, with assurance requested as appropriate.

24/45 GIFTS AND HOSPITALITY

The Disclosure of Gifts and Hospitality document was considered (circulated, document March 25/10).

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 no declarations of gifts or hospitality had been received.

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

24/46 ANY OTHER BUSINESS

- *Feedback to auditors*

The Chair suggested that this should be a continuous process. It was considered appropriate that this could form part any 'debrief' and include positive aspects as well as potential areas for improvement so as to inform / support continuous improvement / dialogue.

It was questioned if it would be useful to share the annual feedback / performance questionnaires the Committee considered so that the auditors were aware of what performance was assessed against.

This was agreed.

[ACTION] YD

24/47 DATE OF THE NEXT MEETING

The date of the next meeting was confirmed as 16th June 2025.

The Chair thanked members for their attendance and contribution.