

Hereward College



Minutes of: AUDIT COMMITTEE

Date: 16th June 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) (from item 24/49)

Ms N Tucker (Murray Smith)
Mr G Gillespie (Wbg)

Mrs Y Doherty (Director of Governance)

24/47 APOLOGIES

There were no apologies for absence.

24/48 MEETING WITH THE AUDITORS

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

Internal Audit Service:

It was confirmed that there were no points to raise.

External Audit Service:

It was confirmed that there were no points to raise. Discussion of the planning of the financial statements audit had begun.

The College Management joined the meeting.

24/49 DECLARATIONS OF INTEREST

There were no declarations of interest.

FOR DECISION

24/50 MINUTES OF THE LAST MEETING

The minutes of the previous meeting on 17th March 2025 (circulated, document June 25/1) were considered.

It was **RESOLVED THAT** the minutes of the meeting held on 17th March 2025 be approved.

24/51 MATTERS ARISING / ACTIONS**54.1 Matters:**

The Chair highlighted the following points to update members:

- **Actions Report (54.2)**

- *In person meeting of the Committee* – noting the Actions report it was emphasised that this should perhaps be the November meeting at the minimum. It was advocated that there were advantages to in person meetings and other activities such as Learning Walks. It was suggested that dates be circulated so that members could indicate their availability to attend. **[ACTION]**
- Use of the marketing consultant – provide costs to the Board **[ACTION]**

YD
MC

- **Internal Audit – delay to completion of the annual plan 2024/25**

A report (document A) had been distributed to provide context and detail, see minute 24/59.2.

- **Recruitment**

- Vice Principal Finance & Resources – this was concluded with a recommended appointment made to the Board.
- Director of Governance – the process was in place and being progressed.
- Governor recruitment – members were asked to share with contacts.

- **Management Accounts P9**

- Financial Health Grade was forecast as Outstanding
- Forecast surplus was confirmed
- Capital Expenditure was on plan.

ACTIONS:**54.2 Actions Report**

The Committee considered the Actions update report (circulated, document June 25/2)

24/39 Actions/Matters Arising

24/33 *Date of the next meeting*

It was suggested that the Committee meet face to face at the next scheduled 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 and additionally request each member to indicate which AC meetings they are able to attend in person for the next year.

Response:

Discussion has indicated that there should be a focus on the Committee meeting in person in the autumn term, acknowledging that the Financial Statements are considered at the November meeting. Additionally, the DoG would email members with a list of the scheduled meetings for 2025/26 and ask for availability to attend in person. **SEE ABOVE 54.1**

24/40 Policies

40.2 *Anti-Tax Evasion Policy*

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

It was reported that this would need to be confirmed.

Response:

At the time of the meeting, the College did not have a list of blacklisted companies as it had never had occasion to cease trading with an organisation.

It was suggested that it was good governance to check with regard to blacklisted companies and it was queried if this should be included as part of the processes/documentation.

This was agreed and that a 'blacklist' would be established.

[ACTION] MC

24/41 Internal Audit**41.1.1 Procurement**

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

It was reported that this would need to be confirmed.

Response:

The purchases tested for which there was no formal written contracts issued included annual insurance cover and IT equipment, all sourced via tenders.

COMPLETE**41.1.2 HR – Use of Agency Staff**

A 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.

Response:

The Head of HR and Training will consider the impact of the Employment Rights Bill. It was confirmed that the Head of HR and Training would be requested to complete an impact assessment.

[ACTION] MC**24/42 Risk Management**

Discussion points included:

- The Heat Map was welcomed.
- Elevating placement of risk management on meeting agendas
- It was suggested that consideration be given to equality, 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 - 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.

Response:

Work is continuing on the reshaping of the Risk Register in time for the next meeting and appropriate consideration will be paid to equality, diversity and inclusion in regard to external drivers along with the stewardship of college funds.

COMPLETE**24/43 Progress against the Audit Recommendations**

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.

Response:

Training needs are identified in annual appraisals, and a training plan is produced which incorporates both mandatory training and requests made via the appraisal system. The HR and Training Manager prepares cost estimates which are incorporated in the training budget.

COMPLETE

24/46 Any other business

Feedback to auditors

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.

Response:

The questionnaires considered by the Committee had been issued as appropriate. **COMPLETE**

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

24/52 EXTERNAL AUDITORS**External Audit Plan for year ended 31st July 2025**

The Committee considered the Draft External Audit Plan for year ended 31st July 2025 (circulated, document June 25/3).

Ms Tucker drew attention to

Section 2: Scope of Engagement (page 5) and in particular the assessment of the risk level for the audit as low.

Section 6: Significant risks and key judgemental areas (page 10)

Mandatory: (would be seen in any audit)

- Revenue recognition
- Going concern
- Management override of controls

Hereward:

- Expenditure – existence, allocation, and value for money
- Payroll
- Accrued and deferred income and expenditure
- Capital expenditure and fixed assets
- Local Government Pension Scheme (LGPS)

Section 8: Audit timeline (page 15).

It was anticipated that the onsite work would begin week commencing 29 September 2024.

Discussion points:

LGPS – had ICAEW published any direct guidance on the treatment of the pension asset?

It was confirmed that this had not been the case, but they had provided a 50-page comment indicating an asset ceiling / bringing asset down to zero.

The DfE had also refused to provide specific guidance.

The general consensus was not to account for it as an asset.

It was **RESOLVED THAT** the External Audit Plan for year ended 31st July 2025 be recommended for approval by the Corporation.

24/53 REGULARITY SELF-ASSESSMENT QUESTIONNAIRE 2024/25

The Interim Vice Principal Finance and Resources presented the Regularity Self-Assessment Questionnaire 2024/25 (circulated, document June 25/4).

It was reported that this was an initial/interim completion of the document and that it would be revisited once the financial year had concluded.

The amendments for the 2024/25 year were highlighted. It was noted that HTS had been approved as not novel, contentious or repercussive.

It was **RESOLVED THAT** the initial Regularity Self-Assessment Questionnaire 2024/25 be noted and received.

24/54 INTERNAL AUDIT

Mr Gillespie presented the Draft Internal Audit Plan for 2025/26 (circulated, document June 25/5).

It was reported that in discussions with the Interim Vice Principal, Finance and Resources, it was agreed that Curriculum Planning (originally scheduled for 2025/26) be replaced by Estates Management (originally scheduled for 2026/27). Other than moving these two reviews, there were no changes to the Audit Needs Assessment of 30 September 2024.

High level summary scopes for each of the proposed reviews was detailed.

An indicative timetable was provided with field work scheduled for the autumn term (November) and spring term (March/April) with the annual report presented to the committee in June 2026.

Detailed discussion/feedback points included:

Considering the issues that had been encountered this academic year, would there be a benefit to completing a review of **staff recruitment/retention and workforce planning** (that although listed as potential reviews had not been included in the current 3-year plan).

It was agreed that this was important, especially in terms of succession planning, and could also include the use of interims.

It was suggested that staff recruitment/retention was a sector issue, and at this point in the year there remained a significant number of learners yet to have funding confirmed which impacted the ability to assess required staffing.

It was also highlighted that there was a need to consider the strategic risk register to ensure that the top risks were subject to review and so provide assurance. If other areas were considered higher risk, there would be a need to balance out the plan over and above what was currently included.

The external auditors were asked to comment.

It was advocated guidance should be provided by the internal audit service and that it was important to ensure that a variety of areas were subject to review. It was suggested that reference could be made to previous review outcomes.

It was commented that given the amount of senior management time that had been afforded to recruitment this academic year it was considered that a review would be of benefit.

It was commented that the previous review of **GDPR** had provided assurance.

Which of **staff recruitment/retention and workforce planning** were more important.

It was commented that workforce planning would be considered more important.

The 2025/26 planned review of **estates management** review was queried.

It was suggested that this was necessary on the basis of what was known about required residential learners and increased day learner numbers and the potential need for remodelling to ensure the estate was fit for purpose.

It was advocated that a reasonable level of assurance regarding estates management had been provided through reports to Board.

It was commented that it was felt that staff were more important than space in this context.

It was reported that learner numbers presented a risk where residential learner numbers could make a significant difference.

Previous reporting on the residential learner numbers, breakeven position and increased day learner numbers was acknowledged and that the estate was close to maximum capacity.

It was highlighted that estates management and GDPR had not been subject to an internal review since prior to 2020.

It was queried that as the cyber security review was still to be completed could this include aspects of GDPR, was there overlap?

There was discussion of the differences.

It was observed that there were no known concerns relating to estates management or GDPR but that there were concerns around staffing.

Differing options were suggested:

- Top slice the proposed plan or agree additional days
- Succession planning could be the subject of a Deep Dive. It was emphasised that an internal audit review provided independent assurance and comparative data where it was available
- On the basis of the risk register what was the appetite to move the **GDPR** review to the 2026/27 year so as to accommodate **staff recruitment/retention and workforce planning**
- If GDPR was to move to the 2026/27 year what would be lost from that proposed plan – Budgetary and Financial Planning?

It was highlighted that this would result in there being no financial review completed in 2026/27. The external auditors confirmed that although an opinion could be provided on figures being true and fair this was not an assurance about controls. It was suggested that a financial review be retained.

It was emphasised that it was considered that a review of **staff recruitment/retention/workforce and succession planning** was needed.

It was suggested and agreed that the Audit Committee would recommend to Corporation additional days be allocated to the internal audit plan for 2025/26 given the considered strategic importance of staff recruitment/retention/workforce and succession planning.

It was further recommended that the Audit Committee Chair be invited to input to the annual discussions in determining the internal audit plan of work as had happened last year.

After discussion and in order to better reflect the considered risks to the organisation, it was agreed that the Committee would recommend that the proposed Internal Audit Plan be expanded to include Recruitment and Retention of Staff and Succession and Workforce Planning.

It was **RESOLVED THAT** subject to the inclusion of a review of Recruitment and Retention of Staff and Succession and Workforce Planning the 2025/26 Internal Audit Plan be recommended for approval by the Corporation.

24/55 AUDIT COMMITTEE 2025/26

The Committee considered the proposed meeting dates and business cycle for the 2025/26 academic year (circulated, document June 25/6).

The dates were in line with the meetings held in 2024/25.

The business cycle, which provides a minimum outline of business (subject to additions as required) was considered.

It was **RESOLVED THAT**, the proposed meeting dates and business cycle for 2025/26 be agreed.

24/56 DEEP DIVES**Future Deep Dives**

The Committee considered the report on Deep Dives (circulated, document June 25/7) with detailed discussion of the future schedule.

Detailed discussion/feedback points on future deep dives included:

The Local Authority statutory override would end in 2026 unless an extension was agreed. Whilst there were indications that the College anticipated healthy learner numbers in September 2025 and 2026, what was not possible was the means to forecast the impact of not achieving the additional income.

This was acknowledged but no further action could be identified until the position with regard to the statutory override was confirmed.

However, it was suggested that there may be an issue with the 2026/27 intake and the potential magnitude of this would need to be assessed.

It was advocated that it was a national issue, including the focus on placement in mainstream providers, such placements would not be practical for a significant number of the college cohort.

It was suggested that this be included as a watching brief.

A summary of discussions confirmed:

- Student Numbers and impact on income – retain on watchlist noting this is reported at Board.
- Income diversification – retain on Deep Dive list.
- Policies – brought to Corporation and Committee for approval, assurance regarding implementation / impact, including audit recommendations and how these are embedded – retain on watchlist.
- Whitbread / HTS – recognising Board reports and Principal updates – governance arrangements relating to the partnership with Whitbread, ensuring that the College operates with full effectiveness, assurances of no additional risks / effective mitigations – retain on watchlist.
- 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 – included in the 2025/26 Internal Audit Plan therefore remove from the Deep Dive list.
- Workforce strategy – to be included in the 2025/26 Internal Audit Plan therefore remove from the Deep Dive list.

It was **RESOLVED THAT** the 'watch list' of areas to be subject to a Deep Dive as necessary be approved.

24/57 POLICIES

The Interim Vice Principal Finance and Resources provided an update report the review of policies (circulated, document June 25/8).

FOR COMMITTEE APPROVAL**57.1 Treasury Management Policy**

Roll forward of the existing policy, noting there had been no changes to relevant legislation since the last review. Four changes had been made to the draft policy:

- ESFA had been replaced by DfE following the demise of the organisation.
- The minimum target monthly cash balance, previously set at £1m plus capital spend, had been increased to £1.5m following a review of forecast expenditure in the three-year cash flow approved by Board in July 2024.
- Note 9 had been added to refer to related policies and procedures.
- The EDIA has been revised to say, 'Adverse finances which could result in intervention via banks or the DfE'.

The Committee was asked to consider whether the 'Use of External Intermediaries' section should be retained in the policy as this does not sit well with Managing Public Money requirements.

Discussion points:

'Use of External Intermediaries' – the external auditors queried if this would become relevant in the future.

It was agreed that the section would be retained.

The minimum target monthly cash balance, previously set at £1m plus capital spend, had been increased to £1.5m

- How did this compare to similar organisations?
It was working capital that could be called upon at any time
- Was this a provisional sum?
Yes, it was typically £1m
- Use of the word 'target', remove?
- Ensuring best return from cash balances and regular review appropriate to risk appetite
The College moved funds into higher interest-bearing accounts.

It was agreed that the wording would be revised to '*minimum monthly cash balance of £1.5m*'

It was **RESOLVED THAT** subject to the agreed discussion the Treasury Management Policy be approved.

57.2 Value for Money Policy

Review only. No changes to relevant legislation since the last review.

It was reported that it was intended the policy would be further reviewed to ensure accurate relationship to the purchasing/procurement policies and procedures. The policy would be resubmitted to the committee in September 2025.

[ACTION] MC

It was **RESOLVED THAT** the Value for Money Policy be presented again at the meeting in September 2025.

FOR RECOMMENDATION TO CORPORATION**57.3 Financial Regulations**

Financial Regulations were updated on an annual basis and the June 2025 version reflected changes introduced by the Procurement Act 2023, which came into effect in February 2025.

In terms of terminology, all references to the ESFA had been replaced with DfE following the closure of the ESFA in March 2025 and the title 'Principal' had been updated to 'Principal and Chief Executive'.

All changes made were listed.

57.4 Business Continuity Plan

Minor amendments to the policy were highlighted in yellow.

Discussion points:

Cyber security and failure of IT/Telecoms. It was suggested that this could be considered as part of the internal audit of Cyber Security.

The Business Continuity Plan would be considered as part of the Cyber Security review which incorporated failure of IT/Telecoms.

It was **RESOLVED THAT** the Financial Regulations and Business Continuity Plan be recommended for Corporation approval.

FOR INFORMATION**24/58 RISK MANAGEMENT**

The Interim Vice Principal Finance and Resources provided an update report on Risk Management (circulated, document June 25/9).

It was confirmed and highlighted that

- The Risk Management Group met in May and considered the content of the Risk Register.
- No new risks were identified.
- The inherent scores of three risks were increased and changes were made to the residual scores of five risks.
- Risk Owners reviewed the narrative to ensure that controls and mitigating actions were properly reflected.
- The Actions list had been updated.
- The 2025/26 reports would include Actions lists which detailed activity planned against those risks for which the scores had been increased in the period.
- A RIDDOR event was reported in March and detail of the incident was included.

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

Mr Angliss left the meeting

24/59 INTERNAL AUDIT**59.1 Internal Audit Reviews****59.1.1 Cyber Security**

The report and context for the delay in completing this review was recognised.

59.1.2 Payroll

Mr Gillespie presented the Payroll report, (circulated, document June 25/10) .

The purpose of the review was to assess whether the payroll system at the college was operating as expected and that the appropriate controls exist. It was highlighted that the payroll is outsourced.

OVERALL ASSURANCE CONCLUSION: **SUBSTANTIAL**

Recommendations: **1 x MEDIUM 5 x LOW**
 Benchmarking Data (average): 1 x medium 1 x low
 Areas of Good Practice: 2

The review included discussion with relevant staff, review of documentation and where appropriate sample testing.

It was commented that it was a comprehensive review.

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

59.1.3 Follow Up

Mr Gillespie presented the Follow Up report, (circulated, document June 25/11).

The purpose of the review was to provide the Audit Committee with assurance that prior year recommendations are implemented within the expected timescales.

OVERALL ASSURANCE CONCLUSION: **SUBSTANTIAL**
 Total Number of Recommendations: **7**
 Partially Implemented Recommendations: **2 x MEDIUM**
 Fully Implemented Recommendations: **3 x MEDIUM 2 x LOW**

Audit Area	Total	Partially Implemented	Fully Implemented
Key Financial Controls	2	2	-
Student Journey: Attendance, Retention and Intervention	1	-	1
Mock Funding	3	-	3
Follow up 2023/24	1	-	1
Total	7	2	5
Percentage of Total	100%	29%	71%

Recommendations from the report: **2 x MEDIUM**

It was **RESOLVED THAT** the Follow Up audit report be noted and received.

59.2 Progress against the Internal Audit Annual Plan 2024/25

Mr Gillespie presented an update on progress against the Internal Audit Plan 2024/25 (circulated, document June 25/12).

Four of the five planned reviews had been completed.

The detail of the report providing explanation for the delay in completing the Cyber Security Internal Audit Review was noted and that this had included the impact of staff changes on communications and the unavailability of Audit and College staff at mutually convenient dates.

It was intended that the Cyber Security review would be completed in July 2025, reported to the first meeting of the Audit Committee in September 2025 and in time for the development of the Audit Committee Annual Report.

Discussion points:

Disappointment was expressed at the communications failure and impact of staff continuity. It was suggested that the issues could have been brought to the attention of the committee at an earlier stage, providing the potential for open discussion as it should be recognised that the delivery of the Internal Audit Plan was a team effort.

It was queried if there were any recommendations for actions that could have strengthened the processes.

It was reported that the position was also impacted by the fact that review was reliant on the internal resources of the auditors and that there was no outsourcing. It was emphasised that it was important to have the right person and College staff available at the same time.

The comments raised were acknowledged. It was advocated that there were learning points for all stakeholders.

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

24/60 PROGRESS AGAINST THE AUDIT RECOMMENDATIONS

The Interim Vice Principal Finance and Resources presented a report which set out progress against audit recommendations (circulated, document June 25/13).

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

It was confirmed that the intention was to address any outstanding actions/recommendations as swiftly as possible.

It was requested if future reports could be provided at an increased size/scale, even if this resulted in the report running to multiple pages.

[ACTION]

**MC
DoG**

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

24/61 GIFTS AND HOSPITALITY

The Disclosure of Gifts and Hospitality report was considered (circulated, document June 25/14).

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 were no declarations of gifts or hospitality received.

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

24/62 PUBLICATIONS (circulated, document June 25/15).

- ***Framework and guide for external auditors and reporting accountant of colleges***

This was a new document which covered DfE audit and regularity requirements. It replaced the Post-16 Audit Code of Practice (ACoP) and was published in March 2025.

Detail was provided.

- ***Good practice guidance for colleges and academy trusts on novel, contentious and repercussive transactions***

This replaced the Bitesize Guides that were published after the reclassification of colleges.

Detail was provided.

The report was welcomed.

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

24/63 ANY OTHER BUSINESS

It was noted this was the final Audit Committee (AC) meeting to be attended by the Director of Governance (DoG), the AC Chair thanked the DoG for her invaluable contribution and support to the AC and AC Chair, and related matters in ensuring that the AC discharges its obligations for the College, and for sharing her experience for the benefit of the AC and Hereward learners. Her services would be missed greatly. The AC wished the DoG much fun and relaxation in her early retirement and would welcome her return as an AC member.

24/64 DATE OF THE NEXT MEETING

The proposed date of the next meeting was noted as 29th September 2025

The internal and external auditors left the meeting.

FOR DECISION – COMMITTEE MEMBERS ONLY

24/65 PERFORMANCE REVIEW OF INTERNAL AUDITORS

Prior to the meeting Committee members were requested to consider and evaluate the performance of the IAS against the quantitative and qualitative KPIs (circulated, document June 25/16).

Members were requested to provide detail in support of their evaluation.

The report provided the feedback received from staff.

It was advocated that this should be a continuous process throughout the lifespan of the annual plan.

It was noted that a final version would be considered at the next meeting after which feedback could be provided to the internal auditors.

[ACTION] All

The Chair thanked everyone for their attendance and contributions.